



# SOCIAL REPORT 2025

Transparency on the implementation  
of social standards in our supply chains

# ABOUT THIS REPORT

The HAKRO Social Report 2025 is a transparency report on how we manage social standards in our textile supply chains. The report covers the 2024 financial year and has been prepared in line with the guidelines of Fair Wear, an organisation we joined in January 2021.

The HAKRO Social Report mainly deals with the management of our corporate due diligence and the processes we follow when it comes to social aspects in the production of our clothing. It also provides a brief overview of further developments in our sustainability management, as per our → [Integrated Sustainable Business Strategy for 2022-2030](#).

Quantitative information refers to the financial year from 1 January to 31 December 2024 (reporting year). Qualitative information covers developments up to the editorial deadline in mid-June 2025 (reporting period).

HAKRO's integrated, sustainable approach is explained in detail in our [Integrated Sustainable Management Report \(ISMR\)](#), which appears every other year, alternating with the Social Report. The next ISMR will be published in 2026, and the next Social Report in 2027.

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# DEAR READER,

2024 was the third year in which we implemented the HAKRO Integrated Sustainable Business Strategy – our ambitious roadmap designed to make us the leading integrated sustainable supplier of corporate wear by 2030. That means we are now halfway there. We’ve enjoyed successes, we’ve seized opportunities that have arisen along the way as a result of dialogue and cooperation with our partners – and, of course, we’ve also encountered a few dead ends.

As a manufacturer of workwear, one of our main responsibilities is to ensure that our supply chains are fair and transparent. Many of our integrated sustainability objectives relate to the production conditions behind the HAKRO collection. This report sheds light on the measures we have taken and the progress we have made.

Trust and mutual respect have been at the heart of the HAKRO culture ever since our company was founded. We therefore made it a priority in 2024 to draw up a responsible purchasing framework agreement with our production partners – having worked together successfully for decades on the basis of a handshake. By “responsible”, we mean that we share responsibility for upholding human rights and protecting the environment. This step now formalises a principle we have always lived by: To shape a sustainable future, we must all work together.

The executive management team



**Thomas Müller**  
Managing Director

**Carmen Kroll**  
Managing Partner  
and Managing Director

**Danny Jüngling**  
Authorised Signatory

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HAKRO is a leading supplier of corporate wear. We offer clothing that people wear every day, whether they're at work, playing sports or just enjoying their free time. Our clothes are hard-wearing, versatile, well thought out – and produced to the highest social and environmental standards. HAKRO is a family business founded in 1969 by Marianne and Harry Kroll. Since 2003, it has been in the hands of the second generation, Carmen Kroll and Thomas Müller, with Danny Jüngling joining the management team as an authorised signatory in 2021.

The company is headquartered in the rural town of Schrozberg in the southern German state of Baden-Württemberg, from where product design, administration and logistics are handled. The NOS (never-out-of-stock) range consists of three collection lines: Corporate Essentials (corporate wear), Work Performance (workwear) and Active Function (activewear). The range comprises a total of 168 models in 38 colours and 16 sizes, which are manufactured by carefully selected, long-standing partner companies. HAKRO textiles are sold through authorised dealers.

# HIGHLIGHTS

Our most important developments and successes at a glance: what we are working on, what we have achieved and what is helping us to implement the HAKRO Integrated Sustainable Business Strategy.

## HAKRO IS A FAIR WEAR LEADER



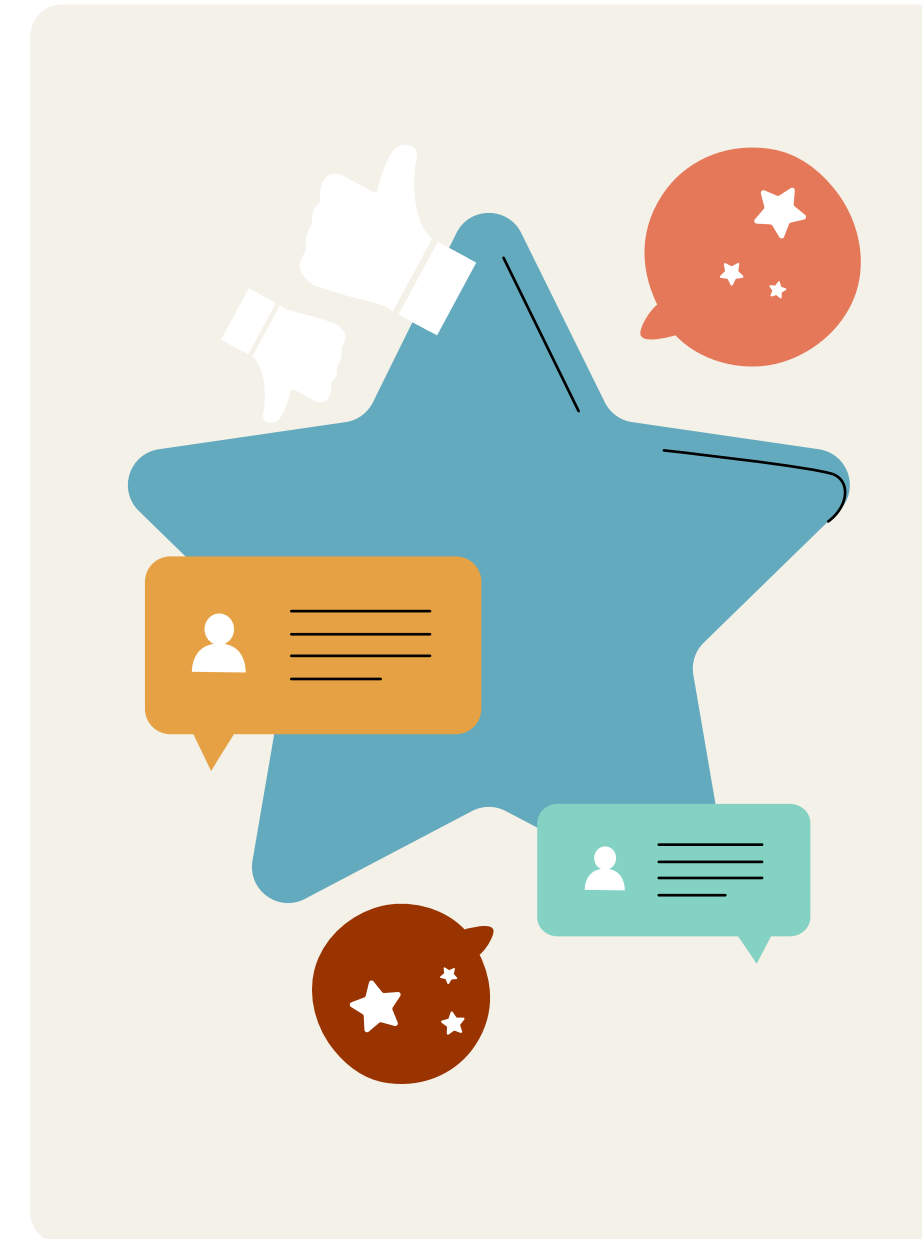
We have been a member of Fair Wear since 2021. Thanks to the HAKRO purchasing strategy and our purchasing practices, which look out for the interests of workers in our factories, we were able to make some major improvements in 2024 and achieved → Fair Wear LEADER status for the first time. We're pretty proud of this achievement.

## RESPONSIBLE PURCHASING FRAMEWORK AGREEMENTS

What HAKRO has sealed with a handshake for decades, we are now setting down in writing: our long-standing practice of equal partnership. Under our new → responsible purchasing framework agreements, we share responsibility for human rights and environmental protection with our direct production partners – rather than simply passing obligations down the supply chain.



## DIALOGUE-BASED SUPPLIER ASSESSMENT



We have expanded our annual supplier assessment and now also ask our direct production partners to → assess HAKRO in its role as a partner, customer and contractor. This feedback helps us to steadily develop and improve our purchasing practices.

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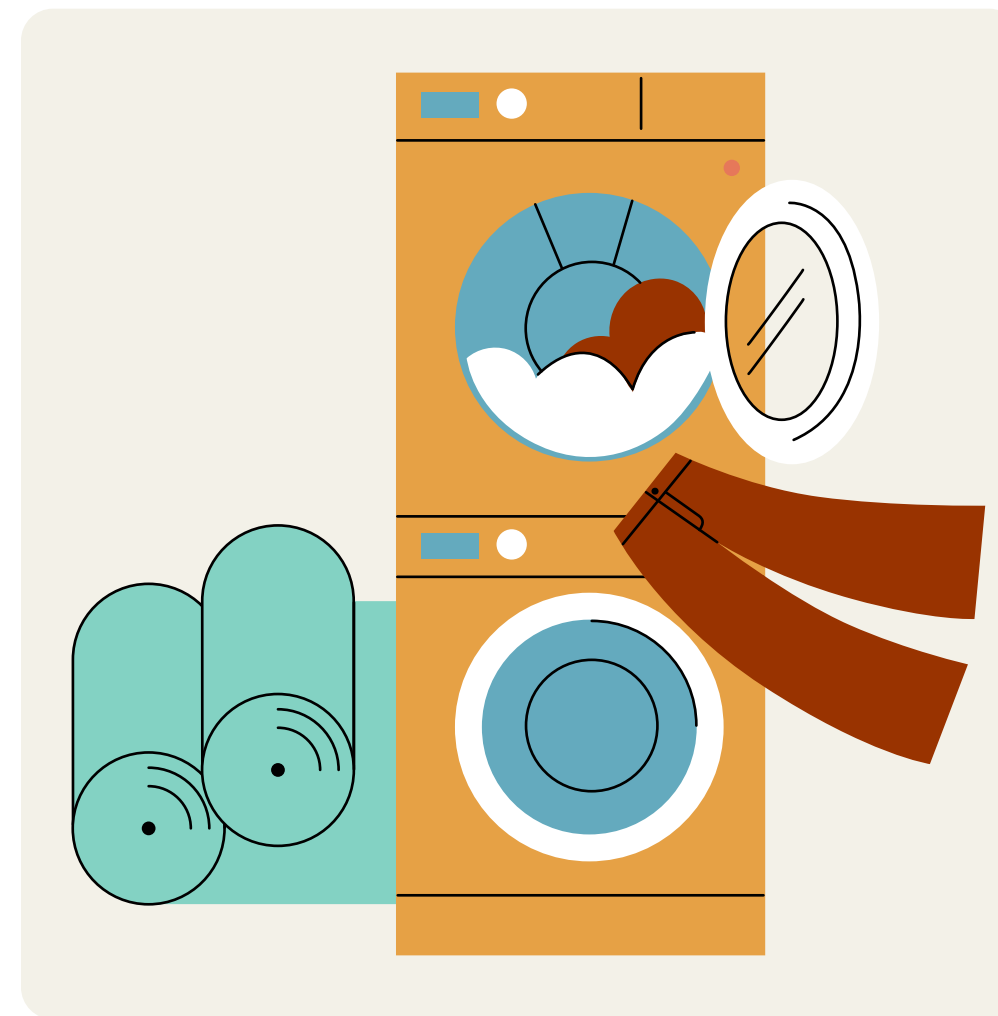
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## HAKRO SUCCESSFULLY EXPANDS ITS CLIMATE IMPACT ASSESSMENT

Our latest → [climate impact assessment](#) is the first to include primary data from our direct production partners. This makes our calculations substantially more meaningful and accurate. We now report on all material Scope 3 emissions categories and are well prepared to set science-based targets in collaboration with the Science Based Targets initiative (SBTi).



## IMPROVED SUSTAINABILITY OF THE HAKRO COLLECTION

Reconciling sustainability with the high standards required of workwear is both a challenge and an aspiration for us. We have a strong track record of innovation. For example, when designing our new HAKRO Performance trousers, we developed our → [own fabrics](#) that are suitable for industrial laundering while also being environmentally friendly.

## INTEGRATED MANAGEMENT OF HOW WE PUT OUR STRATEGY INTO ACTION

With the HAKRO Integrated Sustainable Business Strategy, we bring together what belongs together. We also apply this integrated approach to implementation and controlling. The Japanese → [Hoshin Kanri method](#) not only allows us to keep track of objectives and measures, but also to manage external audits, our risk processes and the annual management review – i.e. the systematic assessment of the effectiveness of our management systems by the executive management team.



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# COMPANY MANAGEMENT & DIALOGUE

The implementation of our Integrated Sustainable Business Strategy is a joint effort: from the HAKRO team at our headquarters in Schrozberg to our cooperation partners and dealers throughout Germany, right through to our production facilities in Europe and Asia, we are all working together to achieve our ambitious corporate objectives by 2030 and make the HAKRO vision a reality.

## INTEGRATED SUSTAINABLE BUSINESS STRATEGY

HAKRO'S Integrated Sustainable Business Strategy outlines step by step how we intend to implement our ambitious vision: to become the leading provider of integrated, sustainable corporate wear by 2030. "Integrated" means that we are consistently weaving social and environmental sustainability aspects into our multifaceted business activities and continuously developing and enhancing structures and processes that guarantee reliable implementation. This applies both internally at HAKRO and in our collaboration with our production and cooperation partners, without whom

we would not be able to achieve our objectives.

With our Integrated Sustainable Business Strategy, which we drew up in 2020 and 2021 with extensive input from all our stakeholders, we are making sustainable conduct a joint endeavour. As committed as we are to our objectives and their achievement, we believe that the path we take to get there is also crucial, which is why we value ongoing → dialogue with everyone contributing to the implementation of our strategy.

### HAKRO AMONG THE TOP 3

We regularly receive recognition for our approach. In the finals of the prestigious German Sustainability Award 2024, for example, HAKRO was the sole provider of corporate wear to make it into the top 3 of the "Company, textiles

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## HAKRO VISION

Always one step ahead. We live and safeguard values. Exemplary. Leading in our sector. Inspirational for all the people who work for and with us and wear our clothes.

sector” category. We were also one of three companies nominated for the Baden-Württemberg Environmental Award 2024 in the “Industry, companies with up to 250 employees” category, a prize awarded every two years to companies that set an example for a sustainable economy through innovative approaches and outstanding environmental performance.

### FIELDS OF ACTION AND STRATEGIC OBJECTIVES

We are implementing our Integrated Sustainable Business Strategy across four fields of action:

- Company management & dialogue
- Team & diversity
- Site & resources
- Supply chains & products

The latter field constitutes the focus of this Social Report and is described in detail in the following chapters (see also → [About this report](#)). Developments within the other three fields of action will be outlined briefly here. To help us put our strategy into practice, we have defined specific missions and objectives for each field of action for the period up to 2030.

We provide an overview of all [Integrated Sustainable Business Objectives for 2022–2030](#) on our website.

At the end of this report, we provide a transparent overview of the extent to which we have achieved our → [objectives for the 2024 reporting year](#).

## OPERATIONALISATION OF OUR STRATEGY

You can only implement what you know and understand. Our latest employee survey shows that almost all respondents are familiar with our Integrated Sustainable Business Strategy and know how they can contribute to achieving our objectives. In 2024, we added a strategy page to our intranet where we regularly report on the status of our various measures. The Integrated Sustainable Business Strategy is an integral part of the induction process for new employees, and the HAKRO Academy offers regular training and information events on this topic. In addition, the annual per-



formance review includes a discussion of each employee’s individual contribution to the achievement of the company’s objectives. See also → [Team & diversity](#).

### DEVELOPMENT AND MONITORING OF MEASURES

The HAKRO teams themselves come up with measures that help us reach our strategic objectives, including binding deadlines and indicators to measure how well we’re doing. All field-of-action missions were assigned keywords for this in accordance with the Japanese Hoshin Kanri method and linked with our 117 targets. We now have over 600 measures listed in our Hoshin Kanri, and we also use this tool to consolidate the measures resulting from our internal and external ISO audits and risk processes so that we can keep track of everything in one place. All department heads and team leaders have access to this overview at all times. We also use Hoshin Kanri to organise our annual management review – that is, the systematic assessment of the effectiveness of our management systems by the executive management team, which includes monitoring key performance indicators.

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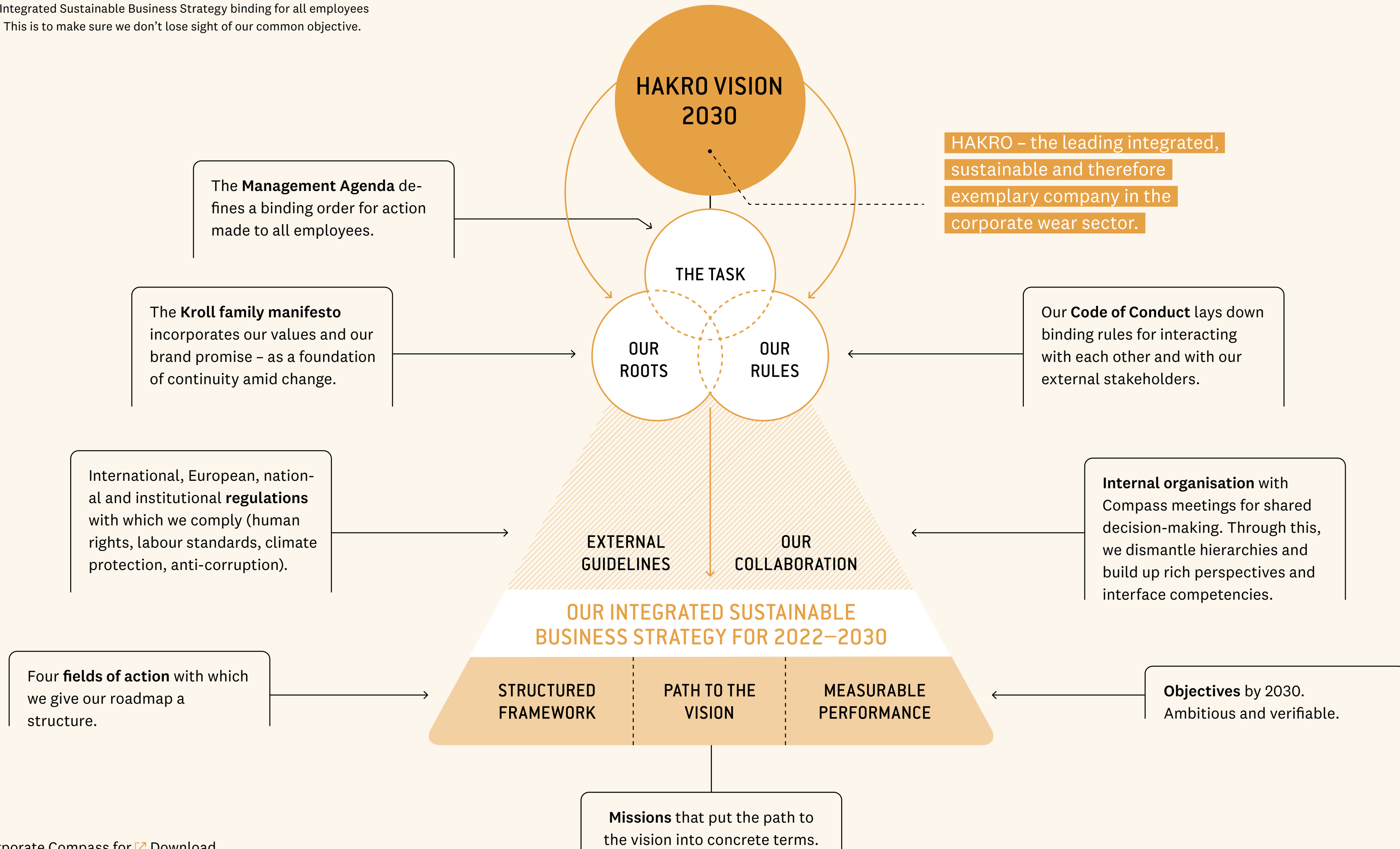
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# HAKRO CORPORATE COMPASS

## PRINCIPLES OF OUR COLLABORATION AND KEY MANAGEMENT TOOL

We make our Integrated Sustainable Business Strategy binding for all employees and partners. This is to make sure we don't lose sight of our common objective.



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## ACHIEVEMENT OF OUR OBJECTIVES

We measure our progress using our [Integrated Sustainable Business Objectives for 2022-2030](#) and the key performance indicators they contain. We monitor our achievement of the objectives on an ongoing basis – at least once a year as part of our management review. Of the 10 objectives set for 2024, we have achieved 74%, see also [→ HAKRO objectives for 2024](#). Since 2022, we have achieved 85% of the objectives due to be met to date. This encompasses the medium- and long-term objectives up to 2030 that we formulated as part of our strategy development in 2020 and 2021. To this we can add the successes from collaborations and innovation processes that have come about in a creative and agile fashion along the way. For example, our collaboration with the textile fibre recycling start-up company TURNS Recyclingsystem and the circular label [→ HELLO AGAIN closed loop wear](#) that resulted from that collaboration were not originally among our objectives, but rather an opportunity that presented itself and which we seized. In this way, we are able to strike a balance between the need for long-term planning and the

fact that innovation thrives on spontaneity and freedom.

## MANAGEMENT PROCESSES AND GOVERNANCE

We ensure the continuous improvement of our underlying management processes through our ISO 9001-certified quality management system and our ISO 14001-certified environmental management system. Both systems also include a comprehensive risk assessment for the Schrozberg site, which will likewise include all environmental aspects (e.g. biodiversity). The objective of introducing a software-based, company-wide document management system by 2024 has been achieved. This means that our quality management system is now designed to be adaptable to future changes.

Furthermore, we joined the [Corporate Digital Responsibility \(CDR\) initiative](#) in 2024 in order to consistently incorporate sustainability matters into our ongoing digitalisation measures.

## DIALOGUE AND COOPERATION

Talking to each other, finding good solutions by sharing information, developing new ideas together – dialogue is a key principle of action for HAKRO. We have a long-standing tradition of collaborating even beyond the boundaries of our company, and this forms the basis for our working relationship with our [→ production partners](#), with whom we cooperate on an equal footing.

Our experience is that cooperation means everyone wins and the synergies

that arise from joining forces far outweigh any competitive disadvantages. We are in close contact with various companies in the textile industry and work on joint projects.

Both as an organiser and as a participant, we encourage dialogue on sustainability topics and issues of the future with panel discussions, webinars, training sessions and other events. On this foundation, trust grows and sustainable business relationships are created.

Our successful Impact Barcamp format, which provides a platform for sustainability managers from the textile industry to exchange ideas, celebrated its fifth anniversary in 2024 and has given rise to a [→ Learning Circle for Living Wages](#), which aims to jointly address the complex issue of living wages in supply chains.

Since 2022, we have achieved 85% of the strategic objectives due to be met to date. On top of that come innovations like our circular label HELLO AGAIN closed loop wear, which we weren't actually aiming for but which came about through cooperation, dialogue and our creative drive.

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# Our objective is to work with at least one market companion each year and jointly implement a measure that addresses sector-specific risks.

As of the reporting year, we have set ourselves the ongoing objective of implementing at least one project or measure together with market companions each year. In 2024, we realised no fewer than six initiatives in collaboration with partners. The focus of these collaborations is on sector-specific risks.

donations and donations in kind to HAKRO projects and projects of the Harry Kroll Foundation by 2027 compared with the base year of 2022.

For an overview of our donations during the reporting year, please see → [Key figures 2024](#).

## NON-PROFIT ACTIVITIES

Regardless of how successful we are in integrating sustainability into our core business, our commitment to charitable projects is and will remain a labour of love for HAKRO. We are also involved in social and charitable activities in and around our Schrozberg site as well as in our production countries. Our aim is to double the total volume of monetary

## SOCIAL ACTIVITIES

We take part in projects by non-profit cooperation partners who work to promote social cohesion and social development in general. Our colleagues donate their time and effort for environmental and social projects in our corporate volunteering initiative “Team Share” – 56 employees performed a total of 392 hours of community service in 2024 through Team Share.

In late 2024, we teamed up with the German aid organisation Johanniter-Unfall-Hilfe to transport 60 pallets containing around 15,000 urgently needed HAKRO textiles to Ukraine to give people there a little warmth and hope in time for Christmas.

Additionally, as part of our 2024 → [Bio-diversity Management programme](#), we sponsored the [Moorathon](#), a running event that raised enough money to help protect 27,571 square metres of moorland. Moorlands store more carbon than all the forests in the world combined, meaning they play a crucial role in the global fight against climate change.

## CHARITABLE PROJECTS

We support charitable projects with financial donations via HAKRO’s trust foundation, the [Harry Kroll Foundation](#). The focus is on the topics of the education, personal development and health of disadvantaged groups or groups experiencing adversity, particularly children, young people and seniors.

In 2024, we hosted a meeting of the foundation in Schrozberg and invited all our HAKRO and foundation partners so that they could report on their current projects.

As part of the “Kleeblatt” fundraising campaign, we fund, in particular, smaller associations, organisations and institutions that realise projects for children and young people. Beyond that, the foundation also supports other longer-term projects – including, since July 2024, [Harl.e.kin](#), a service offered by the ELISA association to families with preterm or at-risk babies who need professional help with the challenging transition from hospital to home.

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# TEAM & DIVERSITY

Typically HAKRO: a culture of solidarity and commitment that our employees identify with. This is the source of the HAKRO spirit, our spirit of teamwork, which is based on respect, trust, creativity and the freedom to come up with your own ideas. And word is getting around: compared with other companies, we receive an above-average number of unsolicited applications.

## CULTURE AND RESPONSIBILITY

We have firmly interwoven sustainability into our corporate objectives and anchored it in our culture with our → [Integrated Sustainable Business Strategy for 2022–2030](#). Sustainable conduct plays a central role in all parts of the company and is addressed right from the moment new employees apply for a job. Each individual's contribution to achieving the corporate objectives is an integral component of the annual performance review that we conduct with all our employees. Furthermore, our HAKRO Academy's numerous training courses teach sustainability knowledge and skills.

## HAKRO AS AN EMPLOYER

In our current employee survey, 97% of respondents state that they are satisfied with HAKRO as an employer. We go to great lengths to earn this satisfaction. We have established ourselves as an important, reliable and attractive employer at our site in rural Schrozberg and want to continue to grow here. Taking social responsibility for our employees is one of our core values as an employer.

### REMUNERATION

Fair pay irrespective of personal attributes, especially of gender, is a given at HAKRO. So that the wage structure is understandable for everyone at all times, we are endeavouring to achieve pay transparency by 2026.

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Our remuneration strategy is based on the collective wage agreement for wholesale and foreign trade. In light of the volatile economic environment, our objective of exceeding the terms of this agreement by 2024 has not been fully achieved, although we have made significant progress. Our current priority is to retain all jobs. To this end, we are closely monitoring the economic situation and will continue to pursue our wage agreement objective as soon as some degree of stability has returned to the economy. Another objective we have set ourselves for 2030 is that all permanent employees who are entitled to a monetary benefit from the company pension scheme actually take advantage of it.

**FLEXIBILITY**

We are continuously working to promote flexible working hours and improve our employees' work-life balance. Since 2023, not only our administrative staff but also those working in logistics have benefited from more flexible working hours within a set time frame. Insofar as their work can be done from home, our employees continue to have the option of working remotely two days a week.

And we achieved another objective as planned in 2024: permanent employees now have the opportunity to take a sabbatical in line with their individual needs. To make it even easier for teams to record their working hours and to make the process more transparent for managers, we introduced new time recording software in 2024, complete with comprehensive self-service options and an intuitive app. We will also continue to offer attractive holiday childcare options for our employees' children from 2025 onwards.

**TRAINING AND EDUCATION**

We see the in-depth training and continuous professional development of our staff as an investment in HAKRO's future. In addition to the development of professional expertise, this also includes the personal development of each and every individual. In particular, we value participatory formats, as the sustainable transformation of our company can only succeed if we work together. As planned, we expanded the range of courses offered by our HAKRO

**We organised a week-long orientation programme to introduce apprentices and students to HAKRO and to each other.**

**We will continue this successful format in the future and also incorporate some aspects into the induction days for new employees.**

Academy to include e-learning in 2024. E-learning courses now account for 20% of the HAKRO Academy's total offering.

**APPRENTICESHIPS AND DUAL WORK-STUDY PROGRAMME**

Training young people in numerous professions is an integral part of our corporate philosophy and our path to continuing to be able to employ sufficient qualified skilled staff. All apprentices and dual work-study students at HAKRO rotate through all departments of the company and participate in a social project.

In 2024, we offered a week-long orientation programme for our new apprentices and students for the first time. The focus was on learning about and understanding HAKRO and our culture, getting to know each other and networking with apprentices in their second and third years of training as well as with training supervisors from each department. The week-long programme was very well received, so we will continue to offer it in future and use it as a basis for devising induction days for new employees.

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## PERSONNEL DEVELOPMENT

We analyse each employee’s opportunities for advanced training together with them during their annual performance review. The HAKRO Academy’s courses give all employees the chance to contribute to the further development of our company: we support the development of our strategy and HAKRO’s transformation with our own participatory information and training formats. We continuously expand and improve the development programme for our managers with the help of external experts. The programme is aimed not only at department heads but also at all team leaders, covering topics such as leadership and self-management.

## DIVERSITY AND EQUAL OPPORTUNITIES

HAKRO is colourful and diverse – these are values we truly live by: more than 98% of those surveyed in our current

employee survey state that they do not feel disadvantaged at HAKRO due to their origin, language, gender, age, appearance or health problems. 87% confirm mindful cooperation within the team. Our signature of the Diversity Charter further underlines this view.

### INCLUSION

As a result of our long-standing partnership with Sozialtherapeutische Gemeinschaften Weckelweiler e.V., people with and without disabilities work together as a matter of course. We want to increase the proportion of employees with a disability in our team to 15% by 2030. At the end of 2024, we set up two outdoor workspaces for the Weckelweiler team in our “Dining Room”, the new HAKRO canteen. What started off as a trial is now running smoothly and successfully as of spring 2025.

In order to promote inclusion not only in but beyond the workplace and to break down barriers in people’s minds, we want to increase the opportunities for our employees to participate in joint projects with people with disabilities.

By 2025, twice as many opportunities for this should be available as in 2022.

## HEALTH, SAFETY AND WELL-BEING

The health and safety of our workforce is a top priority for HAKRO. This applies both to the physically demanding work in our logistics department and to administrative work. Eleven safety officers are on hand to provide the teams with advice and support. In addition, two colleagues in the Human Resources & Motivation team have been responsible for promoting our employees’ health since 2023. Our complete health programme was transferred into a comprehensive corporate health management strategy in

The theme of the HAKRO Health Day 2024 was “Five Senses”. This was the second time we organised the event ourselves, allowing us to tailor it even more closely to the needs of our teams.

2024. We also promote safety in the virtual world by providing a training tool for greater cybersecurity.

### WELL-BEING

We provide our employees with extensive health promotion measures on site, ranging from fitness and yoga programmes, health tips, massage services and wellness and relaxation areas to the popular “active break”. Since 2024, our new canteen, called “Our Dining Room”, has been creating not only fresh, regional and seasonal dishes, but also new jobs, as we do not use any external service providers. In addition, the canteen is a place where employees from the separate administrative and logistics departments can meet and get to know each other.

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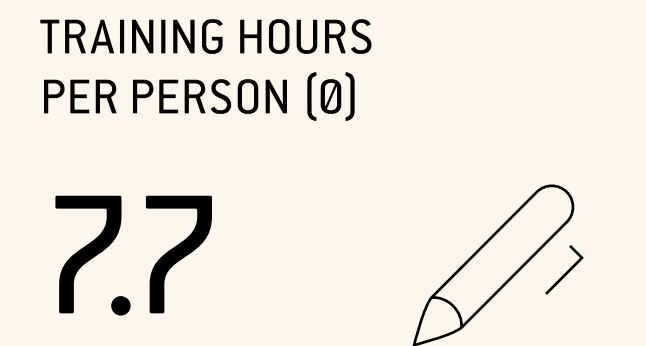
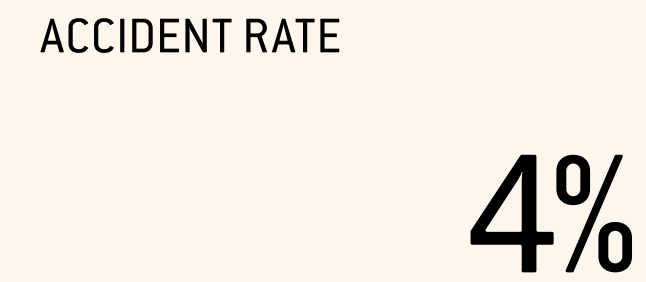
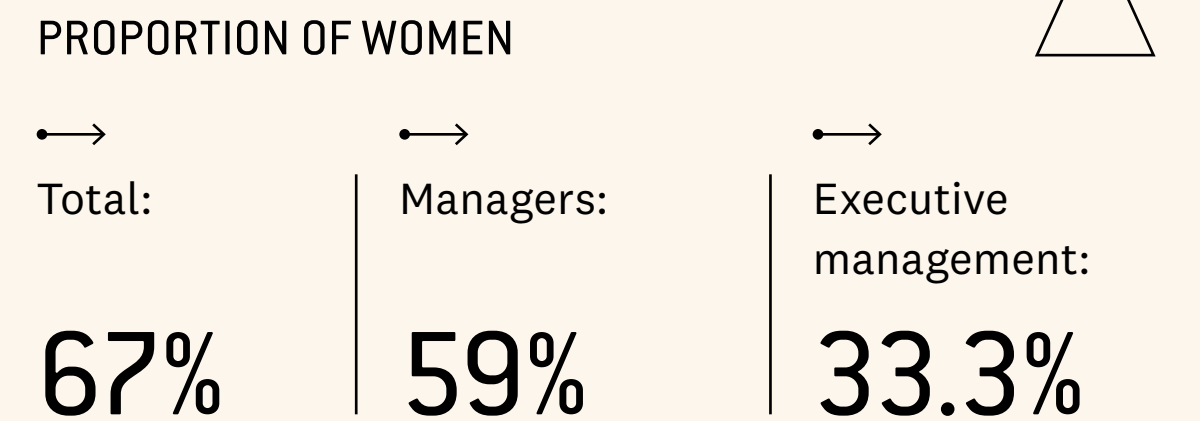
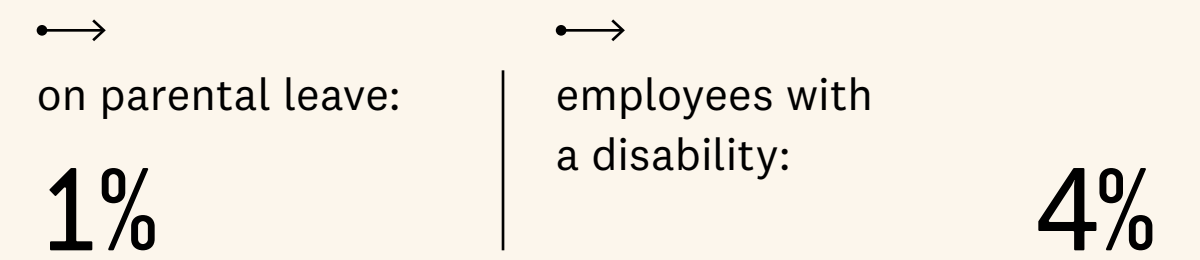
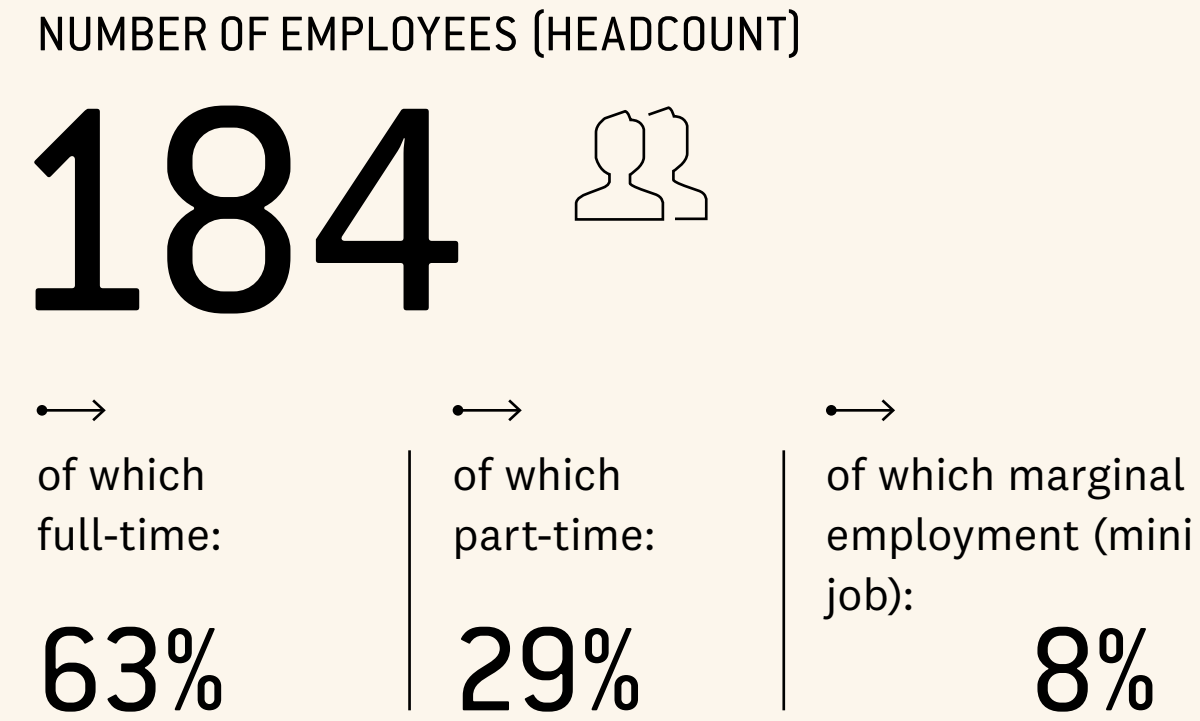
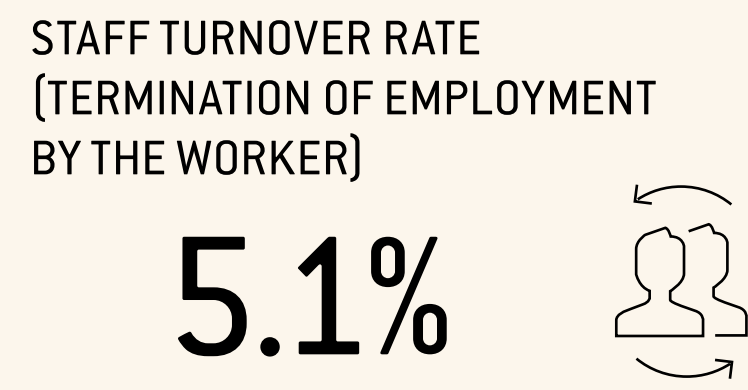
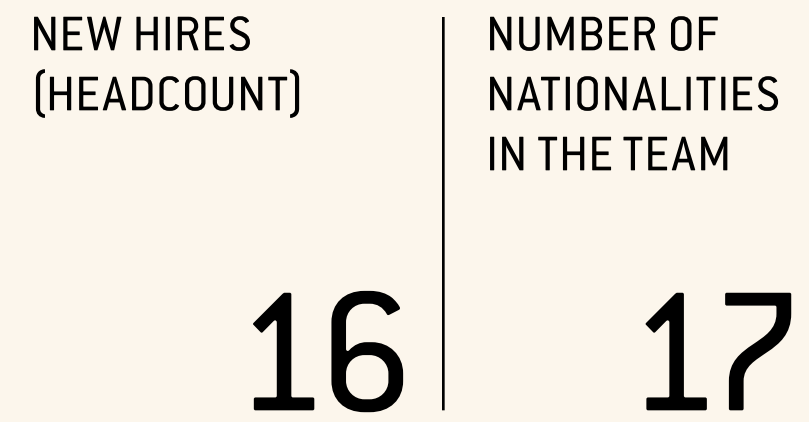
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# HEALTH DAY 2024

The HAKRO Health Day is a long-standing tradition. In the reporting year, we organised it ourselves – without the support of a health insurance company – for the second time, drawing on the lessons learned from the first event the previous year. This enabled us to make the day really worthwhile for the HAKRO teams and tailor it specifically to their needs. The theme of our Health Day 2024 was “Five Senses”. The various stations focusing on our sensory organs were run partly by us and partly by specialists.

## THE HAKRO SOCIAL IMPACT ASSESSMENT 2024



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# SITE & RESOURCES

Our home is in rural Schrozberg, and that's where we want to stay. We are growing – both locally and with our partners in our global supply chains, which account for the majority of our resource consumption. We are committed to keeping our environmental impact as low as possible throughout the entire value chain. To this end, we are continuously improving our carbon footprint and implementing targeted reduction measures in key areas. Our comprehensive climate change mitigation strategy is based on science-based targets.

## FROM SCHROZBERG TO THE WORLD

In recent years, we have transformed our headquarters in Schrozberg into a place where we can optimally realise our vision of cooperation and participation and continue to grow. We will carry out all future constructions and conversions at our site in accordance with the criteria of the German Sustainable Building Council (DGNB).

From Schrozberg, we not only plan environmental activities on site, i.e. those we can influence directly, but also identify key levers for resource conservation and climate change mitigation in our supply chains – because that is where the greatest environmental impact of our

business activities occurs. Our environmental management system has been ISO 14001-certified since 2020.

## CLIMATE CHANGE MITIGATION STRATEGY

The prevention and reduction of greenhouse gas (GHG) emissions along the entire HAKRO value chain is at the heart of our holistic climate change mitigation strategy. As part of the strategy, we report on and manage not just CO<sub>2</sub> emissions but all greenhouse gas emissions (expressed as CO<sub>2</sub> equivalents, CO<sub>2</sub>eq). We have defined relevant objectives and measures in our → [Integrated Sustainable Business Strategy for 2022–2030](#).

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## SCIENCE-BASED TARGETS

In the course of 2025, we will join the Science Based Targets initiative (SBTi) and submit science-based climate targets. On this basis, we will develop a comprehensive decarbonisation strategy so that we can reduce emissions even more effectively, particularly in our supply chains.

We had originally planned to join the SBTi in 2024, but had to push this back because of internal system changes at the SBTi. However, this is actually to our advantage, as the HAKRO climate impact assessment has improved significantly in the meantime, allowing us to formulate more precise targets. With the climate impact assessment for 2024,

**In our latest climate impact assessment, we have recorded all material Scope 3 emissions categories for the first time and are now well prepared to set science-based targets in collaboration with the Science Based Targets initiative (SBTi).**

we have expanded the system boundaries and included all material Scope 3 categories for the first time.

## CLIMATE IMPACT ASSESSMENT

The direct emissions generated at the site in Schrozberg account for only part of our climate impact. Around 94.1% of our emissions are attributable to our [products](#). Since 2022, our Corporate Carbon Footprint (CCF) has enabled us to track not only the emissions we cause directly, but also indirect, product-related emissions that occur along our supply chains. This allows us to provide Product Carbon Footprints (PCFs) for all our products. We use these PCFs to calculate the footprint for our entire

**This is the first time we have been able to use primary data from our supply chains for our Product Carbon Footprints (PCFs). The accuracy of our climate impact assessment has thus increased significantly.**

collection and derive measures for the continuous prevention and reduction of our product-related emissions. The results of the climate impact assessment also form the basis for reducing direct emissions at our Schrozberg site. In addition, we look at climate-related digitalisation effects and gradually incorporate these relevant and complex interrelationships into our climate reporting through ongoing research and continuous improvement.

When it comes to our products, we follow the “cradle-to-customer plus end-of-life” approach. This means that we take into account all emissions that arise from raw material extraction, the processing of raw materials to produce clothing – including its packaging, transport and recycling – and recovery. Only the use phase is excluded from

the assessment, because it is not possible to make a standardised calculation of factors relating to individual customer handling of our clothing after production – such as garment finishing, period of wear, washing frequency, washing temperature – nor to influence this phase.

In preparation for setting science-based climate targets, we have reviewed all Scope 3 categories and classified categories such as services (Scope 3.1), capital goods (Scope 3.2) and all emissions related to our new HAKRO canteen (Scopes 3.1 and 3.5) as material.

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## SUCCESS IN EXPANDING OUR CLIMATE IMPACT ASSESSMENT

We are continually improving the calculation of our products' Product Carbon Footprints (PCFs). For the 2024 reporting year, we were able to use primary data from our supply chains for the first time. This makes our calculations substantially more meaningful and accurate. Previously, our PCFs relied heavily on tertiary data based on industry figures and averages. For the 2024 reporting year, however, we received relevant emissions data from all our production partners. Data on electricity, gas, material consumption and fabric cutting is particularly important in calculating our PCFs. We were also able to include our [→ new products](#) (shoes and trousers) in the data collection. Our objective of quantifying all product-related Scope 1 and Scope 2 emissions of our direct production partners (Tier 1) by 2025 has thus been achieved one year ahead of schedule.

The deepest insights we gained were from our partner in Bangladesh and from our circular HELLO AGAIN collection. In the Bangladeshi supply chain, we primarily collected data from the

knitting stage onwards, while at HELLO AGAIN we were able to map all process steps including energy and transport data – see also the [→ HAKRO value chain graphic](#) for the stages of our supply chains.

As well as pure emissions data, we also collect other environmental data on things like water consumption, wastewater management, recycling processes, energy and CO<sub>2</sub> targets. We use this information for our environmental management as well as for [→ partner-specific risk assessments](#).

## REDUCTION OF EMISSIONS

At our site in Schrozberg, we have four photovoltaic systems that generate sustainable electricity. We feed 14% of this into the electricity grid and use 86% ourselves, thereby covering 31% of our total electricity consumption. The remaining electricity we need is purchased – in the reporting year, 87% came from renewable energy sources. We aim to achieve a 20% reduction in emissions generated by our employees' commutes by 2026 compared with 2022. By 2030, our fleet should no longer include any vehicles with combustion engines.

With regard to our products and indirect emissions from our upstream supply chains, we aim to avoid and reduce emissions by means of measures such as gradually switching to [→ sustainable and recycled fibres](#), returning [→ textile waste to the fibre cycle](#) and saving packaging material and reducing waste through our [→ comprehensive packaging concept](#). Through regenerative cotton cultivation in collaboration with [→ Raddis®](#), we permanently bind emissions in the soil. Furthermore, we try to avoid transporting goods by air, although in 2024 we had to resort to air freight more frequently due to delivery difficulties. We also promote the use of renewable energies in the supply chain. Our [→ Pakistani production partner](#), for example, plans to install photovoltaic systems at its own facilities starting in 2025.

## OFFSETTING AS AN INTERIM SOLUTION

As we work to reduce our emissions, we are taking the intermediate step of offsetting emissions that cannot – or cannot yet – be avoided. This applies to both our site-related emissions (since 2017) and the [→ emissions of the HAKRO collection](#) (since 2022).

When selecting certified climate change mitigation projects, we make sure that these have a long-term approach, directly and measurably contribute to climate change mitigation and bring added value for society. The projects we support include a waste heat recovery project in [🇵🇰 Pakistan](#) and a wind energy project in [🇹🇭 Thailand](#). We prioritise projects in countries where we have supply chains.

## CLIMATEPARTNER-CERTIFIED

The success of our efforts is proved by the [🇵🇰 ClimatePartner-certified company](#) and [🇵🇰 ClimatePartner-certified product labels](#). Like ClimatePartner, we stopped using the term “climate neutral” in 2023, as it is not sufficiently clearly defined and therefore lacks meaning.

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**BIODIVERSITY**

In pursuit of our goal to create a diverse habitat for animals and plants at our site in Schrozberg, we conducted a biodiversity analysis in 2024 and identified further potential for improvement. When maintaining our extensive green spaces (including a 10,000 square metre wild-flower meadow and green roofs), we refrain from using herbicides and pesticides. At least 10% of our staff participate in awareness-raising measures on the topic of biodiversity each year.

Our long-term objective is to increase biodiversity along our supply chain as well. To this end, we have been → collaborating with Raddis® since 2023 on the transition from conventional to regenerative agriculture in southern India. We also plan to analyse the long-term climate and biodiversity risks at our factories more thoroughly so that we can develop adaptation and mitigation measures in good time.

**THE HAKRO ENVIRONMENTAL IMPACT ASSESSMENT 2024**

ELECTRICITY CONSUMPTION

**371,606 kWh**

→ of which generated by our own photovoltaic systems

**115,180 kWh (31%)**

→ of which fed into the electricity grid

**16,332 kWh (14%)**

ELECTRICITY PURCHASES (87% GREEN ELECTRICITY) after deduction of own generation

**256,426 kWh**

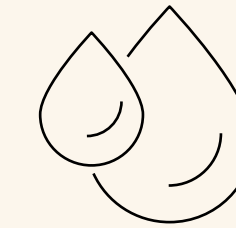
NATURAL GAS FOR HEATING

**709,085 kWh**

PROPORTION OF VEHICLES WITH COMBUSTION ENGINES IN THE HAKRO FLEET (21 VEHICLES)

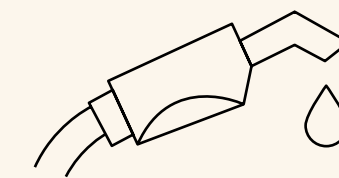
**81%**

WATER CONSUMPTION



**1,407 m<sup>3</sup>**

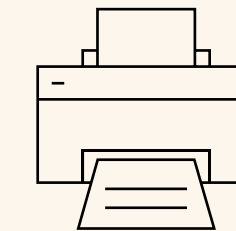
FUEL CONSUMPTION OF COMPANY CARS



**29,699 l**

COPIER PAPER CONSUMPTION (SHEETS)

**820,000**



RECYCLING RATE

**94%**

WASTE GENERATED

**214 t**

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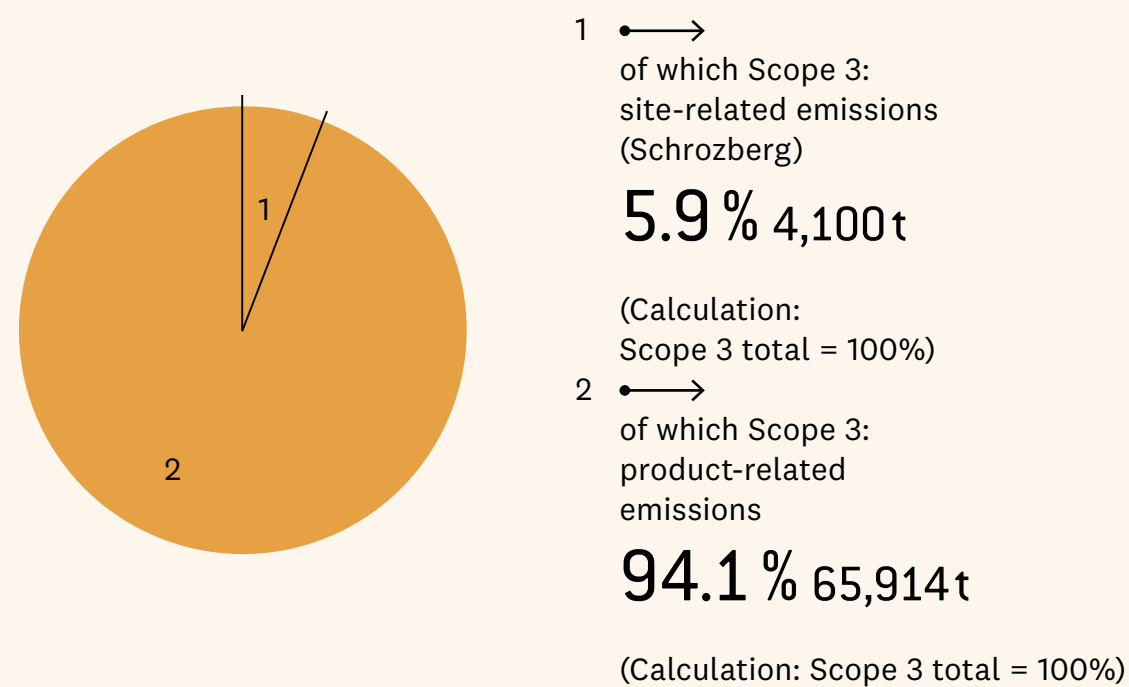
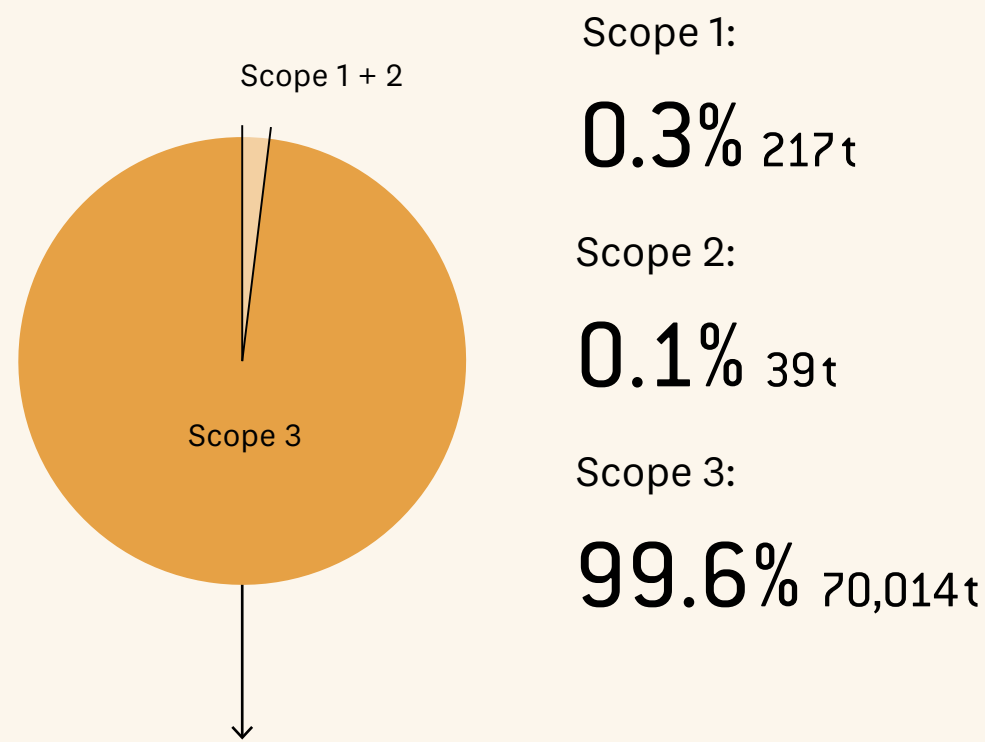
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# HAKRO CARBON FOOTPRINT IN 2024 (CO<sub>2</sub>eq)

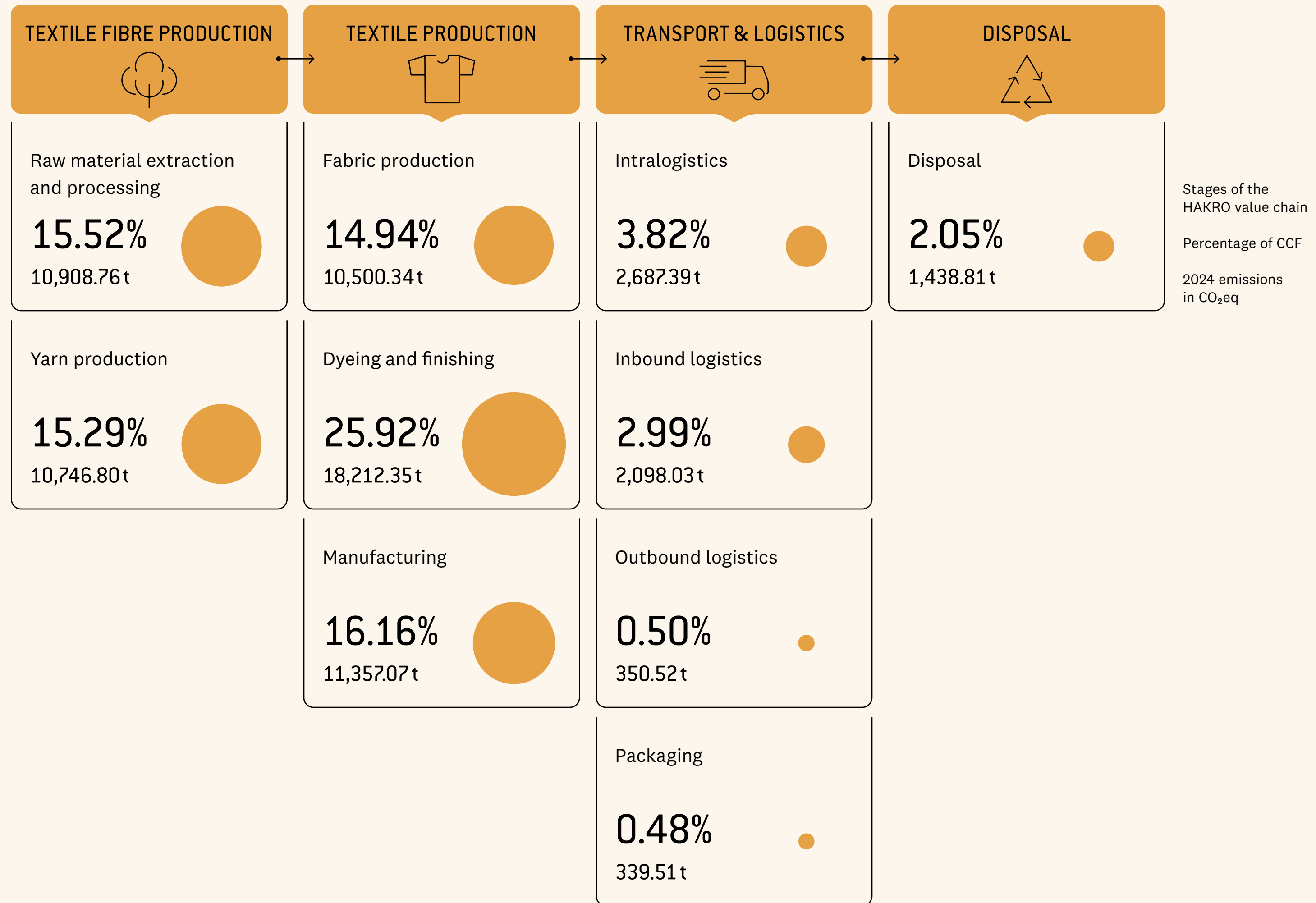
TOTAL HAKRO EMISSIONS IN 2024 (CO<sub>2</sub>eq)

# 70,270 t



## BREAKDOWN OF EMISSIONS ALONG THE HAKRO VALUE CHAIN

According to our → “cradle-to-customer plus end-of-life” reporting approach, i.e. the consideration of all value creation stages up to the use stage by the consumer, our emissions break down as follows: In 2024, we were able to use primary data from our manufacturing operations (Tier 1) for energy, heat, materials and cutting for the first time, thereby significantly increasing the informative value of our climate impact assessment.



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# PRINCIPLES OF OUR SUPPLY CHAIN MANAGEMENT

Responsibility and fairness are a team effort. We have maintained close and trusting working relationships with our production partners for up to 20 years or more. We work together as equals on continuously improving the working conditions in the factories and on developing responsible purchasing practices.

Our Fair Wear LEADER status is testament to the successes we have achieved together so far.

## INTEGRATED, SUSTAINABLE SUPPLY CHAIN MANAGEMENT

The ways we collaborate with our production partners as well as our supply-chain-management objectives and measures are anchored in the → [HAKRO Integrated Sustainable Business Strategy](#) and in our vision of being the leading integrated sustainable supplier of corporate wear by 2030. We have set out our values, approach, the international regulations that guide us and our Code of Conduct in the → [HAKRO Corporate Compass](#).

It commits us to complying with the Fair Wear Code of Labour Practices (CoLP). HAKRO has been a member of Fair Wear

since 2021. This multi-stakeholder initiative campaigns for the highest social standards in the textile sector and provides us with unique support through its wide-ranging expertise and, not least, through its broad network of various stakeholders.

### INTERNAL GOVERNANCE

In addition to internal guidelines, we have defined clear responsibilities for aspects related to the supply chain. At HAKRO, as a family-run company, the executive management – particularly the managing partner – are closely involved in the operating business and all → [due diligence processes](#) and are in regular communication with the Impact, Responsibility & Innovation as well as Purchasing, Quality & Development departments. This ranges from direct and regular personal contact with the production facilities and workers to product

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development, → [purchasing decisions](#) and intensively monitoring the annual Fair Wear → [Brand Performance Check](#).

### AWARENESS AND COMMUNICATION OF OUR PRINCIPLES

Our Purchasing, Distribution & Customer Service teams and our executive management are informed and trained extensively and regularly on supply chain topics and on the details of our Fair Wear membership. We ensure that all in-house and field sales staff communicate correctly with our dealers by offering courses at our HAKRO Academy and providing an internal, continuously updated list of frequently asked questions about our Fair Wear membership and its requirements. We also use guidance documents to inform our dealers how they can communicate with end customers about our collaboration with Fair Wear.

## FAIR WEAR CODE OF LABOUR PRACTICES (COLP)

- 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. Legally binding employment relationship 

## PRODUCTION PARTNERSHIPS

HAKRO has a total of 17 partner factories in 12 countries, see → [production countries](#). We take delivery of fixed quantities each month and ensure high continuity and consistent capacity utilisation. Our business model thus already significantly reduces the risk of short-term peaks and excessive overtime.

We recently began working with new production partners for the first time in many years, establishing a partnership in Pakistan in 2023, followed by Portugal and India in 2024. For more details, please see → [Onboarding new production facilities](#) and the → [Factory overview](#).

### IMPROVING THROUGH PARTNERSHIP

The principle of equal partnerships is one of HAKRO’s key action principles. In addition to close and long-standing collaboration with our production partners, we understand this to mean in particular respectful cooperation and the reduction of power imbalances

in the customer-contractor relationship. We are aware of the fact that we ourselves are not experts in the circumstances in the various countries and value not only our partners’ knowledge and experience but also their feedback regarding room for improvement on our part. For us, social audits are not a control mechanism, but rather the basis for joint further development based on mutual understanding and learning.

### DECIDING TOGETHER

Decisions are taken together and in dialogue, including:

- product development
- production planning
- the definition of purchasing prices
- the creation of fair contractual relationships with a view to the interests and protection of both parties.

See also → [Purchasing practices](#).

We continuously exchange information with our production partners on relevant sustainability topics. In Bangladesh, we have been working with an agent for many years. HAKRO managers are also constantly in personal contact with the factories. We also actively incorporate

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During this initial assessment process, the main criticism raised by our partners was that HAKRO often places orders four to five months in advance and thus does not consistently adhere to the agreed six-month deadline. Furthermore, they stated that it often took us too long to provide feedback on incoming goods inspections, quality defects, samples and other approvals.

Suggestions for improvement from our production partners centre on more detailed forecasts for HAKRO orders and, to some extent, more effective co-ordination. Our production partners expressed their desire to see the partnership continue to develop along the lines of reliability, long-term commitment and sustainability.

They praised HAKRO for

- always accepting deliveries (including late, over- and underdeliveries),
- consistently paying all invoices in accordance with contractual agreements,
- setting clear and achievable objectives in relation to environmental and social standards,

- accepting price adjustments and implementing them promptly,
- being reliable in its cooperation and communication, and
- providing sufficiently detailed and transparent feedback on quality defects.

## BRAND PERFORMANCE CHECK

HAKRO joined Fair Wear in 2021 in a bid to systematically improve working conditions in textile supply chains. In the course of the annual Brand Performance Check, Fair Wear checks compliance with its principles and identifies room for improvement. Our performance improved significantly in 2024: we jumped from 52 percentage points in the previous year to 70 percentage points, achieving LEADER status for the first time.

### AREAS IN WHICH WE PERFORMED WELL

- HAKRO purchasing strategy: The principles we apply to promote sustainability and, above all, the interests of workers at our partner factories
- HAKRO purchasing practices: Driving positive effects through our own purchasing behaviour, for example, through long lead times, fair payment terms, pre-financing expensive materials and order planning
- Identification of human rights risks: HAKRO keeps a close eye on its production partners by engaging in ongoing dialogue, conducting regular audits and factory visits, deploying teams on site and carrying out in-depth research as part of its → [risk assessment](#).



- Our comprehensive transparency through public communication and reporting

### AREAS IN WHICH THERE IS ROOM FOR IMPROVEMENT

Our prevention and remediation programmes to improve working conditions and → [reduce risks in factories](#). Measures that contribute to these objectives are usually time-consuming. An effective training programme, for example, requires planning, preparation, organisation and the actual implementation. More time passes before reliable results are available. The highly relevant issue of → [living wages](#) is also a long-term challenge that we are continuously addressing.

The full HAKRO Brand Performance Check 2024 is [available here](#).

HAKRO has been a member of Fair Wear since 2021. In 2024, we achieved LEADER status for the first time, largely thanks to improvements in our purchasing practices.

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# RESPONSIBLE PURCHASING PRACTICES

Our purchasing practices represent a significant contribution to how we as HAKRO live up to our aspiration of equal partnerships. This is because our own behaviour, which is largely reflected in our purchasing practices, has a significant impact on the working conditions in the factories.

## HAKRO PURCHASING POLICY

We have formulated our principles for fair procurement and pricing in the HAKRO purchasing policy. The principles take account of factors such as delivery times, quality, communication and sustainability within the meaning of the Fair Wear Code of Labour Practices and the Common Framework for Responsible Purchasing Practices (see graphic on the right). The purchasing policy also sets out our principles for responsibly terminating a partnership. These are based on Fair Wear’s Responsible Exit Strategy Guidelines and include not only timely and transparent communication but also a comprehensive

analysis of the reason for the exit, the potential consequences for workers and any prevention measures, severance pay or continued payment of wages.

## FROM HANDSHAKE TO WRITTEN COMMITMENT

As a family-owned company, HAKRO works with its production partners – which are likewise family-owned companies – in a spirit of partnership built on long-standing cooperation. In Bangladesh and Turkey, for example, where around 64% of our total purchasing volume is manufactured, we have been doing so for almost 25 years. The principle of → equality, which is so important to us, was sealed by HAKRO founder Harry Kroll with a handshake decades ago. On this foundation, we have built successful partnerships that have lasted for many years and have weathered even major crises such as the coronavirus pandemic without us having to cancel a single order or end any partnerships. For a long time, this foundation of trust was more important to us than a written purchasing agreement, which we believed only protected the interests of the contractor.

## FIVE SUSTAINABLE PURCHASING PRACTICES

The principles in the Common Framework for Responsible Purchasing Practices (CFRPP) form the foundation for the HAKRO purchasing policy.

- 1 PRINCIPLE: INTEGRATION AND REPORTING**  
Integration of sustainable purchasing practices into the business strategy and creation of external transparency
- 2 PRINCIPLE: EQUAL PARTNERSHIPS**  
Shaping respectful dialogues and creating win-win situations with shared responsibility for fair working conditions
- 3 PRINCIPLE: JOINT PRODUCTION PLANNING**  
Planning processes based on partnership and joint agreements regarding changes to the plan to avoid disadvantages for production partners
- 4 PRINCIPLE: FAIR PAYMENT CONDITIONS**  
Transparency and fairness in setting conditions, full and reliable payment
- 5 PRINCIPLE: SUSTAINABLE PRICING**  
Pricing that enables pay rises, sustainable production practices and an appropriate margin for the production partners

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## FAIR PURCHASING FRAMEWORK AGREEMENTS

Our membership of Fair Wear, our participation in the Learning and Implementation Community for Responsible Purchasing Practices (LIC) and, last but not least, our contact with the [Responsible Contracting Project](#), which provides model clauses for responsible purchasing agreements, have taught us in recent years that there is a way to formally enshrine fair partnership on an equal footing in a contract – for the benefit and protection of both parties.

We call this a “responsible purchasing framework agreement” because it not only lays down the standard rules for our business relationship but also integrates our joint commitment to sustainability and, above all, our shared responsibility for human rights and the environment. With this contractually agreed shared responsibility, we aim to counteract the unfortunate trend whereby responsibility for human rights due diligence is merely passed on to the supply chain as a formality. HAKRO has drawn up a draft contract, which is currently being reviewed by our production partners, as we naturally want them to have a say in what

goes into such a groundbreaking document. So far, we have received nothing but positive feedback. The first partners have already signed, and we aim to finalise the contracts by mid-2025.

## SUSTAINABLE PRICING

Purchase prices are always set in consultation with our production partners. HAKRO does not dictate purchase or target prices. Instead, we use a bottom-up pricing approach where we look at the quality and product features together and work out a price from there. This prevents us from putting price pressure on our partners and, as a result, pressure on their cost positions.

However, this trust- and dialogue-based approach does not give us full insight

into our partners’ production cost structures, which means that we do not know how high the labour costs are for the models in our collection. We have therefore developed a strategy for → living wages so that, in the long term, we will be able to assess whether our purchase prices are sufficient to finance living wages without jeopardising our good partnerships.

We also agree payment terms jointly with our partners, and not to their disadvantage. On HAKRO’s side, no payment term is more than 30 calendar days after the invoice is received. In many cases, we pay immediately upon receipt of the invoice. In the event of very significant production spending by our partner, we offer partial pre-financing.

“HAKRO shows that responsible entrepreneurship is not a question of size, but of the right mix of impact orientation and pragmatism. The responsible purchasing agreement establishes the framework for due diligence on an equal footing and shared responsibility with business partners. We are pleased to play our part in this.”

*Daniel Schönfelder, Lead European Legal Advisor at the Responsible Contracting Project*

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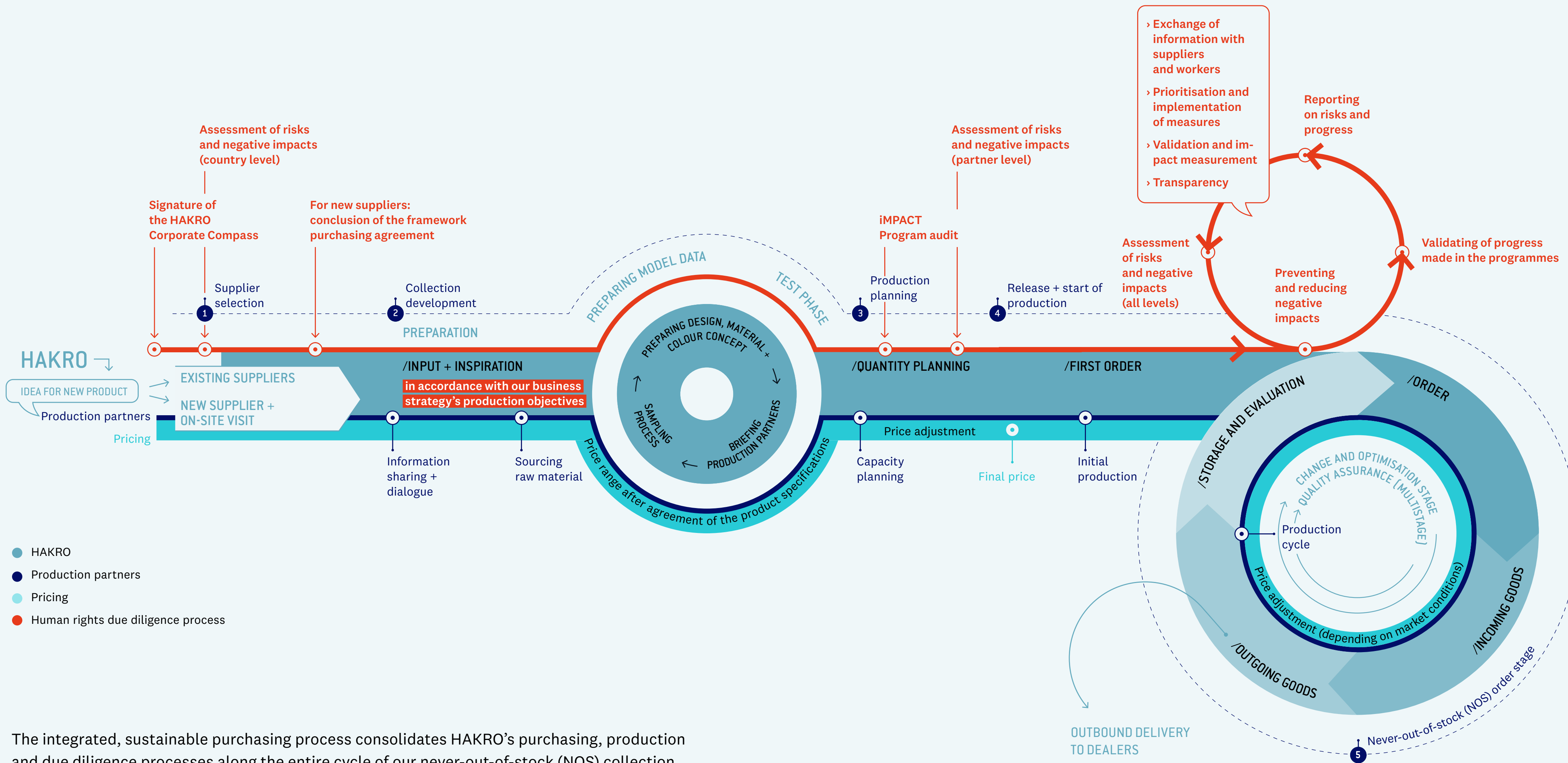
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# INTEGRATED SUSTAINABLE PURCHASING PROCESS



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The integrated, sustainable purchasing process consolidates HAKRO's purchasing, production and due diligence processes along the entire cycle of our never-out-of-stock (NOS) collection. Whenever new developments occur, we work in close cooperation with our production partners at every stage. We check internal compliance with our purchasing standards, including pricing, social and environmental standards, at every stage and round off the purchasing process with a review and external feedback.



# OUR DUE DILIGENCE MANAGEMENT

In the management of human rights due diligence in our supply chain, we base our due diligence process on the recommendations of the OECD.

The due diligence process comprises

- our risk management,
- our grievance mechanism,
- our auditing and remediation process, and
- our public reporting.

## RISK MANAGEMENT

When identifying and dealing with risks, we continue to keep the strong connections between social and environmental risks in mind. For example, improvements in the management of chemicals may positively impact both the environment and worker health. Improved working conditions and raising awareness may, in turn, increase the willingness of management and staff to proactively tend to environmental issues to a greater degree at the production site.

Our risk assessment is structurally based on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector and indi-

vidually expanded by special topics such as → [biodiversity](#).

### DEPTH OF THE RISK ASSESSMENT

As a general principle, we see all processes as part of our responsibility. We feel we are directly and indirectly responsible for everything that takes place upstream and want to exert our influence on those processes wherever possible. Since our supply chain is not yet completely traceable, for now we are focusing on risks in manufacturing (Tier 1), see → [risk graphic](#). We will continually deepen the traceability of our supply chains until we achieve 100% by 2027. This allows us to increasingly focus on risks in the deeper supply chains in our risk assessment.

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HAKRO attaches great importance to hearing what workers have to say. Internal grievance mechanisms are particularly important to us – ideally with the involvement of freely elected worker representatives.

## DATA BASIS OF RISK ASSESSMENT

### Sector risks

- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

### Country risks

- Publications of the stakeholder network (including Fair Wear, Partnership for Sustainable Textiles, UPJ, amfori)
- Studies and publications of national and international NGOs and trade unions (including FEMNET e. V., Clean Clothes Campaign, ITUC Global)
- Publications of international and state organisations, including ILO, WHO, UNDP, OECD
- Additional scientific publications (partly retrieved through the CSR Risk Check of MVO), none older than 5 years

### Partner risks

- Self-assessments of our production partners on site
- Results of our iMPACT Program audits (including workers' views through on-site interviews and the Worker Sentiment Survey)
- Any grievances received
- Insights from HAKRO production-facility visits
- Results of the annual supplier assessment
- Incident lists of the Partnership for Sustainable Textiles/Open Supply Hub

### Product and business model risks

- HAKRO production and purchasing practices
- Design and quality specifications for HAKRO products

## WORKER PARTICIPATION

It is important to HAKRO that workers have a voice in our processes. We ensure this in several ways:

- Through an internal grievance mechanism in factories
- Through the → [external grievance mechanism of Fair Wear](#)
- Through the Worker Sentiment Survey and interviews with workers as part of our → [iMPACT Program audits](#)
- Through good, elected worker representation
- Through direct exchange with worker representatives during our on-site factory visits

During our own visits and the iMPACT Program audit, an on-site check is made of whether the grievance mechanisms are available to all workers. It is important to us that the implemented grievance mechanisms are understood, that trust exists – e.g. through protecting the complainant's anonymity – and that the mechanisms are actively used as a communication channel. We regularly raise awareness of this among our production partners and speak directly to worker representatives when we visit to find out how the workforce rates its options for reporting grievances.

HAKRO has made it a top priority to strengthen the internal grievance mechanisms in the factories. We are therefore engaging in intensive dialogue to learn exactly how the internal mechanisms work in each case. Ideally, there should be an internal grievance management committee composed of members of management and worker representatives, which is responsible for receiving and handling complaints.

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# HAKRO PRODUCTION COUNTRIES AND COUNTRY-SPECIFIC RISKS

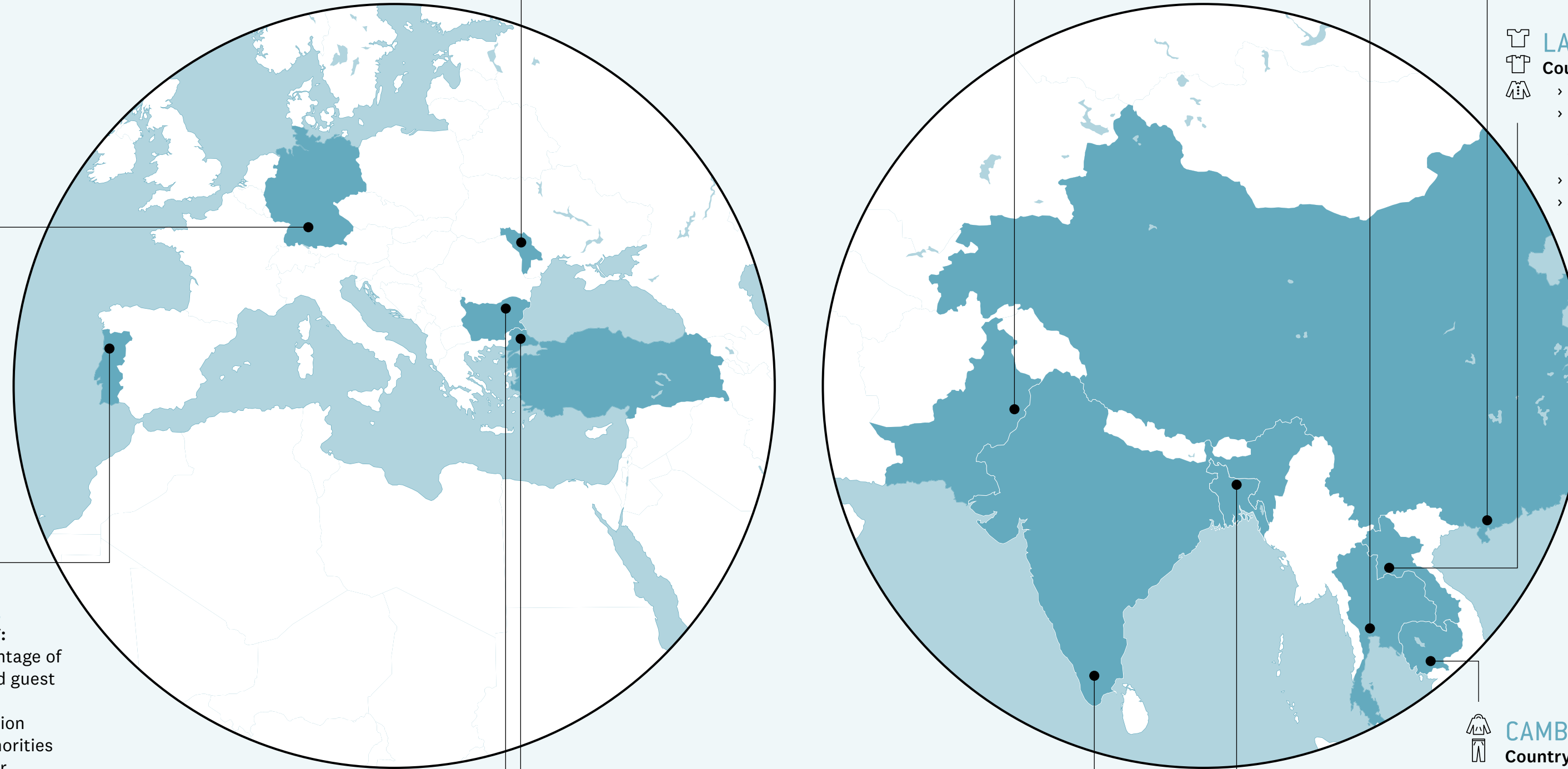
Our ten production partners have factories in twelve countries. In all, we produce in seventeen facilities in Europe and Asia. In all these countries, specific risks may arise.

These country risks give an insight into the textile sector's general situation in a particular sociopolitical and cultural context (what is referred to as gross risks).

See here for the actual  
 → [partner-specific risks](#) and our  
 → [risk process](#).

## TEXTILES PRODUCED

- T-shirts
- Polo shirts
- Sweatshirts and jackets
- Sweat pants
- Fleece
- Outdoor jackets
- Trousers
- Blouses and shirts
- Knitted pullovers and jackets
- Tank tops
- Socks
- Sneakers



**GERMANY**  
 No country risks recorded because classified as a low-risk country by the OECD

**PORTUGAL**  
**Country risks\*:**  
 › High percentage of migrant and guest workers  
 › Discrimination against minorities  
 › Child labour

**MOLDOVA**  
**Country risks\*:**  
 › Precarious employment of Ukrainian refugees  
 › Child labour  
 › Gender-based violence  
 › Discrimination against women and minorities  
 › Corruption

**BULGARIA**  
**Country risks\*:**  
 › Excessive overtime  
 › No fixed working hours  
 › Low wages  
 › Discrimination against women and minorities

**TURKEY**  
**Country risks\*:**  
 › Precarious employment of Ukrainian refugees  
 › Restricted rights to collective bargaining and freedom of association  
 › Corruption  
 › Lack of occupational safety  
 › Excessive overtime

**PAKISTAN**  
**Country risks\*:**  
 › Restricted rights to collective bargaining and freedom of association  
 › Low wages  
 › Discrimination against women  
 › Corruption  
 › Lack of occupational safety  
 › Excessive overtime

**INDIA**  
**Country risks\*:**  
 › Gender-based violence and discrimination  
 › Restricted rights to freedom of association  
 › Excessive overtime  
 › Low and delayed wage payments  
 › Discrimination against guest workers

**THAILAND**  
**Country risks\*:**  
 › Restricted rights to freedom of association  
 › Discrimination against guest workers, especially from Myanmar  
 › Forced labour  
 › Child labour  
 › Low wages

**BANGLADESH**  
**Country risks\*:**  
 › Excessive overtime  
 › Gender-based violence  
 › Restricted freedom of association and social dialogue  
 › Low building and fire safety  
 › Child labour  
 › Lack of occupational safety  
 › Corruption

**CHINA**  
**Country risks\*:**  
 › No statutory freedom of association  
 › Child labour  
 › Forced labour by minorities  
 › Excessive (unpaid) overtime  
 › Lack of occupational safety  
 › Corruption

**LAOS**  
**Country risks\*:**  
 › Child labour  
 › Restricted rights to collective bargaining and freedom of association  
 › Corruption  
 › Excessive overtime

**CAMBODIA**  
**Country risks\*:**  
 › Child and forced labour  
 › Lack of occupational safety  
 › Restricted rights to collective bargaining and freedom of association  
 › Corruption

\* The country-specific risks listed represent a selection of the respective main risks according to relevant sources (including the Fair Wear country studies). It is not an exhaustive list.

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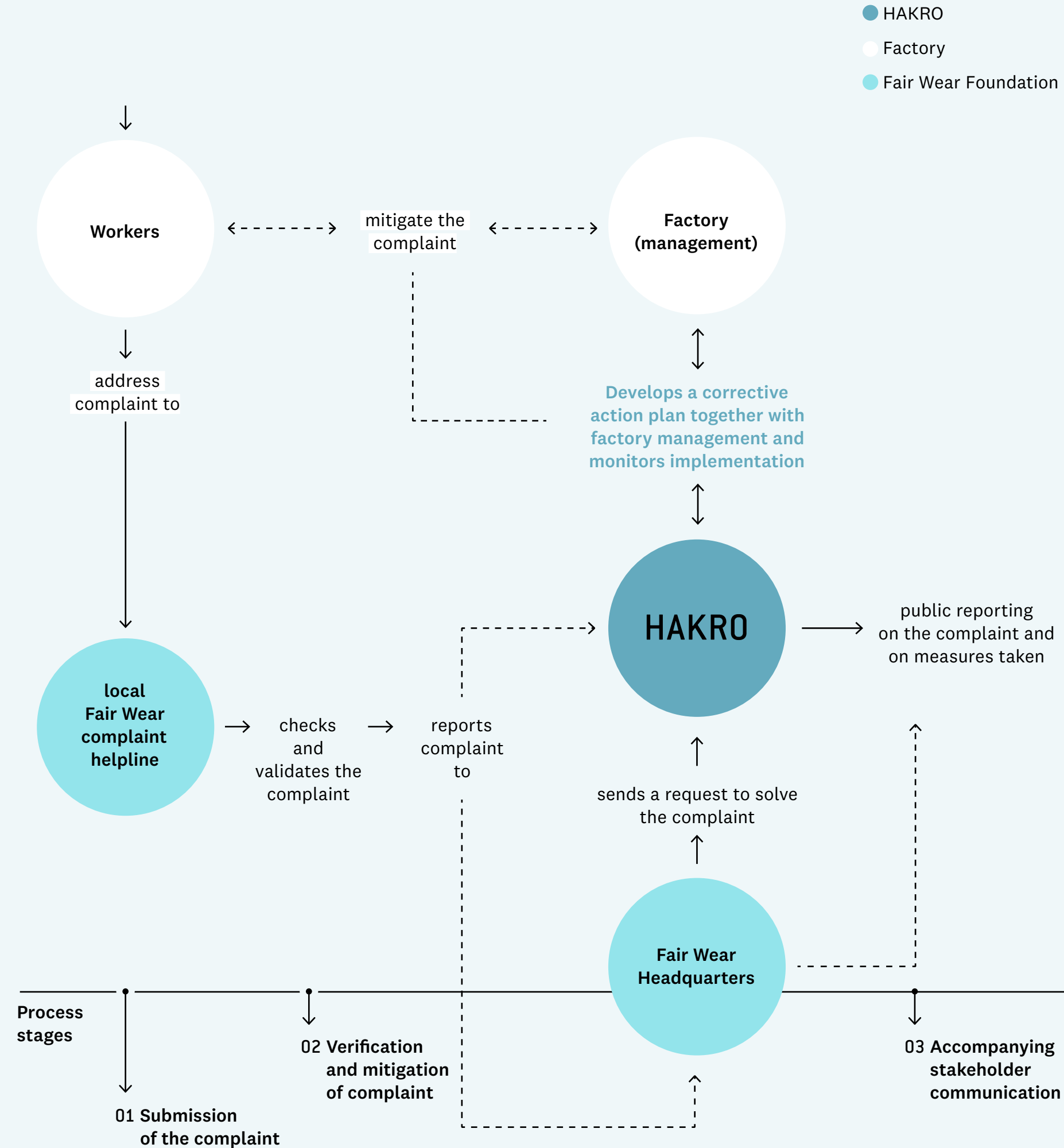
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# THE FAIR WEAR GRIEVANCE MECHANISM

An integral component of our iMPACT Program



## CURRENT COMPLAINTS

In the reporting year, we received our first complaint via the Fair Wear grievance mechanism. Needless to say, we would prefer a world in which we do not have to receive any complaints. Still, we consider it a positive sign that the grievance mechanism is being used. It shows us that our communication about the grievance mechanisms' existence and how they work has been successful, that workers have sufficient trust in the grievance mechanisms and that their confidence that something can change for the better outweighs their fear of negative consequences. We also view the complaint we received as positive because it came from our new trouser supplier in Pakistan, which we only onboarded in 2023. Complaints in general are a valuable source of information for us in identifying necessary improvements.

## DETAILS OF THE COMPLAINT

The complaint received from Pakistan in August 2024 included the following points:

- Regular, unannounced and sometimes mandated overtime, which in some cases was not properly paid but offset by a day of leave
- Repeated cases of mandated and involuntary overtime resulting from workers' dependence on bus transport organised by the factory
- Threats of dismissal by middle management (line supervisors) to force workers to work overtime
- Undue influence on workers prior to audits

## GRIEVANCE PROCESS

- Verification of the complaint by Fair Wear, anonymous communication to HAKRO
- Immediate response from HAKRO: talks with our local sustainability consultant in Pakistan and with the factory's management to understand their point of view

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- Start of an investigation process to determine to what extent the complainant’s view is shared by other workers. After consulting with Fair Wear: commissioning of our local, independent consultant in Pakistan to conduct the investigation
  - > **Result:** Except for the allegation of undue influence prior to audits, the contents of the complaint were largely confirmed by the workforce, albeit with conflicting statements regarding the frequency of incidents. The investigation process also provided additional context that is valuable for the remediation process.

- Start of the remediation process in collaboration with the factory’s management and the independent consultant; identification of causes and improvement measures; definition of a concrete timeline and distribution of responsibilities

- **Next steps:**
  - > Public and transparent communication on how the remediation process will continue in our HAKRO reports, on the [Fair Wear website](#) and in the complaints register
  - > Regular feedback to and dialogue with the complainant on the progress of the grievance process and the planned remediation measures

See also → [Current risks and measures](#).

## MONITORING AND REMEDIATION PROCESS

In partnership with the clothing company OLYMP Bezner KG, in 2021 we developed an extensive audit programme: the iMPACT Program. This monitoring system unites the aspiration for transparency and verifiable social standards at our production partners with the desire for

equal partnerships and joint learning and growing.

### CORNERSTONES OF THE IMPACT PROGRAM

1. Elevate Responsible Sourcing Assessment (ERSA) audit system as framework
2. Fair Wear Code of Labour Practices (CoLP) as basis
3. Wage ladder for conducting a wage gap analysis
4. Additional requirements by HAKRO and OLYMP due to specific → [risk assessment](#) and → [due diligence processes](#)
5. Worker Sentiment Survey for the integration of worker perspectives
6. Corrective action plan and joint remediation process for risk mitigation

In terms of content, the iMPACT Program adopts a 360 degree perspective. Ambitious bundling of the standards of ERSA and Fair Wear with the specific requirements of HAKRO and OLYMP sets new benchmarks in terms of the audits’ depth, reliability and scope. With its emphasis on management systems, continuous improvement with the active involvement of workers, sustainable remediation

measures and transparency, the iMPACT Program significantly differs from other audit systems – and forms a solid foundation for the identification, prevention and remediation of partner risks.

The iMPACT Program, as a system, is also subject to a continuous improvement process. In the reporting year, for example, we enhanced our wage gap analysis in order to distinguish more clearly between gross and net wages and to record wage data from the largest and the lowest paid departments in the factory in a more targeted manner. It is also our intention to further improve the gender sensitivity of the audit system so that gender-specific risks can be better identified and addressed in the audit process.

### REMEDIATION

The HAKRO remediation process comprises measures and processes for avoiding and reducing negative impacts and includes:

- auditors’ recommendations
- findings from visits by HAKRO or from complaints received
- root cause analyses (carried out by production partners)

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- joint corrective action plans, including measures such as training and capacity building programmes

Together with the audit report or the record of a factory visit, our production partners receive a template for corrective action plans. On this basis, they can analyse the root causes behind the deviations and recommend measures for mitigation and prevention.

To support this, we offer access to a variety of external training courses and on-line training. No later than three weeks after receiving the audit report, we discuss measures and responsibilities with our partners. Remediation measures may well also affect HAKRO directly if, for example, our [purchasing behaviour](#) has been identified as the cause. Depending on the situation, we verify the remediation measures implemented through a follow-up iMPACT Program audit. This also always includes a Worker Sentiment Survey so that workers can be included in the verification process.

Furthermore, our [risk assessment](#), which is updated at least once a year,

shows whether and how the existing risk has been mitigated.

HAKRO’s Impact, Responsibility & Innovation department, which bears operational responsibility in this area, has financial resources available for remedial measures.

For the present situation regarding the audits, risks and remediation processes, see the [Factory overview](#).

## ONBOARDING NEW PRODUCTION FACILITIES

HAKRO rarely adds new production partners or new factories belonging to our existing partners. However, this may occur in connection with new product developments if these cannot be implemented by our production partners in the existing portfolio, for example because of the area of expertise required, or if partners expand the number of their factories. At present, we find ourselves in such a phase, as HAKRO is evolving from a supplier of outerwear to a [complete outfitter](#).

In 2023, for the first time in many years, we started working with a new production partner (Pakistan, trousers). The following year, we added a production facility in India (t-shirts made from [regeneratively grown Raddis® cotton](#)) and two sites in Portugal (sneakers and our circularly produced [HELLO AGAIN textiles](#)). These new sites currently produce only small volumes representing less than one percent of our total volume.

For details, see the [Factory overview](#).

### THE HAKRO ONBOARDING PROCESS

Before placing the first order, we always visit the factory in person. The actual onboarding is based on our [purchasing process](#) and comprises the following steps:

1. [Risk assessment](#) (sector and country risks)
2. Partner onboarding (signature of the HAKRO Corporate Compass, acknowledgement of the Fair Wear CoLP, disclosure of factory information, onboarding on retraced, a traceability platform for textile supply chains, and, from mid-2025, signature of the [purchasing framework agreement](#))
3. [iMPACT Program audit](#) and on-site visit before placing the first order
4. [Risk assessment](#) (partner risks)
5. [Remediation process](#)



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# CURRENT RISKS AND MEASURES

Priorities in our supply chain management are set both strategically, based on the objectives of our Integrated Sustainable Business Strategy, and on an ad hoc basis during the course of our due diligence processes. We make the identified partnership risks, audit results, complaints and remediation measures transparent for each production site for the respective reporting year.

## CURRENT PRIORITIES IN SUPPLY CHAIN MANAGEMENT

In the reporting year, we focused on enhancing our due diligence processes. Among other things, this involved remediation measures taken in response to excessive and mandated overtime at our partner in Pakistan, see also → [Current complaints](#). The remediation process is still ongoing.

### STRENGTHENING INTERNAL GRIEVANCE MECHANISMS

It is a priority for HAKRO to have reliable → [internal grievance mechanisms](#) in place. In 2024, we successfully set up a powerful Grievance Management

Committee at the new production partner in Pakistan that we onboarded in 2023. The committee is made up of worker representatives, whose tasks are set out in Terms of Reference: these include receiving complaints, engaging in dialogue with management and complainants, and implementing a structured remediation and prevention process. The number of complaints received and the issues raised – both by workers and mid-level managers – show that the committee is now well established as an impartial authority within the factory and that its members and processes are widely trusted.

Our long-standing partner in Bangladesh held free elections for its Participation Committee at the beginning of 2025. This closes a major remediation gap identified in recent years, as the

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committee had previously been made up of individuals appointed by management. The free election of eight women and six men from among the factory workforce now ensures better dialogue between workers and factory management, which has also elected four representatives to the committee. The factory’s internal grievance mechanism has also been significantly strengthened as a result. In April 2025, the Bangladeshi authorities officially recognised the Participation Committee, closing another formal gap.

In the course of our trips to Laos, Bulgaria and Moldova during the reporting period, we had extensive discussions with local worker representatives and obtained valuable information, including on the actual practice of dealing with complaints.

## HEIGHTENED DUE DILIGENCE IN BANGLADESH

In 2024, the government in Bangladesh was violently overthrown. The political upheaval had significantly increased the risks for workers throughout Bangladesh, and even under the interim government currently in place, led by Nobel Peace Prize laureate Muhammad Yunus, the economic situation remains tense and volatile. We have therefore intensified our due diligence process for Bangladesh.

In this situation, HAKRO considers it particularly important to engage in responsible purchasing. Our long-standing production partner in Bangladesh, whose capacity we utilise to around 60%, can rest assured of our partnership and purchase guarantee, which we have expressly reaffirmed, including publicly in discussions with trade unions. Internally, we have made sure that our Purchasing department is sufficiently aware of the political developments in the country and will therefore act flexibly and considerately when it comes to

In light of the change of government in Bangladesh in 2024 and the state of emergency that followed, we are taking extra care to identify current and potential risks for workers in the country.

delivery dates. Ever since the unrest began, we have maintained ongoing dialogue with the facility’s management about the situation in the factory, the impact on workers, closing times, the continued payment of minimum wages and the avoidance of excessive overtime. We are honouring our payment agreements so as not to cause liquidity bottlenecks for our partner.

The acute risks for workers that we reviewed with our partner amid the upheaval include:

- Factory closures
- Failure of factories to pay wages due to limited liquidity
- Dangerous commutes
- Violence and discrimination against marginalised groups
- Impaired safety at work

## LIVING WAGES

The lowest wage paid in all our partner factories is at least the local statutory minimum wage. The average wage is, however, above the minimum wage in all the factories. Since 2021, we have used the “living wage gap” indicator to measure in a structured way the wage gap between the lowest wage paid in the factories of our production partners and a living wage benchmark. This indicator is a material result of our → [iMPACT Program audits](#) and an important data basis for future measures to improve the social conditions in our partners’ production facilities.

Inflation, which is often high in the countries where our products are manufactured, makes our calculations tricky because both the statutory minimum

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wage and the calculation of a living wage are subject to fluctuations. We do not always receive updates to the relevant benchmarks in time, which means that we do not have a reliable basis for calculating the wage gap in our partner facilities in Turkey, for example, where inflation is currently rising rapidly. On top of that, the statutory minimum wage in Pakistan, for instance, was increased in the course of the year.

Wherever possible, we choose benchmarks calculated by the [Anchor Research Institute](#), as this organisation offers a high level of transparency regarding its procedures, methodology and data sources. This is the case with the benchmarks of the [Global Living Wage Coalition \(GLWC\)](#), which we use in their most recent form. Unfortunately, GLWC benchmarks do not yet exist for all of our production countries, but more are being added on an ongoing basis.

In cases where no GLWC benchmark is available yet, we use the next most reliable data source, including [data sets from valuing.impact](#) and the [Asia Floor Wage](#). These calculations, too, are updated annually to improve the accuracy

of the data sets over time, which means that changes may occur compared to the previous year.

For details, see the [→ Factory overview](#).

### THE HAKRO STRATEGY FOR LIVING WAGES

We are aiming for 100% of our Tier 1 production partners' workers to earn living wages by 2030. We are moving steadily towards this target by taking the following five steps:

1. Continuous dialogue with all our direct (Tier 1) production partners, particularly in the context of price negotiations

2. Analysis of the relationship between HAKRO purchase prices and wage cost components per HAKRO collection model (known as labour minute costing)
3. Joint definition of target wages
4. Clarification of financing and setting of specific target wages for each model in the HAKRO collection
5. Verification that target wages are being paid to workers

We have classified our production partners into four groups based on the volume of goods we purchase from them. After a successful trial run with a pilot partner, we will gradually roll out the process to all our partners.

We have made good progress in calculating model-specific wage components and improving the accuracy of our wage gap analysis. And we are constantly looking to engage with other companies and experts on the complex issue of living wages.

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## PROGRESS WITH MODEL-SPECIFIC WAGE COST COMPONENTS

In the reporting year, we were able to raise awareness among initial production partners regarding the calculation of model-specific wage cost components (see step two above). Calculating these wage cost components is complicated. While we have Fair Wear’s Fair Price App as a tool, it does not cover all of the countries where our products are manufactured. In Pakistan and Laos, it was therefore necessary to first adapt the calculation logic to the country-specific contexts. We were able to do so thanks to our own research and the support of our local consultant in Pakistan, but the process is proving to be time-consuming.

## UPDATE OF THE WAGE LADDER

The wage ladder, which is part of our → [iMPACT Program audit](#), was updated in 2024. As a result, the on-site audit team can now analyse wage gaps much more accurately. From now on, not only will the lowest and average wages of all workers in a factory be indicated, but also the lowest wage in the department with the lowest wage level and the lowest wage in the largest department

(usually the sewing department). We will also measure gender equality by determining the gender pay gap and the actual net wage including additional payments and benefits (known as take-home wage) for each worker.

## LEARNING CIRCLE FOR LIVING WAGES

The → [HAKRO IMPACT Barcamp](#) has led to the creation of a Learning Circle for Living Wages. Here, several textile companies regularly share their approaches, challenges and possible solutions to the complex problem of living wages and learn from each other’s experiences. We also engage in dialogue with leading experts and thought leaders to learn about innovative approaches, including Martha Anker, co-founder of the Anker Research Institute and the [Anker Methodology©](#) for calculating living wages.

## ONGOING MEASURES

We are continuing the Sanitary Pad Project, which was launched in Bangladesh in early 2023 and is financed by our local FriendShare Health Fund, and are providing free feminine hygiene products for all female workers at the factory. Although there is still a menstrual stigma, this offer is very well received by the female workers. In 2024, 962 workers obtained around 152,660 sanitary pads from the machines set up in the women’s restrooms. We have increased the number of pads that can be accessed per person per month from ten in 2023 to 15.

In partnership with Sustify, a German service provider in the field of social dialogue with a focus on the textile sector, we have developed training programmes for workers that focus on the topics of gender, health and safety, social dialogue and grievance mechanisms. The first training courses kicked off in November 2024 during our factory visits in Laos. The training will be completed by mid-July 2025.

See also → [Factory overview](#).

## CLIMATE AND ENVIRONMENTAL MANAGEMENT

We are gradually expanding our climate change mitigation strategy to include → [science-based targets](#) and will join the Science Based Targets initiative (SBTi). Through the first-time use of primary data from our direct suppliers, we were able to significantly increase the meaningfulness and accuracy of our Product Carbon Footprints in 2024.

See also → [Site & resources](#).

We want to make sure that, by 2025, all wet process facilities undergo an annual audit that analyses actual human-rights and environmental risks.

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# FACTORY OVERVIEW

Each year, we transparently disclose the main partnership risks identified at each of our production sites, along with any audit findings, complaints and remediation measures. We also report on the current status of our strategy for paying living wages.

In our comprehensive risk assessment, these specific partner risks are supplemented by → [sector risks](#) and the risks associated with the → [countries](#) in which we manufacture our products.

## METHOD OF PRESENTATION

We continuously update the overview of our factories and improve the method of presentation as more data becomes

available. We provide background information on the factory, cooperation, employee numbers, audits and factory visits for each production site. For the reporting period, see → [About this report](#).

### WAGE INFORMATION

The wage information per factory shows the progress we have made towards paying living wages. We describe the calculation method and the challenges involved in calculating wages → [here](#).

### CORRECTIVE ACTION PLANS

For each identified partner risk, we put together a specific corrective action plan that includes remediation and prevention measures, a specific deadline and the current status of implementation.

By remediation, we mean dealing with risks that have materialised and rectifying findings from audits and our own factory visits.

Prevention refers to measures aimed at ensuring that the risk does not recur or that the risk is reliably mitigated. We do not have preventive measures in place for all risks, because in some cases the remediation measures have already

raised sufficient awareness to reduce the likelihood of the risk recurring. Furthermore, some preventive measures are subject to a specific time frame, while others are ongoing. Preventive training, for example, is carried out once, after which its effectiveness is measured. New processes and responsibilities in the factory, on the other hand, are preventive measures that are firmly integrated into the daily routine and have no end date.

### SOURCES

The risks and further information presented here are based on the following sources:

- The partner risks identified in our → [risk assessment](#)
- The applicable benchmarks for → [living wages](#)

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# BANGLADESH

## PRODUCTION PARTNER

The family-run and GOTS-certified production operation in Bangladesh is vertically integrated, i.e. it bundles multiple production stages at a single location (including knitting, dyeing, cutting, manufacturing and quality inspection of the finished product). This means that our joint due diligence processes and improvement measures go far beyond mere manufacturing, covering a large part of the supply chain. Together, we have

succeeded in using only cotton that is certified as sustainable and have additionally certified all HAKRO products made from 100% cotton in accordance with Cradle to Cradle®. Supported by our membership of the International Accord for Health and Safety in Garment and Textile Industry, together with our partner we put a special focus on the topic of building and fire safety.

<b>REGION</b> Dhaka, Gazipur 	<b>HEADCOUNT</b> <h3>2,165</h3> <p>○ of which female: 1,257                  ○ of which male: 908</p>	<b>COLLABORATION SINCE</b> <h3>1999</h3>	<b>WAGE DATA FOR 2024</b>					
	<b>PRODUCTION VOLUME</b> <h3>18%</h3>	<b>FACTORY CAPACITY UTILISATION</b> <h3>60%</h3>	<b>CURRENT AUDITS</b> › November 2024	<b>PRODUCTION-FACILITY VISITS</b> › May 2025 (HAKRO)	<b>Monthly statutory minimum wage:</b> BDT 12,500 ≈ USD 108	<b>Lowest wage in the factory:</b> BDT 12,500 ≈ USD 108	<b>Average wage in the factory:</b> BDT 13,950 ≈ USD 120	<b>Living wage*:</b> BDT 23,100 ≈ USD 199

\* according to the [Global Living Wage Coalition, 2024](#)

<b>Freedom of association</b>	<b>Risk:</b> Previously, no freely elected Participation Committee, only one appointed by management <b>Remediation:</b> Free election of a → <a href="#">Participation Committees</a>	 <b>March 2025</b>
<b>Internal grievance mechanism</b>	<b>Risk:</b> Although there is a well-established internal grievance mechanism, the audit and root cause analysis revealed that workers still have difficulty understanding it. <b>Remediation:</b> Extensive monitoring of complaints, processes, measures and communication <b>Prevention:</b> Training for workers will be reviewed and updated.	 <b>January 2024</b>
<b>Working hours</b>	<b>Risk:</b> Working hours in excess of ILO limits, isolated cases of excessive overtime <b>Remediation:</b> Regular analysis of correlations with HAKRO purchasing behaviour <b>Prevention:</b> Improved communication by HAKRO in the event of schedule changes or → <a href="#">exceptional circumstances</a>	 <b>June 2024</b>
<b>Fire safety officers</b>	<b>Risk:</b> Not all fire safety officers have received refresher training every 6 months. <b>Remediation:</b> The training has been caught up on. <b>Prevention:</b> Closer monitoring of the regular training cycle by Human Resources Management, including when the number of workers changes	 <b>May 2024</b>
<b>Storage of chemicals</b>	<b>Risk:</b> Some chemicals were stored without secondary containment and without a visibly displayed safety data sheet. <b>Remediation:</b> Affixing safety data sheets and setting up secondary containment for all chemicals <b>Prevention:</b> All workers who have access to chemicals must undergo specific training on how to handle chemicals.	 <b>April 2024</b>

Completed 
 In progress 
 Being planned 
 Ongoing

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# TURKEY

## PRODUCTION PARTNER

Our Turkish production partner, which – in addition to several locations in Turkey – also operates the two factories in Bulgaria and the Republic of Moldova, is one of the largest textile manufacturers in the country. It has multiple state-of-the-art manufacturing sites with excellent social and environmental standards.

We have maintained a close and trusting partnership for over 20 years. The sustainability team in Turkey coordinates due diligence processes across all sites in close cooperation with the HAKRO team.

## TURKEY I

	<b>REGION</b> Kirklareli	<b>HEADCOUNT</b> <b>408</b> ○ of which female ○ of which male	<b>COLLABORATION SINCE</b> 2002 as a temporary backup location	<b>FACTORY CAPACITY UTILISATION</b> <b>62%</b>
	318      90	<b>CURRENT AUDITS</b> Social & Labor Convergence Program	<b>PRODUCTION-FACILITY VISITS</b> › May 2025 (HAKRO) › Regular visits by our team in Turkey	
	<b>PRODUCTION VOLUME</b> <b>6%</b>	› May 2024		

## TURKEY II

	<b>REGION</b> Keşan	<b>HEADCOUNT</b> <b>388</b> ○ of which female ○ of which male	<b>COLLABORATION SINCE</b> <b>2018</b>	<b>FACTORY CAPACITY UTILISATION</b> <b>100%</b>
	330      58	<b>CURRENT AUDITS</b> Social & Labor Convergence Program	<b>PRODUCTION-FACILITY VISITS</b> › May 2025 (HAKRO) › Regular visits by our team in Turkey	
	<b>PRODUCTION VOLUME</b> <b>29%</b>	› March 2024		

WAGE DATA FOR 2024				
<b>Monthly statutory minimum wage:</b> TRY 20,002 ≈ USD 610	<b>Lowest wage in the factory:</b> TRY 20,002 ≈ USD 610	<b>Average wage in the factory:</b> TRY 20,257.14 ≈ USD 618	<b>Living wage:</b> Due to high inflation rates, no reliable information on living wages is currently available.	<b>Living wage gap:</b>

WAGE DATA FOR 2024				
<b>Monthly statutory minimum wage:</b> TRY 20,002 ≈ USD 610	<b>Lowest wage in the factory:</b> TRY 20,002 ≈ USD 610	<b>Average wage in the factory:</b> TRY 24,074.51 ≈ USD 734	<b>Living wage:</b> Due to high inflation rates, no reliable information on living wages is currently available.	<b>Living wage gap:</b>

<b>Childcare</b>	<b>Risk:</b> No childcare is available, although this is required by law for factories with more than 150 employees. Due to the factory's geographical location, no childcare was previously available to workers. <b>Remediation:</b> The production facility has signed a contract with a private childcare provider in the region, allowing all workers' children aged between 36 and 72 months to be accommodated there at the factory's expense, provided that their parents register them.	September 2024
<b>Escape routes</b>	<b>Risk:</b> Three of the five escape routes were not wide enough, as movable side tables partially narrowed the routes. <b>Remediation:</b> Replacement with narrower side tables that do not extend into the escape routes <b>Prevention:</b> Awareness-raising among workers to keep escape routes clear	August 2024

<b>Childcare</b>	<b>Risk:</b> No childcare is available, although this is required by law for factories with more than 150 employees. Due to the factory's geographical location, no childcare was previously available to workers. <b>Remediation:</b> The factory is looking for a private childcare provider in the region with which it can enter into a direct agreement.	September 2025
<b>Fire safety</b>	<b>Risk:</b> Fire alarms and warning systems in the factory were not inspected regularly. <b>Remediation:</b> Belated maintenance and inspection of all fire alarms <b>Prevention:</b> Establishment of a semi-annual internal inspection process, clear assignment of responsibilities	May 2024
<b>External grievance mechanism</b>	<b>Risk:</b> The Fair Wear grievance mechanism was not available to workers in its original format. <b>Remediation:</b> The correct info poster has been displayed in the factory.* <b>Prevention:</b> Training on the Fair Wear grievance mechanism will be included in the induction programme for new workers.**	* March 2024 ** June 2025

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# BULGARIA

# MOLDOVA

## PRODUCTION PARTNER

The manufacturing facility in Bulgaria belongs to our Turkish partner, and HAKRO uses 100% of its production capacity. The last two iMPACT Program audit reports indicate that there is little room for improvement – our partner is already doing most things very well at this site. Suggestions for improvement come primarily from the workers themselves – via their worker representatives and the internal grievance mechanism.

## PRODUCTION PARTNER

The manufacturing facility in Moldova belongs to our Turkish partner, and HAKRO uses 100% of its production capacity. In the 2024 financial year, the factory was closed for a few months. Together with our local partner, we verified that the closure was handled fairly, learning a lot for our own purchasing practices in the process.

<b>REGION</b> Shumen	<b>HEADCOUNT</b> <b>230</b> ○ of which female ○ of which male	<b>COLLABORATION SINCE</b> <b>2018</b>	<b>FACTORY CAPACITY UTILISATION</b> <b>100%</b>
	211      19	<b>CURRENT AUDITS</b> iMPACT PROGRAM › January 2025	<b>PRODUCTION-FACILITY VISITS</b> › April 2025 (HAKRO) › As well as regular visits by our own team in Turkey
<b>PRODUCTION VOLUME</b> <b>9%</b>			

<b>REGION</b> Orhei	<b>HEADCOUNT</b> <b>135</b> ○ of which female ○ of which male	<b>COLLABORATION SINCE</b> <b>2018</b>	<b>FACTORY CAPACITY UTILISATION</b> <b>100%</b>
	120      15	<b>CURRENT AUDITS</b> iMPACT PROGRAM › February 2025	<b>PRODUCTION-FACILITY VISITS</b> › February 2025 (HAKRO) › As well as regular visits by our own team in Turkey
<b>PRODUCTION VOLUME</b> <b>1.5%</b>			

WAGE DATA FOR 2024				
Monthly statutory minimum wage: BGN 724 ≈ USD 400	Lowest wage in the factory: BGN 775 ≈ USD 428	Average wage in the factory: BGN 861 ≈ USD 476	Living wage*: BGN 1,026 ≈ USD 567	Living wage gap: BGN 251 ≈ USD 139
* according to the <a href="#">Global Living Wage Data Set, 2024</a>				

WAGE DATA FOR 2024				
Monthly statutory minimum wage: MDL 5,000 ≈ USD 281	Lowest wage in the factory: MDL 5,000 ≈ USD 281	Average wage in the factory: MDL 9,258 ≈ USD 520	Living wage*: MDL 10,284 ≈ USD 578	Living wage gap: MDL 5,284 ≈ USD 297
* according to the <a href="#">Global Living Wage Data Set, 2024</a>				

<b>Living wages</b>	<b>Risk:</b> The factory is one of four sites operated by our Turkish partner, which handles pricing and orders centrally. <b>Remediation:</b> Closer coordination when jointly planning the distribution of orders and capacities so that individual wage cost components can be determined.	December 2025
<b>Joint production planning</b>	<b>Risk:</b> Workers wish to be given earlier notification of the annual company holidays. <b>Remediation:</b> Revision of the joint production planning process to enable better and earlier coordination.	May 2025
<b>External grievance mechanism</b>	<b>Risk:</b> The Fair Wear grievance mechanism is available for use, but there is insufficient awareness and understanding of it. <b>Remediation:</b> Training on the Fair Wear grievance mechanism will be included in the induction programme for new workers.	July 2025

<b>Fire safety</b>	<b>Risk:</b> Fire extinguishers and hydrants are not regularly serviced, and not all of them have operating instructions. <b>Remediation:</b> Outdated fire extinguishers are being replaced, operating instructions are being posted and maintenance is being carried out. <b>Prevention:</b> Introduction of checklists and regular internal inspections to check fire safety equipment	June 2025
<b>Building safety</b>	<b>Risk:</b> Doors along escape routes that do not lead to emergency exits are not marked with “no exit” signs. <b>Remediation:</b> Appropriate door markings have been put up. <b>Prevention:</b> Monthly inspections to ensure correct markings on all escape routes	April 2025
<b>External grievance mechanism</b>	<b>Risk:</b> The Fair Wear grievance mechanism is available for use, but there is insufficient awareness and understanding of it. <b>Remediation:</b> Training on the Fair Wear grievance mechanism will be included in the induction programme for new workers.	July 2025

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# PAKISTAN

## PRODUCTION PARTNER

In 2023, we onboarded our production partner in Pakistan, which has since been supported on site by an expert we appointed as country manager. The recently established factory still has little infrastructure. The management is very ambitious in terms of product quality and labour standards. In the 2024 financial year, we took

several major steps together in terms of sustainable development and also received and jointly processed our first complaint via the Fair Wear mechanism.

<b>REGION</b> Lahore	<b>HEADCOUNT</b> <b>208</b>	<b>COLLABORATION SINCE</b> <b>2023</b>	<b>WAGE DATA FOR 2024</b>				
	○ of which female: <b>26</b> ○ of which male: <b>182</b>		<b>Monthly statutory minimum wage:</b> PKR 32,000 ≈ USD 115 (1 Jan – 30 June 2024) PKR 37,000 ≈ USD 133 (1 July – 31 Dec 2024)	<b>Lowest wage in the factory:</b> PKR 32,000 ≈ USD 115	<b>Average wage in the factory:</b> PKR 35,504 ≈ USD 128	<b>Living wage*:</b> PKR 44,069 ≈ USD 158	<b>Living wage gap:</b> PKR 12,069 ≈ USD 43
	<b>PRODUCTION VOLUME</b> <b>2%</b>	<b>FACTORY CAPACITY UTILISATION</b> <b>7%</b>	<b>CURRENT AUDITS</b> > August 2023 	<b>PRODUCTION-FACILITY VISITS</b> > Several factory visits by HAKRO in 2024 > Weekly factory visits by our country manager on site			* according to the <a href="#">Global Living Wage Coalition, 2024</a>

<b>Statutory minimum wage</b>	<b>Risk:</b> Sudden increase in the statutory minimum wage in July 2024. Our partner had a liquidity problem at the time and was only able to pay the new minimum wage from October 2024. <b>Remediation:</b> HAKRO will make a special payment, which is to be paid out retrospectively to all workers as wage compensation. <b>Prevention:</b> HAKRO has made its partner aware of the need to communicate future liquidity problems sooner so that HAKRO can make advance payments if necessary.	 <b>May 2025</b>
<b>Internal grievance mechanism</b>	<b>Risk:</b> The few internal complaints are handled directly by management without a defined process. <b>Remediation:</b> A Grievance Management Committee made up of worker representatives will be set up and tasked with receiving and handling all internal complaints in a structured manner.	 <b>August 2024</b>
<b>Mandatory overtime</b>	<b>Risk:</b> Due to delays in the departure of worker buses, workers are regularly forced to work involuntary overtime. <b>Remediation:</b> Development of an alternative bus schedule and creation of a scheduling concept for voluntary overtime	 <b>July 2025</b>
<b>Sunday work</b>	<b>Risk:</b> To enable workers to take continuous leave around national holidays, some work was carried out on Sundays so that a weekday could be used as a day off. In some cases, this led to the maximum permitted working time of 48 hours per week being exceeded, meaning that the work carried out on Sundays should have been remunerated at a higher rate as overtime. This was not the case. <b>Remediation:</b> Review of all Sundays worked in 2024 and retroactive compensation for overtime <b>Prevention:</b> Correct payment for all future Sunday work and introduction of an approval mechanism that allows workers to decide for themselves whether they want to work on Sundays (regardless of whether it is a substitute working day)	 <b>July 2025</b>
<b>Tone of supervisors</b>	<b>Risk:</b> The tone used by line supervisors towards workers is often perceived as inappropriate. In some cases, workers were threatened with dismissal. <b>Remediation:</b> Communication training for supervisors and more severe consequences for inappropriate communication with workers	 <b>June 2025</b>

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# CAMBODIA

# CHINA I

## PRODUCTION PARTNER

Our partner facility in Cambodia rents a single-storey factory building, which means it has lower risks in terms of building safety but, in return, has little scope for redesigning the space. The management team consists mostly of Chinese workers who live in accommodation on the company premises. Since 2024, we have been working directly with this partner for the first time – prior to this, our trade relationship was conducted through a purchasing office.

## PRODUCTION PARTNER

Only a small proportion of our production volumes are manufactured in China, totalling less than 3% of HAKRO's total purchases. This specialised facility manufactures our HAKRO outdoor jackets. Here, too, we have been working directly with our partner, without the involvement of a purchasing office, since 2024 and still have many items on our joint sustainable development agenda.

<b>REGION</b> Phnom Penh	<b>HEADCOUNT</b> <b>887</b> ○ of which female ○ of which male 630 257	<b>COLLABORATION SINCE</b> <b>2018</b>	<b>FACTORY CAPACITY UTILISATION</b> <b>18%</b>
	<b>PRODUCTION VOLUME</b> <b>10%</b>	<b>CURRENT AUDITS</b> <b>IMPACT PROGRAM</b> May 2024	<b>PRODUCTION-FACILITY VISITS</b> July 2023 (HAKRO)

<b>REGION</b> Guangdong	<b>HEADCOUNT</b> <b>78</b> ○ of which female ○ of which male 42 36	<b>COLLABORATION SINCE</b> <b>2012</b>	<b>FACTORY CAPACITY UTILISATION</b> <b>16%</b>
	<b>PRODUCTION VOLUME</b> <b>&lt; 3%</b>	<b>CURRENT AUDITS</b> <b>IMPACT PROGRAM</b> April 2025	<b>PRODUCTION-FACILITY VISITS</b> None yet, as we only started working together directly in the course of 2024

**WAGE DATA FOR 2024**

Monthly statutory minimum wage:	Lowest wage in the factory:	Average wage in the factory:	Living wage*:	Living wage gap:
KHR 839,258 ≈ USD 204	KHR 1,209,519 ≈ USD 294	KHR 1,250,659 ≈ USD 304	KHR 2,641,891 ≈ USD 642	KHR 1,432,372 ≈ USD 348

\* according to the [Asia Floor Wage, 2024](#)

**WAGE DATA FOR 2024**

Monthly statutory minimum wage:	Lowest wage in the factory:	Average wage in the factory:	Living wage*:	Living wage gap:
CNY 1,920 ≈ USD 270	CNY 2,446 ≈ USD 344	CNY 2,766 ≈ USD 389	CNY 3,728 ≈ USD 524	CNY 1,282 ≈ USD 180

\* according to the [Global Living Wage Coalition, 2024](#)

<b>Building safety</b>	<b>Risk:</b> Multiple exits with sliding doors. Increased risk of being trapped in the building in an emergency <b>Remediation:</b> Fitting the sliding doors with safety doors that open outwards	 <b>September 2024</b>
<b>Fire safety</b>	<b>Risk:</b> Necessary fire hydrants are not installed, and the lessor of the factory does not want to make the investment. <b>Remediation:</b> Installation of 54 additional fire extinguishers on the factory premises	 <b>August 2024</b>
<b>Safety gear</b>	<b>Risk:</b> Workers loading pallets of goods onto trucks do not wear the safety shoes provided. <b>Remediation:</b> Repeat instruction to wear safety gear.* <b>Prevention:</b> HR has instructed the team leader to regularly check that safety shoes are being worn.**	* <b>June 2024</b> ** <b>June 2024</b>

<b>Transparency</b>	<b>Risk:</b> Deviations between working time records and production records, no verification of remuneration possible <b>Remediation:</b> Training the partner on timekeeping and transparency requirements	 <b>July 2025</b>
<b>Social security</b>	<b>Risk:</b> Not all workers are fully covered by social security. <b>Remediation:</b> Verification of insurance status and measures to ensure complete social security coverage	 <b>August 2025</b>
<b>Working hours</b>	<b>Risk:</b> Some excessive overtime according to sample audits <b>Remediation:</b> Improvement of production planning in the factory; compliance with overtime limits <b>Prevention:</b> Analysis of correlations with HAKRO purchasing planning	 <b>September 2025</b>
<b>Occupational safety</b>	<b>Risk:</b> Approximately 20% of workers operating high-speed sewing machines do not use the available eye protection. <b>Remediation:</b> Awareness-raising among workers; closer monitoring by line managers	 <b>June 2025</b>

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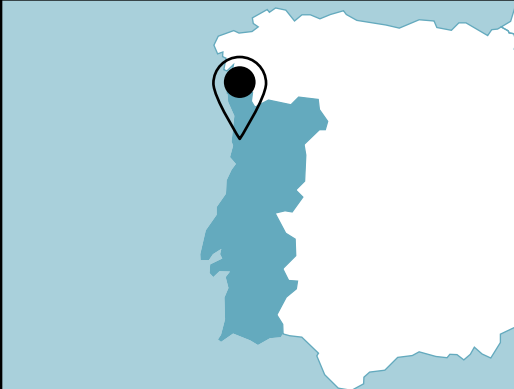

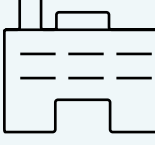

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# PORTUGAL I

## PRODUCTION PARTNER

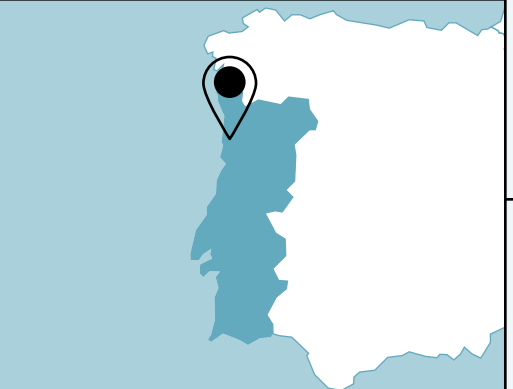

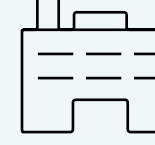
This small family business in the Porto region produces the new HAKRO sneakers, which we added to our HAKRO collection in 2025. Mother, father and daughter run the facility together and also work hands-on in production. We plan to complete the onboarding process for this facility by summer 2025.

<b>REGION</b> Porto 	<b>HEADCOUNT</b> <b>18</b> ○ of which female 12 ○ of which male 6	<b>COLLABORATION SINCE</b> <b>2024</b> 	<b>FACTORY CAPACITY UTILISATION</b> <b>20%</b> 
	<b>PRODUCTION VOLUME</b> <b>&lt; 1%</b>	<b>CURRENT AUDITS</b>  > May 2025**	<b>PRODUCTION-FACILITY VISITS</b> > April 2025 (HAKRO)

# PORTUGAL II

## PRODUCTION PARTNER

We recently added this production partner in Portugal for our circular label HELLO AGAIN. During the 2024 financial year, the work mainly focused on testing and sample production. The manufacturing facility is part of a large production operation with several sites in Portugal, where the recycling processes for the HELLO AGAIN supply chain take place.

<b>REGION</b> Porto 	<b>HEADCOUNT</b> <b>99</b> ○ of which female 90 ○ of which male 9	<b>COLLABORATION SINCE</b> <b>2024</b> 	<b>FACTORY CAPACITY UTILISATION</b> <b>&lt; 1%</b> 
	<b>PRODUCTION VOLUME</b> <b>&lt; 1%</b>	<b>CURRENT AUDITS</b> None	<b>PRODUCTION-FACILITY VISITS</b> > April 2025 (HAKRO)

### WAGE DATA FOR 2024

Monthly statutory minimum wage: EUR 820 ≈ USD 888	Lowest wage in the factory: EUR 895 ≈ USD 969	Average wage in the factory: EUR 1,050 ≈ USD 1,137	Living wage*: EUR 951 ≈ USD 1,030	Living wage gap: EUR 56 ≈ USD 61
* according to the <a href="#">Global Living Wage Data Set, 2024</a>				
** Audit report was not available in time for publication.				



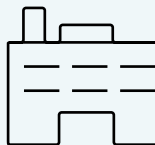


### WAGE DATA FOR 2024

Monthly statutory minimum wage: EUR 820 ≈ USD 888	Lowest wage in the factory: EUR 820 ≈ USD 888	Average wage in the factory: EUR 1,065 ≈ USD 1,153	Living wage*: EUR 951 ≈ USD 1,023	Living wage gap: EUR 131 ≈ USD 135
* according to the <a href="#">Global Living Wage Data Set, 2024</a>				

# CHINA II

## PRODUCTION PARTNER

This facility produced the HAKRO merino items until 2024, which account for less than 1% of our material consumption and only a small proportion of our collection.

<b>REGION</b> Guangdong 	<b>HEADCOUNT</b> <b>302</b> ○ of which female 171 ○ of which male 131	<b>COLLABORATION SINCE</b> <b>2012-2024</b> 	<b>FACTORY CAPACITY UTILISATION</b> <b>3%</b> 
	<b>PRODUCTION VOLUME</b> <b>&lt; 1%</b>	<b>CURRENT AUDITS</b>   > June 2023	<b>PRODUCTION-FACILITY VISITS</b> None, as not prioritised to date due to the low production volume

### WAGE DATA FOR 2024

Due to the termination of our business relationship, we do not have access to the full wage data for the 2024 financial year.

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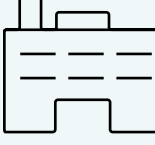


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# THAILAND

## PRODUCTION PARTNER



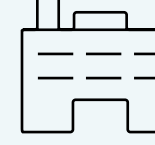


This production facility is a sister factory of our partner in Laos (Laos I) and has been authorised by us as an alternative production site in order to compensate for capacity bottlenecks in Laos.

<b>REGION</b> Bangkok 	<b>HEADCOUNT</b> <b>903</b> <small>○ of which female</small> <small>○ of which male</small> <b>618</b> <b>285</b>	<b>COLLABORATION SINCE</b> <b>2022</b> 	<b>FACTORY CAPACITY UTILISATION</b> <b>29%</b> 
	<b>PRODUCTION VOLUME</b> <b>&lt; 4%</b> 	<b>CURRENT AUDITS</b>  › January 2025	<b>PRODUCTION-FACILITY VISITS</b> Not prioritised to date

# INDIA

## PRODUCTION PARTNER

This small, Fairtrade- and GOTS-certified facility completed its first pilot project for us in 2024 and is still in the onboarding process. According to the wage data available to us, it already pays a living wage.

<b>REGION</b> Tirupur 	<b>HEADCOUNT</b> <b>10</b> <small>○ of which female</small> <small>○ of which male</small> <b>2</b> <b>8</b>	<b>COLLABORATION SINCE</b> <b>2024</b> 	<b>FACTORY CAPACITY UTILISATION</b> <b>8%</b> 
	<b>PRODUCTION VOLUME</b> <b>&lt; 1%</b> 	<b>CURRENT AUDITS</b>  › September 2024	<b>PRODUCTION-FACILITY VISITS</b> So far, only factory visits by our German purchasing contact

### WAGE DATA FOR 2024

<b>Monthly statutory minimum wage:</b> THB 9,075 ≈ USD 264	<b>Lowest wage in the factory:</b> THB 9,075 ≈ USD 264	<b>Average wage in the factory:</b> THB 10,772 ≈ USD 313	<b>Living wage*:</b> THB 14,324 ≈ USD 416	<b>Living wage gap:</b> THB 5,249 ≈ USD 152
<small>* according to the <a href="#">Global Living Wage Coalition</a>, 2024</small>				



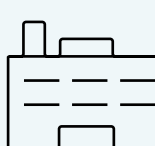

### WAGE DATA FOR 2024

<b>Monthly statutory minimum wage:</b> IDR 10,660 ≈ USD 128	<b>Lowest wage in the factory:</b> IDR 21,500 ≈ USD 259	<b>Average wage in the factory:</b> IDR 22,500 ≈ USD 271	<b>Living wage*:</b> IDR 19,323 ≈ USD 233	<b>Living wage gap:</b> IDR -2,177 ≈ USD -26
<small>* according to the <a href="#">Global Living Wage Coalition</a>, 2024</small>				

# GERMANY I

## PRODUCTION PARTNER






We relocated the production of our socks to this family business in 2023 – thus taking an important step towards our long-term withdrawal from China as a production country.

<b>REGION</b> Baden-Württemberg 	<b>HEADCOUNT</b> <b>7</b> <small>○ of which female</small> <small>○ of which male</small> <b>1</b> <b>6</b>	<b>COLLABORATION SINCE</b> <b>2023</b> 	<b>FACTORY CAPACITY UTILISATION</b> <b>15%</b> 
	<b>PRODUCTION VOLUME</b> <b>&lt; 1%</b> 	<b>CURRENT AUDITS</b> None, as it is a low-risk country	<b>WAGE DATA FOR 2024</b> Not recorded, as it is a low-risk country

# GERMANY II

## PRODUCTION PARTNER

Since 2023, this facility has produced our GRS-certified HAKRO belts – an important accessory in the HAKRO collection. Because the production location Germany is classified as a low-risk country, no further data is collected here.

<b>REGION</b> Baden-Württemberg 	<b>HEADCOUNT</b> <b>78</b> <small>○ of which female</small> <small>○ of which male</small> <b>45</b> <b>33</b>	<b>COLLABORATION SINCE</b> <b>2023</b> 	<b>FACTORY CAPACITY UTILISATION</b> <b>&lt; 1%</b> 
	<b>PRODUCTION VOLUME</b> <b>&lt; 1%</b> 	<b>CURRENT AUDITS</b>  › October 2024	<b>WAGE DATA FOR 2024</b> Not recorded, as it is a low-risk country

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# HAKRO COLLECTION AND MATERIALS

HAKRO is a specialist supplier of durable workwear from head to toe. Instead of short-lived trends, we focus on durability, sustainable materials and versatility with our never-out-of-stock principle. We ambitiously pursue our objective of combining the highest quality requirements with demanding sustainability standards and are constantly learning. Working together in innovative partnerships, we are striving to transform the textile industry step by step in the direction of a circular economy.

## FROM HEAD TO TOE – HAKRO AS A FULL-RANGE SUPPLIER

The current HAKRO collection is the most varied since our company was founded in 1969, offering durable and functional workwear from head to toe – including accessories such as socks and belts. Our trouser production, which we launched in 2023, comprises three collection lines. We are now also offering footwear for the first time, with our HAKRO ECO Vegan sneakers.

We have expanded our production to new countries – with trousers being manufactured in Pakistan and shoes in Portugal – and, as part of this process, have started working with additional production partners (see the chapter → [Supply chains](#)).

The HAKRO range includes the following collection lines:

- **WORK PERFORMANCE:** Combines stability and durability with comfort for workwear designed to withstand the toughest conditions. All MIKRALINAR<sup>®</sup> models and our Performance trousers are suitable for industrial laundry.

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For the first time, the HAKRO collection offers a complete range of clothing from head to toe: from outerwear and trousers to sneakers and accessories.

- CORPORATE ESSENTIALS is a versatile range of basics made from natural fibres for everyday professional wear, from business and casual looks to merchandising purposes.
- ACTIVE FUNCTION: Our high-performance functional and outdoor clothing has been designed to adapt flexibly to different conditions. High-quality functional fibres ensure that these models regulate temperature and keep you comfortable whatever the weather.

Sneakers, socks, belts, zip pulls and cords round off our collection. We offer a total of 168 models in 38 colours that are guaranteed to remain colourfast, available in three fits and 16 sizes – for comfort and flexibility.

## HAKRO MATERIALS

The fibre we use most often is cotton. In 2024, the proportion of sustainably produced and organic cotton was 23.2%. We want to gradually increase this: by 2030, 100% of the cotton used in HAKRO products is to be sustainable.

To enhance durability, the cotton in many of our products is blended with synthetic fibres, such as in all our HAKRO sweatshirts, all trousers that need to withstand heavy wear and tear, and our entire WORK PERFORMANCE collection line made from → MIKRALINAR®. By 2030, we aim to ensure that all synthetic materials we use are certified as recycled.

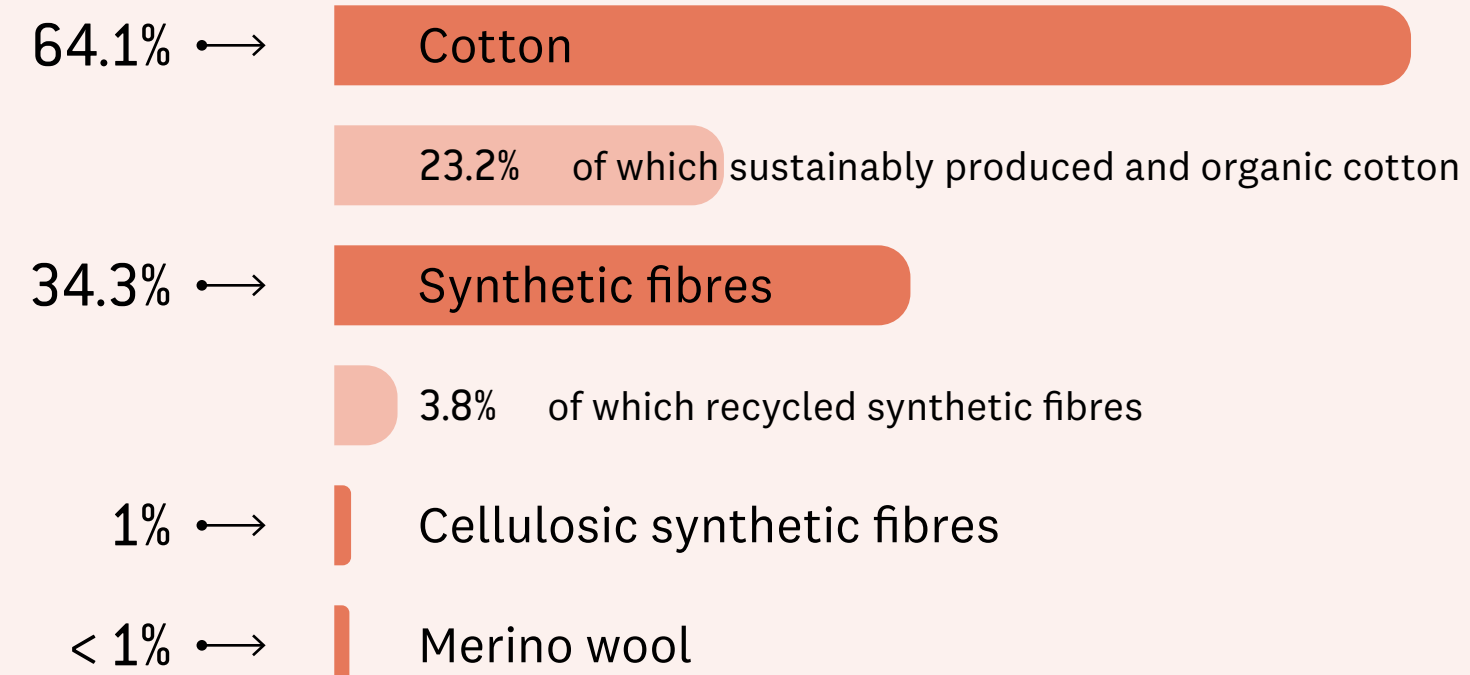
Our top-selling HAKRO Bonded hooded jackets and all HAKRO Tec jackets in our current collection are now available in ECO quality for the first time, made from GRS-certified polyester.

Our objective of 100% of the viscose fibres processed by us being certified as sustainable, which we had originally set for 2024, will now be achieved in 2025. In the reporting year, we were not yet able to put this into practice for two colours manufactured in Bangladesh.

### QUALITY AND SUSTAINABILITY STANDARDS

We guarantee consistently high quality standards and excellent colour fastness for our workwear. After all, the durability and resilience of textiles are also part of our understanding of sustainability. All our never-out-of-stock models have been available for years with the same material properties and colours. The majority of our collection is washable at up to 60°C, in some cases even up to 95°C. Depending on their care, HAKRO textiles last for at least 30 and up to 100 washing cycles.

### HAKRO MATERIALS



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**THE HAKRO INNOVATION MIKRALINAR<sup>®</sup>**

MIKRALINAR<sup>®</sup> has been topping the HAKRO bestseller list for years: This material, which we developed ourselves, combines the high wearing comfort of long-staple cotton with the outstanding abrasion and tear resistance of a special high-tech polyester. Apart from blouses and shirts, all our MIKRALINAR<sup>®</sup> textiles are suitable for industrial laundry in accordance with DIN EN ISO 15797, making them extremely durable and versatile.

And we have taken this innovation a step further with MIKRALINAR<sup>®</sup> ECO. This sustainable material offers the same impressive properties as MIKRALINAR<sup>®</sup>, including unrestricted suitability for leasing. On top of that, it is made exclusively from recycled polyester fibres certified according to the → [Global Recycled Standard \(GRS\)](#). Launching MIKRALINAR<sup>®</sup> ECO in 2023, we were one of the first in our industry to succeed in manufacturing a collection suitable for industrial laundry in line with the → [German government's Green Button seal](#).

By 2025, we aim to not only use recycled polyester fibres in our sustainable innovation MIKRALINAR<sup>®</sup> ECO, but also replace the cotton content with organic cotton (GOTS) or cotton labelled with the “Cotton made in Africa” (CmiA) seal.

For the new HAKRO collection, the use of MIKRALINAR<sup>®</sup> ECO has been extended to 13 models in our WORK PERFORMANCE line, including the Contrast range with black contrasts, which is now also available in ECO quality.

By 2025, we aim to replace the cotton content in MIKRALINAR<sup>®</sup> ECO with → [organic cotton \(GOTS\)](#) or cotton labelled with the → [“Cotton made in Africa” \(CmiA\) seal](#).

**CHALLENGES WHEN COMBINING MATERIALS**

Reconciling our high quality standards with sustainability requirements and the closed-loop recyclability of materials is our greatest challenge, and one that we are consistently striving to meet. After all, many certified sustainable materials unfortunately do not yet meet

the quality requirements for workwear. Particularly intricately finished and durable trouser models and outdoor jackets have so far been difficult to almost impossible to design for closed-loop recyclability. Making our NOS collection more sustainable is a step-by-step process that often takes longer than we would like, because not every innovation passes the reality test.

**PROGRESS IN SUSTAINABLE PRODUCT INNOVATIONS**

We are committed to promoting continuous innovation to enhance the sustainability of the HAKRO collection. To this end, we have set ourselves the objective of introducing at least one innovative and sustainable new material every year up to 2030.

Our new trouser collection features two denim models made from BIO-CIRCULAR DYNEEMA<sup>®</sup>, a highly durable polyethylene material that is virtually indestructible thanks to its exceptionally strong fibres. This material has an improved carbon footprint thanks to the use of

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renewable raw materials from the wood and pulp industry. What’s more, all our jeans are made from CmiA-certified cotton and recycled polyester.

When designing our new HAKRO Performance trousers, we developed our own fabrics that are suitable for industrial laundering while also being sustainable. One new material we use here is recycled polyester (REPREVE<sup>®</sup>) made from plastic bottles and industrial waste, a material that offers high quality, durability and comfort.

### VEGAN SNEAKERS

As we expand our collection, we use sustainable materials wherever possible. Our new HAKRO ECO Vegan sneakers contain no animal-derived components whatsoever. The upper material is made from robust, 100% vegan apple leather,

which consists of dried production waste from the apple industry, blended with polyurethane on a tear-resistant cotton/polyester base. This makes the sneakers durable and weather-resistant. The ridged outsole consists of at least 30% recycled rubber, and the laces are made from GOTS-certified cotton.

### USE OF SUSTAINABLE AND ORGANIC COTTON

Our production partner in Bangladesh has only used cotton with the “Cotton made in Africa” label since 2023. This makes a [valuable contribution](#) to supporting sustainable cotton cultivation and environmental protection through small farmers in Africa. In addition, all 100% cotton models from Bangladesh are [recyclable \(C2C Certified<sup>®</sup>\)](#).

**Our new HAKRO ECO Vegan sneakers contain no animal-derived components whatsoever. The upper material made from 100% vegan apple leather ensures durability and weather resistance.**

**When designing our sustainable Performance trousers, we developed our own fabrics that combine industrial washability and sustainability in a way no standard fabrics can match.**

Since 2024, our GOTS collection made from organic cotton certified according to the [→ Global Organic Textile Standard](#) has included not only T-shirts and polo shirts, but also sweatshirts and hoodies, as well as all five styles in our children’s collection.

### ACCESSORIES

Although accessories currently only make up a small percentage of our collection, they too are designed to be as sustainable as possible. From mid-2025, we will once again be able to offer organic cotton socks “Made in Germany”.

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# CLIMATE CHANGE MITIGATION IN THE HAKRO COLLECTION

We understand climate change mitigation to be part of our corporate responsibility. Around 88% of our CO<sub>2</sub>eq emissions are due to the production processes for our textiles. That is why we place particular emphasis on climate change mitigation in our supply chain.

We have been offsetting all unavoidable emissions from our collection since 2022 – the first workwear supplier to do so. However, this is only an interim solution for us, as our primary focus is on avoiding and reducing emissions.

## PRODUCT-RELATED CLIMATE STRATEGY

It is part of our → comprehensive climate strategy to make our textiles more climate-friendly through measures that address all aspects of the value chain.

We test all materials and products for recyclability. Our aim is to gradually switch to sustainable and recycled fibres and to continuously innovate in the area of closed-loop recyclability and management. When it comes to cotton cultivation, we promote regenerative agriculture. We reduce packaging material

or dispense with it altogether, increase the use of renewable energy in the supply chain and avoid goods carried by air. The basis for this is the ongoing optimisation of our → carbon footprint and the development of → science-based targets.

### CLIMATEPARTNER-CERTIFIED

Since 2017, we have made our site climate neutral by offsetting unavoidable emissions – and we have been doing the same for the HAKRO collection since 2022. However, we no longer use the term “climate neutral” because it leaves too much scope for greenwashing. The “ClimatePartner-certified” label reflects

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our comprehensive climate change mitigation strategy much better than the “climate neutral” label used until the end of 2022. A [Climate-ID](#) provides transparency as to which climate change mitigation projects HAKRO supports in order to offset its emissions.

**REGENERATIVE COTTON**

In particular, farmers in southern regions are feeling the effects of climate change and the loss of biodiversity. Together with the organisation Raddis®, we support small and indigenous farmers in southern India in their switch from conventional to regenerative cotton cultivation.

Regenerative agriculture helps plants to, for example, better adjust to

changes in the climate, and goes beyond the principles of organic farming: Soil health and biodiversity are improved by avoiding monocultures.

Damaging pesticides and heavy machinery are not used either. Only rainwater is used for irrigation.

At the end of 2023, we started with 17 farmer families in three villages and eleven hectares of land under cultivation. As of the end of 2024, 21 farming families from four villages are involved.

The families receive GMO-free cotton seeds as well as training on cultivation methods and the production of organic fertilisers. We also provide them with intermediate and kitchen seeds, from

which they can grow crops for their own use or for sale.

We faithfully purchase the cotton they produce and use it to make T-shirts, which we sell, donate or sponsor within the framework of [social projects](#). To this end, we have established a supply chain in India that can handle small batches of different colours and sizes. We have made the entire supply chain transparent with the [Retraced Communication module](#).

During the first three years, the regenerative cotton is still in what is known as the conversion phase. At this stage, the farmers are in particular need of support because the soil first has to recover, which can lead to lower initial yields.

It is part of our [comprehensive climate strategy](#) to make our textiles more climate-friendly through measures that address all aspects of the value chain. The basis for this is the ongoing optimisation of our carbon footprint and the development of science-based targets.

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# HAKRO'S CIRCULAR APPROACH

Circularity is a crucial task for the future to make the entire value creation process more environmentally friendly. This is especially true for the resource-intensive textile industry. Continuously improving closed-loop recyclability and, in the next step, the closed-loop management of our products is an important objective for us.

## CLOSING THE TEXTILES LOOP

The HAKRO collection can generally be recycled to a high degree using either mechanical or chemical methods. We also try to design new products with closed-loop recycling in mind, but we have not yet been able to achieve this across the board due to the high standards we set for durability and washability.

We have established clear internal responsibilities for circular design and

are investing in knowledge-building and networking activities aimed at expanding closed-loop recyclability.

Moving from closed-loop recyclability to actually closing the materials loop will require willingness to cooperate and a spirit of innovation. This is because Germany still does not have appropriate infrastructure in the textile industry. Especially in view of our industry's resource intensity, we see ourselves as having an obligation and as taking a pioneering role to establish the necessary structures together with other pioneers.

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## OUR CIRCULAR LABEL HELLO AGAIN

In 2024, we launched our first HELLO AGAIN closed loop wear textiles and set up a direct-to-customer (D2C) distribution channel. HELLO AGAIN is a circular label that targets a broader audience than HAKRO’s classic workwear, which is why the marketing and distribution strategies are different.

In cooperation with the fibre recycling start-up company TURNS Recyclingsystem, we have established closed-loop recycling for mixed cotton and polyester fibres with our HELLO AGAIN textiles. Worn-out HAKRO clothes are sent to the TURNS recycling system via our dealers. There, the textiles are sorted, the fibres are separated from the materials and, combined with fresh sustainable cotton, are spun into new yarn. The proportion of recycled fibres in HELLO AGAIN closed loop wear is currently 30%, with the remaining 70% being sustainable virgin fibres.

In view of our industry’s resource intensity, we see ourselves as having an obligation and as taking a pioneering role to establish the necessary structures for genuine closed-loop recycling together with other pioneers.

### TESTING GROUND: CLOSED-LOOP RECYCLING

In 2024, we recycled 8,149 kg of textile waste in the TURNS Recyclingsystem fibre cycle, a significant increase on the 2,451 kg recycled in 2023, when the partnership came into being. Of this, 56% went into fibre-to-fibre recycling for textiles and 31% into woven goods and home textiles. We were able to use 10% for downcycling, leaving only 1.7% to be thermally recycled.

HELLO AGAIN closed loop wear currently serves as a real-life laboratory in which we want to learn how to scale in order to apply the circular economy to the HAKRO core business in the long term and to enable the circular reuse of all HAKRO material blends and products.

Our next step will be to launch a collection box campaign at our dealers to

draw our customers’ attention to the possibilities and added value of textile recycling. We will also introduce our own online hub to optimise the collection of data on fibres that are returned to the cycle.

### CRADLE-TO-CRADLE®-CERTIFIED PRODUCTS

The 100% cotton products we source from our production partner in Bangladesh have been Cradle-to-Cradle® (C2C)-certified since 2023, and our organic cotton models also achieved this certification in 2025. In total, we can currently supply 21 models in C2C quality. C2C certification guarantees the closed-loop recyclability of textiles. HAKRO has currently achieved the “Bronze” level. The levels do not reflect product quality, but rather the extent to which

a company is able to provide transparency across all certification criteria.

Going forward, we plan to extend C2C certification to other factories as well. However, to do this, we need to collect much more information at the level of upstream suppliers. To achieve this, we want to make upstream processes along the direct production stages – from manufacturing to raw material extraction – traceable by 2025.

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Our first HELLO AGAIN closed loop wear textiles hit the market in 2024. As part of this pioneering project in collaboration with fibre recycling start-up company TURNS Recyclingsystem, we are recycling cotton and polyester fibres in a closed-loop recycling system.

## PACKAGING

Over the past two years, we have fine-tuned our packaging concept, placing greater emphasis on sustainability matters. Our aim is to reduce the amount of packaging material wherever possible and to increase the sustainability of the packaging materials we do use.

To accomplish this, we have established a cross-departmental packaging task force and are optimising our processes across all materials. For example, we are using volume reducers, which save transport space and thus carbon dioxide, as well as a strapping machine, which eliminates the need for film during shipping.

We are also continuously exploring innovations. Two pilot projects on the use of paperboard made from grass and Boomerang® reusable shipping packaging have already been carried out. Unfortunately, neither packaging solution is suitable for HAKRO processes.

### SECONDARY PACKAGING (CARDBOARD PACKAGING)

Working together with our production partners, we have succeeded in reducing the previous cardboard box sizes to just two standard sizes. This makes our logistics more efficient and helps us cut down on CO<sub>2</sub>. When we receive major orders, we reuse undamaged cardboard boxes from our factories to ship the products to our customers. This

has saved us considerable amounts of packaging material in recent years.

We have also teamed up with packaging supplier DS Smith in order to set up our own cardboard recycling system. And we are optimising the adhesive tape we use – even eliminating it altogether in one type of packaging – thereby saving resources.

### PRIMARY PACKAGING (POLYBAGS)

For several years now, it has been standard practice for us to ship our textiles in polybags of five or ten items. This has already enabled us to reduce the number of polybags we use significantly. In Pakistan and for our HELLO AGAIN collection, we are currently trialling the use of just one large polybag per box, as this also saves material. All the polybags we receive from Bangladesh are made from 70% GRS-certified recycled LDPE. In 2024, we successfully completed a pilot project with Wildplastic®. As a result, we now offer individual packagings made from this film, which is produced from plastic that was originally disposed of illegally but has now been collected and reused.

We have come up with a comprehensive packaging concept, are constantly examining sustainable innovations and optimising the processes and materials used in our product packaging.

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# PRODUCT AND SUSTAINABILITY STANDARDS

HAKRO works with a range of bodies that certify sustainability and product standards. You can find an overview showing which standards pertain to which section of the supply chain in the → [HAKRO value chain graphic](#). Each standard takes a different approach and concentrates on specific requirements in the textile supply chain. This means that no single seal or standard is all-encompassing, as they all have their own area of focus.

We categorise standards into two levels: cross-company and product-specific.

## CROSS-COMPANY STANDARDS:



### FAIR WEAR

HAKRO has been a member of the internationally recognised multi-stakeholder initiative Fair Wear since 2021. Together with other clothing and textile companies, we demand compliance with the highest → [social standards within the supply chain](#).

## PRODUCT-SPECIFIC STANDARDS THAT APPLY TO OUR ENTIRE COLLECTION:



### STANDARD 100 BY OEKO-TEX

This is one of the world’s best-known consumer protection seals. It designates textiles that are safe for human health.



### CLIMATEPARTNER CERTIFIED PRODUCT

ClimatePartner-certified collection in accordance with the → [“cradle-to-customer plus end-of-life” approach](#)

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**PRODUCT-SPECIFIC STANDARDS THAT APPLY TO SELECTED MODELS IN OUR COLLECTION:**



**GLOBAL ORGANIC TEXTILE STANDARDS (GOTS)**

GOTS is the world’s leading, most comprehensive standard for the processing of organic cotton within the textile supply chain. In order for an item of clothing to be GOTS-certified, it must currently consist of at least 70% GOTS-certified cotton and will in future need to contain at least 80% GOTS-certified cotton. In addition, every processing facility within the supply chain must also be GOTS-certified.



**GREEN BUTTON**

The Green Button is the first government-run meta-seal for sustainable textiles in Germany. Every HAKRO model with a GOTS or GRS label has also been certified in accordance with the Green Button since 2020. The certification is applied to both textile brands/retailers and their products.



**COTTON MADE IN AFRICA (CMIA)**

All of our models from Bangladesh are CmiA labelled. This supports [sustainable cotton cultivation and environmental protection through small farmers in Africa.](#)



**GLOBAL RECYCLED STANDARD (GRS)**

GRS is the world’s leading standard for the processing of recycled materials. GRS defines high environmental and social standards for the processing of fibres along the entire textile supply chain. Among others, these entail the ILO core labour standards, including the prohibition of child labour.



**CRADLE2CRADLE (C2C)**

The international “Cradle to Cradle Certified®” standard is awarded by the Cradle to Cradle Products Innovation Institute (C2CPII), a non-profit organisation dedicated to advancing the circular economy and promoting safe products. Certification is based on an assessment of: material safety, material cycles, renewable energy, water management and social responsibility. In addition to our 100% cotton models from Bangladesh, our organic cotton models have also carried the label since 2025.

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# HAKRO KEY FIGURES 2024

KEY FIGURE	UNIT	2024	2023	2022
<b>COMPANY MANAGEMENT &amp; DIALOGUE</b>				
Revenue (net)	€'000	129,073	134,033 <sup>1</sup>	124,246 <sup>1</sup>
Personnel expenses	€'000	10,876	10,342	9,487
After-tax return	%	2.5	7.0	5.5
Equity ratio	%	57	57	60
Total donations by HAKRO to the Harry Kroll Foundation	€	111,428	125,400	111,556
Total donations by others to the Harry Kroll Foundation	€	9,000	24,600	14,070
Total donations by HAKRO for projects outside of the Harry Kroll Foundation	€	37,994	24,748	126,361
HAKRO clothes donations	Items	7,166	1,891	4,144
Funding provided by the Harry Kroll Foundation to “Kleeblatt” projects	€	10,000	15,000	13,509
Funding provided by the Harry Kroll Foundation to other projects	€	142,000	93,500	134,530
<b>SUPPLY CHAINS &amp; PRODUCTS</b>				
Total fibres	t	4,609	4,165	5,108
of which cotton	%	64.8	66.1	60
of which sustainably produced and organic cotton	%	23.2	28.1	34
of which synthetic fibres	%	34.3	32.3	37
of which recycled synthetic fibres	%	3.8	28.1	34
of which cellulosic synthetic fibres	%	1	1	2
of which Merino wool	%	< 1	< 1	< 1
Production countries	Number	12	9	7
of which countries with recording of the wage ladder (living wage gap)	Number	11	7	6
Production partners	Number	11	11	8

<sup>1</sup> Audited revenue

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KEY FIGURE	UNIT	2024	2023	2022
Factories	Number	14	14	13
Proportion of production volume in Asia	%	54	41	47
Proportion of production volume in Europe	%	46	59	53
Production volume audited according to the iMPACT Program	%	96	90	77
Total packaging material	kg	167,762	178,351	215,272

## TEAM & DIVERSITY

Number of employees as of 31 December	Headcount	184	198	204
of which full-time	%	63	65	62
of which part-time	%	29	23	24
of which marginal employment (mini job)	%	8	11	13
of which on parental leave	%	1	1	1
of which employees with a disability	%	4	3	3
Proportion of women				
Total	%	67	66	65
Managers	%	59	56	56
Executive management	%	33.3	33.3	33.3
Training hours	Number	7.7	11.57	9.5
Apprenticeship rate	%	5	5	5.8
Health rate	%	91	93	93
Accident rate	%	4	3	2.5
Nationalities in the team	Number	17	16	13
Proportion of senior managers recruited from the local community	%	96	95	95
Employee turnover rate	Headcount	10	3	- <sup>2</sup>
Employee turnover rate	%	5.1	1.5	- <sup>2</sup>
New hires	Headcount	16	14	35
Employee survey participants	%	- <sup>3</sup>	88	- <sup>2</sup>
Employee satisfaction expressed as a grade (where 1 = the highest grade and 6 = the lowest)		- <sup>3</sup>	1.5	- <sup>2</sup>
Employees with an annual performance review <sup>4</sup>	%	100	100	100

<sup>2</sup> We have reported this figure since 2023.

<sup>3</sup> We measure employee satisfaction every two years.

<sup>4</sup> The annual performance review, which we conduct with all employees, also addresses development topics.

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## KEY FIGURE

## UNIT

2024

2023

2022

## SITE &amp; RESOURCES

KEY FIGURE	UNIT	2024	2023	2022
Total greenhouse gas emissions <sup>5</sup>	t CO <sub>2</sub> eq	70,270	73,358	3,833
of which Scope 1	%	0.3	0.3	5
of which Scope 2	%	0.1	0	0
of which Scope 3	%	99.6	99.7	95
Total electricity consumption	kWh	371,606	393,217	423,460
Electricity purchases (87% green electricity)	kWh	256,426	261,446	282,420
Generated by our own photovoltaic system	kWh	131,512	234,816	166,447
of which own use	kWh	115,180	122,537	135,471
of which fed into the electricity grid	kWh	16,332	112,279	30,975
Heating procurement (natural gas)	kWh	709,085	677,736	663,584
Water consumption	m <sup>3</sup>	1,407	5,291	2,638
Consumption of photocopying paper	Sheets	820,000	733,800	1,069,000
Waste generated	t	214	234	227
Recycling rate	%	94	95	95
Company car fuel consumption	l	29,699	27,189	25,333
Vehicles in the HAKRO fleet	Number	21	19	19
Proportion of vehicles with combustion engines in the HAKRO fleet	%	81	84	89

<sup>5</sup> Since 2023, our corporate carbon footprint has also included the indirect emissions of our products from the supply chain. The GHG footprint is therefore no longer comparable with 2022.

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# HAKRO OBJECTIVES FOR 2024

Below, we provide a transparent overview of which of our objectives set for 2024 we have achieved in each field of action. The fourth field of action, Site & resources, is not listed here as no objectives were set for 2024.

A complete overview of our missions, objectives and KPIs for 2030 is available [here](#).

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FIELD OF ACTION	OBJECTIVE	MEASUREMENT/KPI	TARGET	STATUS
<b>COMPANY MANAGEMENT &amp; DIALOGUE</b>				
	Introducing a company-wide document management system (DMS)	Integration and use of the DMS in all departments	100%	✓ achieved
	Cooperation to promote dialogue and cooperation with market companions, especially with regard to sector-specific risks	Ongoing joint projects/measures per year	At least 1 per year	✓ achieved

FIELD OF ACTION	OBJECTIVE	MEASUREMENT/KPI	TARGET	STATUS
<b>TEAM &amp; DIVERSITY</b>				
	Expanding the range of courses offered by our HAKRO Academy to include more e-learning options	Proportion of e-learning courses in the total course offering of the HAKRO Academy	20%	☑ achieved
	Giving permanent employees the option of taking a sabbatical	Availability of sabbaticals	For the entire target group	☑ achieved
	Establishing a salary structure that exceeds the collective wage agreement for wholesale and foreign trade	Proportion of salary groups that exceed the currently valid collective wage agreement for wholesale and foreign trade	100%	Being implemented, see → <a href="#">Team &amp; diversity</a>
<b>SUPPLY CHAINS &amp; PRODUCTS</b>				
	Gradually expanding our climate change mitigation strategy to include science-based targets (SBTs) to contribute to reaching the Paris Agreement’s climate goal (global warming of no more than 1.5°C)	SBT commitment	Submission and integration of SBTs into HAKRO climate management	postponed, see → <a href="#">Site &amp; resources</a>
	Certifying all viscose fibres used in HAKRO products as sustainable	Use of viscose fibres	100% certified as sustainable (as of 2022: Lenzing profiles)	not achieved, see → <a href="#">Products</a>
	Presenting the HAKRO Supplier of the Year Award every three years to one of our partner factories (Tier 1) based on an assessment of our production partners	Presentation of HAKRO Supplier of the Year Award	Every three years	postponed, see → <a href="#">Supply chain</a>
	Ensuring that our Tier 1 supply chain management complies with the criteria of the Fair Wear Foundation in the “Leader Status” category	Result of the HAKRO Brand Performance Check	Leader Status	☑ achieved
	Regularly reviewing and adjusting our HAKRO purchasing practices to create ideal basic conditions for fair collaboration with our production partners and the mitigation of human rights risks in the supply chain	Brand Performance Check by Fair Wear (benchmarking score in %)	80%	☑ achieved

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## CONCEPT AND TEXT

Fährmann  
 Organisationsbegleitung GmbH

## TRANSLATION

Leinhäuser Language Services GmbH

**HAKRO**   
HÄLT. SEIT 1969