



SECOND

INTEGRATED SUSTAINABLE MANAGEMENT REPORT 2024



ABOUT THIS REPORT



We are continuing our journey to bring the HAKRO Vision 2030 to life. The second Integrated Sustainable Management Report 2024 presents the next eventful stage of the implementation of our Integrated Sustainable Business Strategy. You can read up on how everything started in [FIRST](#), the first Integrated Sustainable Management Report of HAKRO, which was published in 2022.

The Integrated Sustainable Management Report 2024 maps the business operations of the entire HAKRO GmbH, which does not have any subsidiaries or hold any participating interests, and was prepared for the financial year 2023. HAKRO has been reporting on its sustainability performance since 2015, initially in the form of a sustainability report and then, starting in the financial year 2021, in the form of the Integrated Sustainable Management Report (ISMR). The ISMR was reviewed and released by the management; the key business figures were certified by our auditor.

The report was prepared in accordance with the GRI standards 2021 and meets the transparency requirements for a “social report” that were defined by the Fair Wear Foundation (FWF).

The report contains forward-looking statements which are based on current assumptions and expectations. The actual results may differ from the assessments set out in this report due to various factors.

The report is available in German and as an English translation in digital form.

The Integrated Sustainable Management Report is published every other year, alternating with a shorter “social report”, as defined by the FWF.

The editorial deadline for the report was 24 June 2024.

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.

DEAR READERS,

Acting responsibly is one of the values that have defined us since HAKRO was founded, and we have been practising systematic sustainability management for ten years. But in 2021, we decided to yet again chart a new course for our company and launched a new roadmap – which is as ambitious as it is future-proof – with our Integrated Sustainable Business Strategy. We are proud of our HAKRO vision to become the leading integrated, sustainable supplier of corporate wear by 2030.

Now that the strategy has been developed, we are continuing our journey. Some might even say that this is the point where the actual work begins. This is what SECOND, the present report, is all about. Join us on our journey to – step by step and objective by objective – bring the HAKRO Vision 2030 to life.

We have given concrete form to our vision by specifying 117 objectives and made sure that our decisions are guided by integrity. We started the implementation with a set of more than 400 actions to be applied across all areas of the company. A new controlling unit ensures the continuous assessment of our performance. We have achieved the vast majority of the objectives we have set for ourselves so far. We were forced to adjust a few of our objectives, and we accept that we can't progress at the same speed with everything.

But helping design a sustainable future is about much more than figures. And the implementation of ambitious long-term objectives such as circularity, which require radical rethinking, does not work in a linear fashion. To us, it is not as much about meeting quotas, but much more about feeling the vitality that is inspired

by our vision. All of our employees know our strategy and support it. We have already generated some – even unintended – innovations because inspiring opportunities came up in our dialogue with partners and competitors.

In light of our experience with this endeavour, our integrated, sustainable approach feels like a key theme that makes it possible to discuss the future and engage in communication. We are touched by the willingness of our business partners and dealers to support our journey and, in some cases, even adopt it. As a result, we affirm our position: we are engaged in a consistent and honest dialogue. Because everything that is needed for a healthy economy and society can only be achieved as a joint effort with mutual respect and appreciation.



Our management team

Carmen Kroll
Managing Partner

Thomas Müller
Managing Director

Danny Jüngling
Authorised Signatory

US.

ABOUT

HAKRO is a leading brand for corporate wear. Our name is synonymous with clothing that people wear day after day during work, sports, and in their leisure time. Durable. Sustainable. Well thought out. Produced according to the highest social and ecological standards. Our family business was founded by Harry Kroll together with his wife Marianne in 1969. Since 2003 it is managed by the second generation, Carmen Kroll and Thomas Müller. Danny Jüngling joined the management team in 2021.

The company is headquartered in a rural community called Schrozberg in the State of Baden-Württemberg. Here is where our product design, administration and logistics functions, among others, are located. The NOS (never-out-of-stock) collection consists of six collection lines involving a total of 168 styles, 45 colours and 16 sizes. They are produced by carefully selected long-term partner companies. HAKRO textiles are sold through authorised retailers.

FROM WANTING

TO DOING.



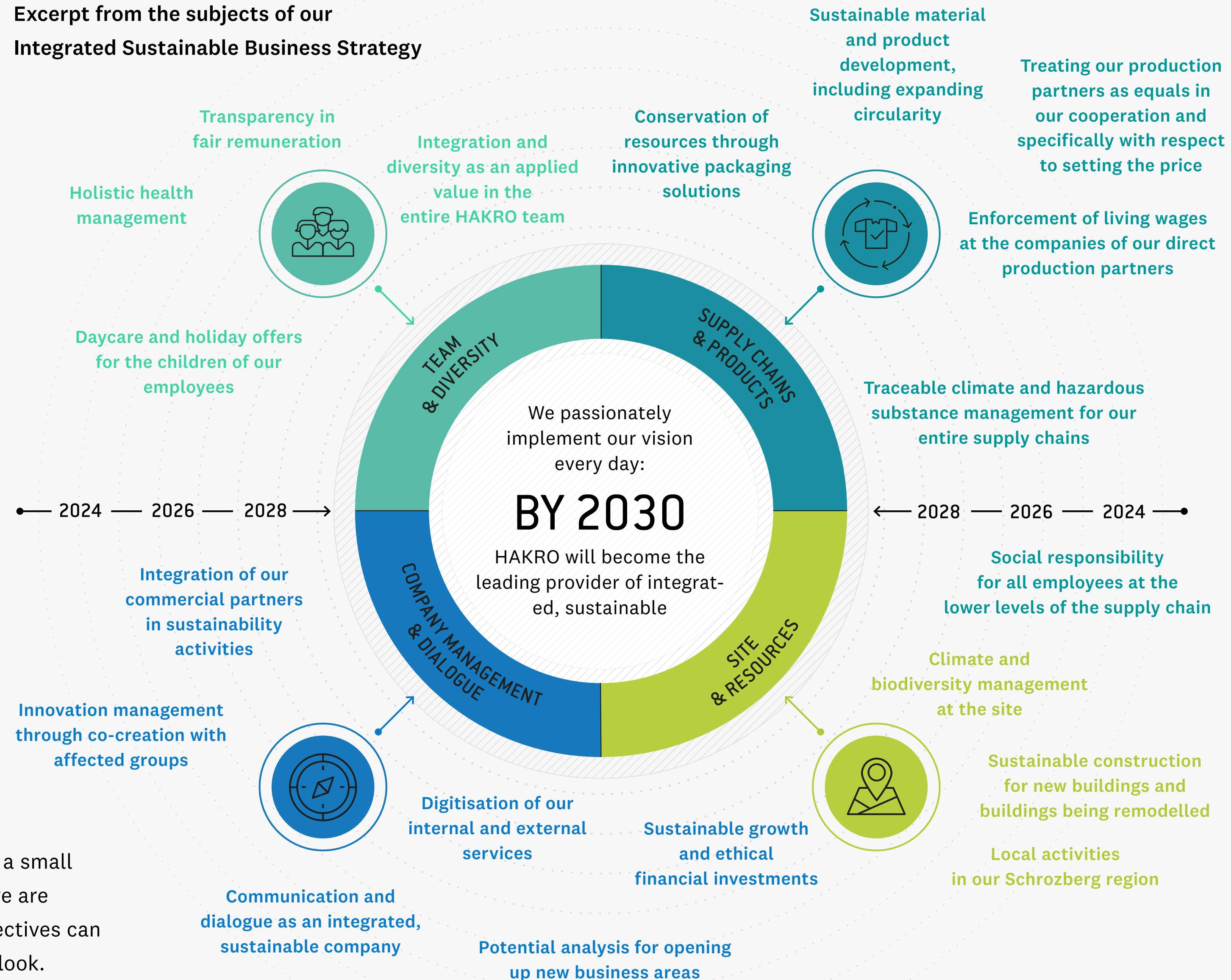
VALUES ARE GOOD.
MEASURABLE PROGRESS IS BETTER.

Change requires goals. When you want to make a major change, it may as well involve quite a number of individual objectives. We have defined 117 objectives in our strategy. They are milestones on our way to becoming the company we want to be in the future. **They may concern our operations in Schrozberg, Bangladesh or Pakistan. Objectives connect us and unleash strong momentum; they inspire us and guide our daily activities.**



REACHING OUR GOAL, ONE GOAL AT A TIME.

Excerpt from the subjects of our Integrated Sustainable Business Strategy



THIS IS HOW WE INTEGRATE SUSTAINABILITY IN ALL FOUR BUSINESS AREAS.

One vision. Four fields of action. The graphic presents a small portion of the actions we want to take by 2030 where we are already doing a lot of work. The complete list of all objectives can be downloaded [here](#). We highly recommend taking a look.

ON LEARNING CURVES, HURDLES AND STRATEGIC COMPASS NEEDLES.

EVEN DETOURS BRING YOU FURTHER.



“The strategy guides our everyday activities, so our measures progress gradually over time. And when we get together for a meeting every four weeks, I am always amazed by how much we have achieved.”

Corina Mücke, assistant to the management of Logistics & Services

This section presents eight out of 198 experts who implement our strategy every day. In their own area of work, together in a team or with colleagues from various departments. The progress achieved for the measures they worked on is discussed at monthly meetings. The participants contribute new ideas and jointly consider who might be consulted if there are any problems. This way, change is not only created using a top-down approach, but also across all levels of the company.

That gets a lot of things moving. We use the big strategic objectives as needles of a compass to ensure that everything is moving sustainably in the right direction. This costs time, can be strenuous and shakes up what we are used to, but it allows everybody to speak up and gets us closer to achieving our objectives.



“We achieve big objectives by dividing them into lots of individual actions. My job is to make progress, setbacks or stagnation measurable.”

Katharina Herzog, Head of Organisation & Progress





“Change means rethinking our approaches, being open and learning something new. In this process, we at the HAKRO Academy can individually support every employee.”

Laura Scheerer,
Human Resources & Motivation |
HAKRO Academy

“Sometimes you wish the implementation would progress faster, but when you look at the big picture, we are already making very good and speedy progress.”

Jochen Schmidt,
Head of Impact,
Responsibility & Innovation department



“Often, one project helps advance various objectives simultaneously: circularity, for example, does not just make sense from a sustainability perspective, but also helps create a stronger connection with our commercial partners.”

Darrell Merrick, Field Service
Sales & Partnerships |
Germany / Austria / Italy



“Contributing your own ideas and suggestions is part of every job here at HAKRO. It always makes me happy when my ideas and suggestions are actually taken up and implemented.”

Birgit Braun,
Customer Relations &
Service | Quality Inspection

“Whether someone packs orders, processes orders or posts documents, everybody contributes to the achievement of our objectives.”

Romy Schaas,
Finance & Success



“It is cool to suddenly work with colleagues you never would have had any contact with otherwise and to jointly advance projects with them.”

Keven Ugurlu,
Marketing & Public Relations





TRAILBLAZING TROUSERS.

TAKING TEAM SPIRIT TO A NEW LEVEL:
ONE TROUSERS COLLECTION FOR EVERY OCCASION.

Every aspect of these trousers is new: the perfectly thought-out design, the super-comfortable 3D pattern construction, the innovative materials, the sustainably designed supply chain and our production country, Pakistan.

Workwear trousers for the entire team, with suitable functionality for each area of use, whether it is in-house or field, service, workshop or production.



TOTALLY HAPPY!



Among other options, the new trousers are available in extremely robust Performance-X-Stretch – large image, in heavy-duty light-weight Denim-X-Stretch – small image (top), or in light-weight breathable Function-X-Stretch – small image (bottom).

With the first comprehensive trousers collection, we are now taking the step to becoming a full-range provider. One style, 17 variations and functions, responsibly produced and, of course: extremely durable.

FULLY EQUIPPED IN HAKRO QUALITY.

We knew from the start: with our workwear trousers, we wanted to set new standards for clothing that is both functional and comfortable. Materials that are both flexible and extremely robust, ergonomic 3D fits and multi-part pocket designs are just a few examples of these qualities. For the production we have even – for the first time in many years – taken on board a new partner, a Pakistani company based in Lahore and specialising in trousers.

Why choose Pakistan? The country has a centuries-old textile tradition. It has always cultivated cotton, just like the indigo plant which contains the original colour of woven denim materials. In recent years, some truly exemplary textile companies have been established around Lahore, some of which we were able to directly integrate into our supply chain. From day one, this has procured good production conditions and short distances. Another advantage: Pakistan has great expertise in the area of complex manufacturing and trousers, i.e. the valuable technical skills that we need for our jeans and workwear.



Claudia Supper,
Head of Design & Development
(Freelancer)

When Claudia Supper takes on an assignment, she does it all the way. Together with her team, she developed our new trousers that are now being used to complete our collection.





Our production partner in Pakistan focuses on quality and wants to provide its employees with long-term prospects.

FROM ZERO TO EQUAL PARTNERS IN SIX MONTHS.

PARTNERING UP IN PAKISTAN.

When we say “production partner”, we really mean partner.

We have had a close and trusting working relationship with our largest production plants in Turkey and Bangladesh for more than 20 years. We have grown together, **and together we drive the continuous improvement of social and environmental standards.** We are now continuing this culture of working together as equal partners with the manufacturer of our trousers collection in Pakistan.

In what is by no means a common arrangement in the country, women work alongside men at our production partner’s factory.



Sarah Kremer, Head of Purchasing, Quality & Development, during one of her regular visits to Pakistan.



Sustainability requires a lot of patience and perseverance, but sometimes it also opens up surprising new ways. We are currently seeing this with our new production partner in Lahore. The founders of the young company passionately care about quality and share our values. **They see the collaboration with HAKRO as a great opportunity and want to expand their textile production together with us to create a responsibly managed production site that can serve as a role model for others.** This offers us the wholly new opportunity to help shape the working conditions at a partner company from the beginning.

Joint objectives build trust. **“Our partners in Pakistan really want to bring about change,”** says Sarah Kremer, **Head of Purchasing, Quality & Development.** “They are very open to our suggestions and, wherever possible, directly implement them. A lot of men in Pakistan do not accept that women work. At this company, things are different now. There is even a woman who is a supervisor and one who works in quality control. The management really cares about good and social working conditions, not only because they are committed to complying with the Fair Wear Code, but because they want to build a future together with their employees.”

STRATEGY AND PRACTICE

We are currently implementing the following integrated, sustainable objectives in Pakistan:

- > **Treating our direct production partners as equals in our cooperation and specifically with respect to setting the price**
- > **Social responsibility for all employees at the lower levels of the supply chain**
- > **Traceable climate and hazardous substance management for our entire supply chains**

A TRENDSETTER FOR THE HIGHEST SOCIAL STANDARDS: FAIR WEAR

RESPONSIBILITY, DIALOGUE AND TRUST.

Everybody knows the Fair Wear logo. But what exactly does Fair Wear do? We asked Anna Rüchardt. She manages Impact, Responsibility & Innovation together with Jochen Schmidt and is in charge of the implementation of fair working standards at HAKRO’s production partners.

Anna, how do you manage to really improve social standards in the textile industry with the support of Fair Wear?

Working conditions and wage structures cannot be changed from one day to the next. So we focus on the principle of “shared responsibility”. Clients and producers work together to improve the standards in the textile supply chain. The improvement is based on the Code of Labour Practices (CoLP) of Fair Wear. This code consists of eight standards that define just, healthy and fair working conditions.

This includes regulated working hours, freedom of association and the demand for living wages, to name only a few examples. We consistently use this code as our guide for managing social standards in our supply chains.

And all of your production partners have committed to complying with these standards?

Exactly. In cases where there is still need for improvement, we jointly look for ways to implement them. This requires real cooperation

“THE MOST IMPORTANT LEVERAGE FOR POSITIVE CHANGES IS OUR PURCHASING BEHAVIOUR AS CLIENTS.”

**Anna Rüchardt,
Head of Impact,
Responsibility & Innovation**



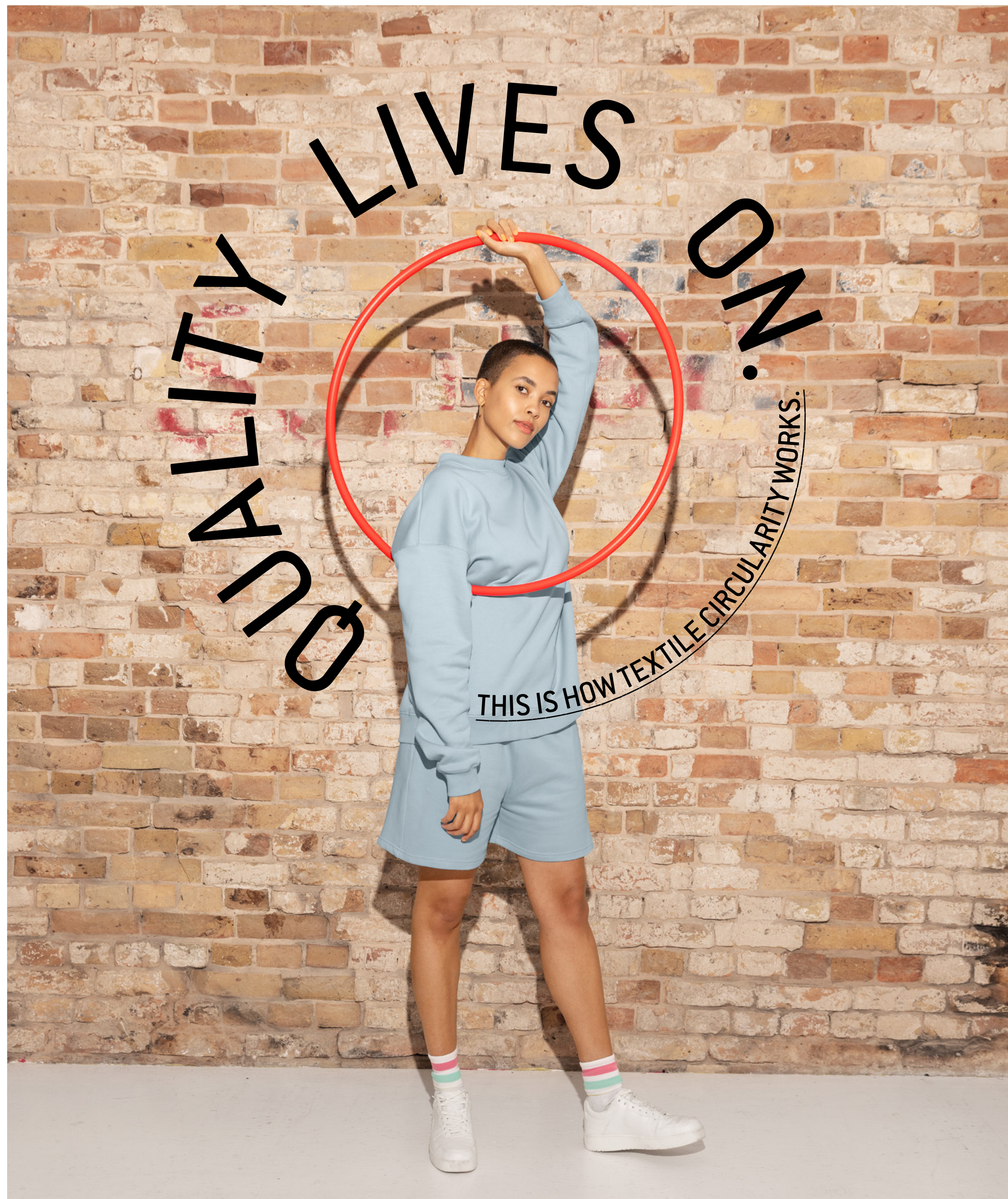
as partners and open dialogue. The fact that we have known almost all of our production partners for decades helps in this context. We are regularly on site and talk to each other to find out how things are going at their companies and

how we can support our partners. Audits play a key role as well. We evaluate and analyse the results of these independent reviews together with the management team of the relevant factory and work out concrete action plans with a clear time frame and measures to be taken.

From your perspective, what is the greatest opportunity for change?

It’s like with a lot of things: the easiest and most effective approach is to start with yourself. Our purchasing behaviour has tremendous influence on working conditions for seamstresses and textile workers on site. Spontaneous orders and tight deadlines inevitably lead to excessive overtime. After all, the producers need to make sure that they somehow comply with the unrealistic deadlines regardless. Transparent communication is key. For example, we do not set target prices, but instead explain to our partners what we want to develop together with them. Then we ask them what they need to produce the products in question in the desired quality, because you can only pay fair wages if the production costs were calculated fairly.





Already in the first year, we and our commercial partners fed more than 54 tons of used textiles into the fibre cycle.

Circularity is the order of the day. Using materials multiple times protects resources, eases the burden on the environment and reduces emissions. We are one of the first German textile companies to implement circularity, together with the fibre recycling specialist **TURNS[®]**.

On to the next round. The high-quality materials used in our workwear are particularly suitable for fibre recycling.



WORN-OUT TEXTILES ARE NOT WASTE.

OLD CLOTHING
BECOMES
NEW CLOTHING.



Every year, Europe alone creates an astonishing 12.6 million tons of used textiles. Most of them end up at waste incineration plants and are used for energy recovery. This leads to enormous amounts of valuable fibres being lost every day. Less than one percent of used textiles is currently used to produce new clothing. The founders of the TURNS[®] fibre cycle want to change this together with us.

HAKRO stands for durable, sustainably produced workwear. We are responsible for our products beyond the last working day when they are used. So far we have hardly had any influence on the disposal of the clothing we produce, but now, thanks to our collaboration with TURNS[®], we can also offer our customers a sustainable end-of-life solution. HAKRO's commercial partners simply register worn-out clothing through an online portal and are provided with quick and easy access to recycling. TURNS[®] organises the logistics and also provides companies that register textiles with the numbers for sustainability reporting.

What makes the TURNS[®] fibre cycle special is the AI-based material identification. The worn-out used textiles are scanned and sorted based on their material compositions. Afterwards, the fibres are removed from the material with fine needles and are used to spin new yarns together with fresh, sustainably sourced cotton. The quality of the TURNS[®] yarns is very good, but unfortunately is not suitable yet for the extremely high requirement that needs to be met for our durable workwear. Nevertheless, they are fantastic for

producing textiles for everyday use. That inspired us to launch our own circular leisure time brand: HELLO AGAIN closed loop wear. **We are closing the textile loop and making room for a HELLO AGAIN closed loop wear with the recycled HAKRO textile fibres.**



Producing the best possible new yarn from used clothing: this is the mission of textile business administrator Katja Wagner (on the left) and software engineer Angelique Thummerer (on the right) of TURNS[®].



FROM T-SHIRT TO RE-SHIRT.

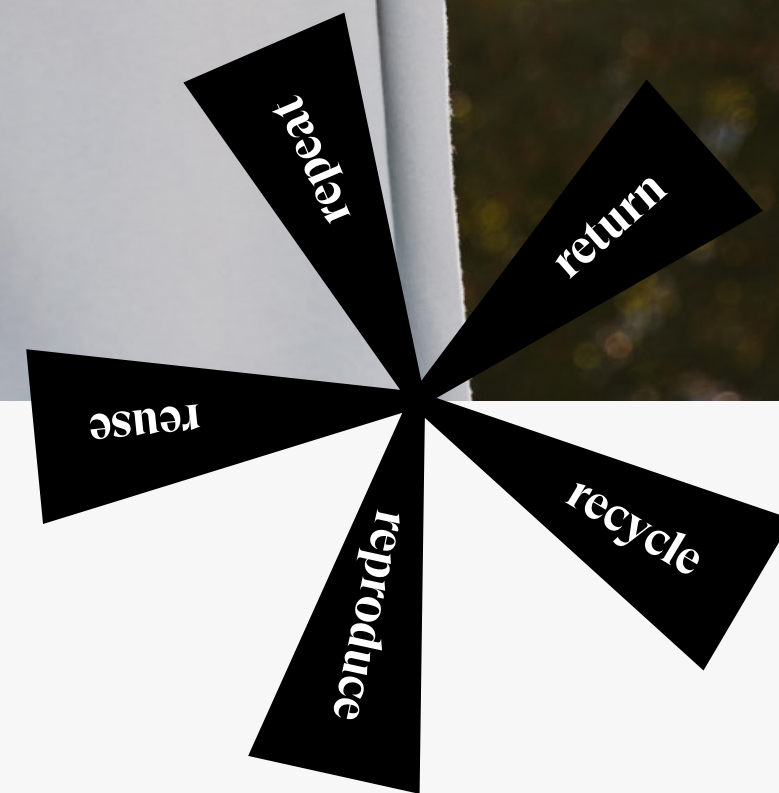
* HELLO AGAIN.
closed loop wear



The fibre-to-fibre recycling is done without chemicals, purely mechanically, in accordance with the zero-waste principle.



We presented the HELLO AGAIN closed-loop wear to our commercial partners for the first time at the A+A trade fair in Düsseldorf.



“CIRCULARITY IS STILL A VERY ABSTRACT CONCEPT TO A LOT OF PEOPLE. HELLO AGAIN MAKES IT CONCRETE AND TANGIBLE.”

Alisa Fingerle, project manager for Marketing & Public Relations

RETURN OF THE FIBRES.

After a long, hard working life, we now send worn-out HAKRO workwear to its well-deserved retirement. The worn-out pieces of clothing are collected at companies, laundry facilities and leasing companies before being gently recycled in the TURNS® fibre cycle and spun into new yarns. We use these recycled yarns to produce timeless basics under the HELLO AGAIN closed loop wear label.

And then you can meet them again. **Workwear becomes closed-loop wear.** The first deliveries of the HELLO AGAIN closed loop wear are reserved for companies that actually fed worn-out HAKRO workwear into the textile cycle.





Antonia Hammel is a product manager at HAKRO and is in charge of certifications and the subject of circularity.

Sustainable, light-weight and soft. The new fleece ECO styles are fully produced from polyester that was recycled in accordance with the Global Recycled Standard (GRS).



RECYCLING STARTS WITH THE PRODUCT IDEA.

The core distinguishing feature of our brand is durability because anything that is used for a long period of time does not need to be newly produced again and again in complex processes that consume resources. However, given that even a durable HAKRO textile will be worn out eventually, we are constantly working on the recyclability and circularity of our products.

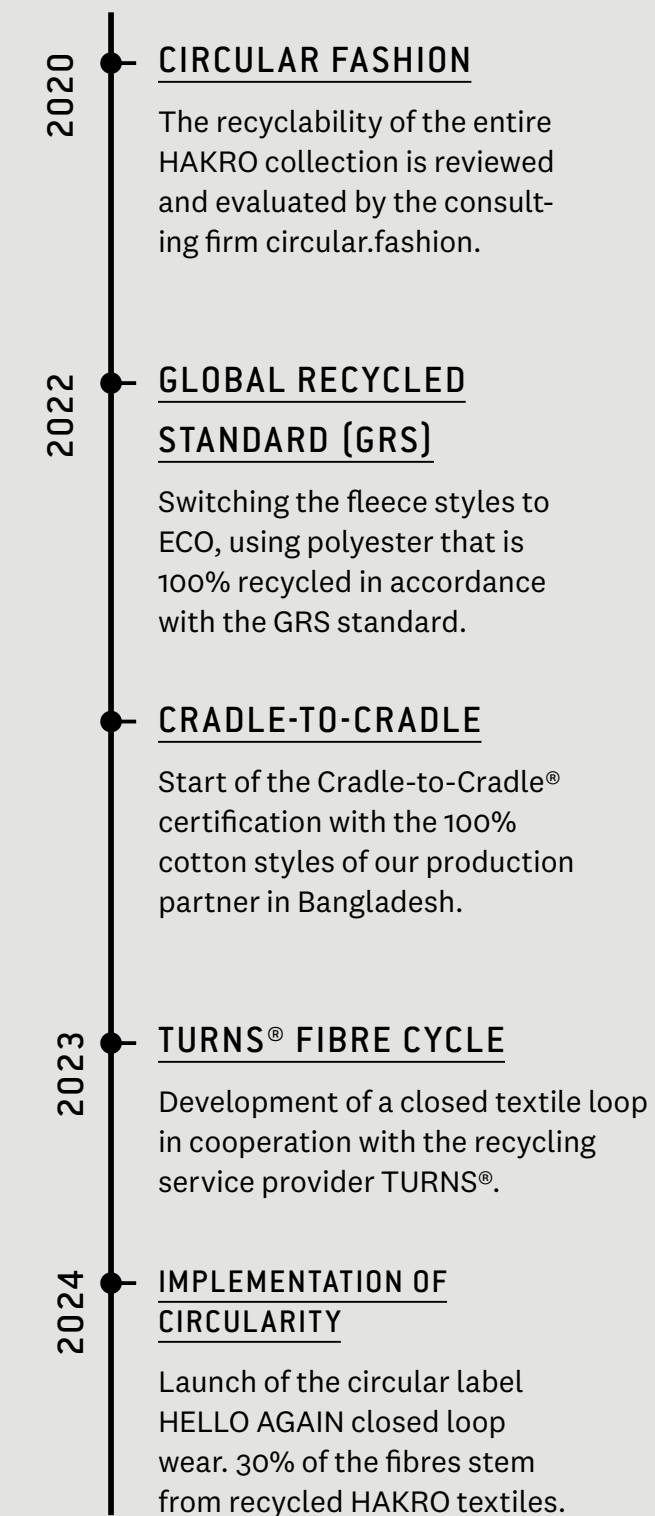
“DESIGN FOR RECYCLING, SUSTAINABLE MATERIAL AND PIONEERING CERTIFICATES – WE USE A LOT OF WAYS TO GRADUALLY GET CLOSER TO ACHIEVING THE CIRCULARITY OF OUR COLLECTION.”

Antonia Hammel, product manager for Purchasing, Quality & Development

We already create the best possible conditions for making the materials that are used in our clothing recyclable when we design them and plan the product lines. For example, all 100% cotton products produced by our production partner in Bangladesh are Cradle-to-Cradle® certified. For this certification, the products’ suitability for circularity and the safety of the used materials are analysed in a rigorous process. Even the first time this analysis was done, we managed to achieve the bronze level status with all 14 styles.

We are also gradually increasing the share of the recycled materials used in our collection. Since 2023, the fine microfleece of our classic fleece jackets and vests has been produced from recycled polyester that is certified to the Global Recycled Standard (GRS). We have also been offering an ECO variant of select styles of the MIKRALINAR® performance fibre mix since 2023, with a polyester share that is recycled in accordance with the GRS standard.

Measurable progress through partnerships and certificates



STRATEGY AND PRACTICE

We are currently implementing the following integrated, sustainable objectives in the area of circularity:

- > Sustainable material and product development, including expanding circularity
- > Innovation management through co-creation with affected groups
- > Including our commercial partners in sustainability activities

“WE ARE REALLY PART OF THE TEAM IN BANGLADESH. WE SUPPORT OUR PARTNERS IN THEIR EFFORTS TO CONTINUOUSLY CREATE BETTER CONDITIONS FOR THEIR EMPLOYEES.”

Sarah Kremer,
Head of Purchasing, Quality & Development



57% of the employees of our partner company in Bangladesh are women. Consequently, the promotion of gender equality is a big issue here.

We take responsibility for all people that are involved in the production of our textiles.

We have set the goal to enforce living wages at all direct production plants by 2030. This is a major challenge, as wages are also part of the social equilibrium. Sudden increases in wages can cause conflicts between employees and with nearby factories.

Therefore, we are looking for additional opportunities, for instance in Bangladesh, to improve the living conditions of the mostly female workforce. For example, we provide food packages for Eid ul-Adha and Eid ul-Fitr, the two most important festivals in Islam, and a child benefit for mothers that is paid for a period of 24 months after the birth of each child.

We launched a sanitary pad project in 2023, where all female workers receive sanitary pads free of charge every month. They are available to them through automatic dispensers that are installed in the ladies’ restrooms. A nurse provides additional support and information around the taboo subject of menstruation. This way, we make women’s everyday lives easier while also reducing their expenses.

WHAT ARE LIVING WAGES?

The statutory minimum wages in production countries are often far below what people really need to live. Therefore, NGOs calculate the amount of living wages for countries and regions based on the real cost of living.



HAKRO is a member of the International Accord for Health and Safety in the Textile Garment Industry. Safety inspections and fire drills are carried out on a regular basis at our partner company in Bangladesh.



STRATEGY AND PRACTICE

We are currently implementing the following integrated, sustainable objectives together with our partner company in Bangladesh:

- > Enforcement of living wages at the companies of our direct production partners
- > Testing of all products and materials for recyclability
- > Certified sustainability for 100% of the cotton used in our products



TOGETHER WITH NATURE WITHOUT PESTICIDES.

Breaking new ground in a sustainable manner. The Raddis® Foundation uses a holistic system to support small farmers in southern India in the transition from conventional to regenerative agriculture.

THE FIRST SUSTAINABLE COTTON CULTIVATED DIRECTLY FOR HAKRO.



Raddis® is rethinking the system, for the benefit of the environment and the small farmers.



Work in the fields is mostly done by women. They receive special support as part of the Raddis® programme.

Raddis® guarantees to the farmers that the cotton will be purchased, and at a fair price.



“PERSONALLY MEETING THE PEOPLE WHO CULTIVATE AND HARVEST COTTON FOR US LOCALLY LEFT A DEEP IMPRESSION ON ME.”

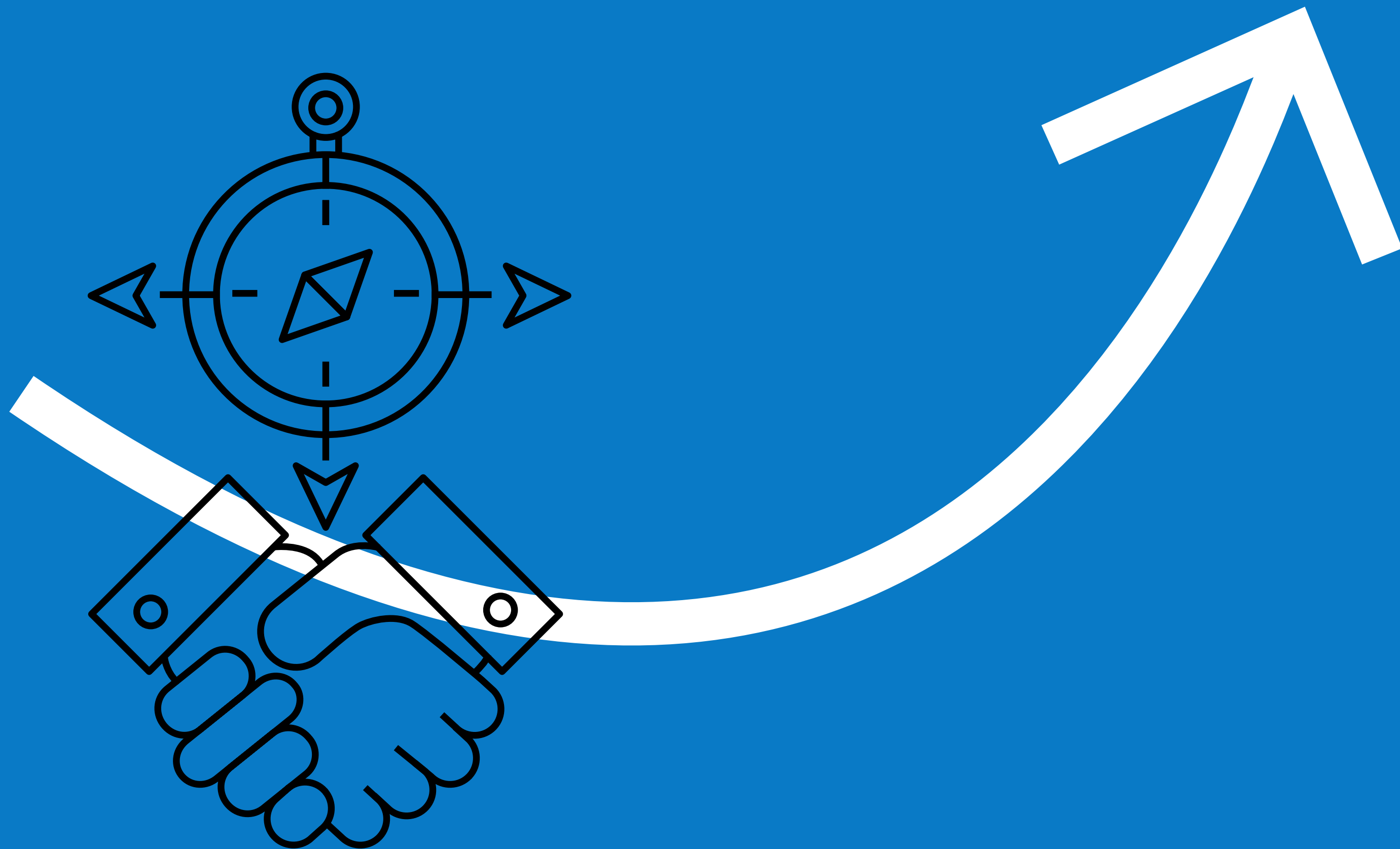
Famke Taddigs,
Impact, Responsibility & Innovation

For centuries, cotton was cultivated without artificial irrigation and without chemicals. However, excessive monocultures have led to the almost complete elimination of this sustainable form of agriculture. In these times of climate crisis and water scarcity, we are now becoming aware of the many advantages of traditional agriculture again. **Regeneratively cultivated cotton can much better adapt to extreme climate conditions.** This can be seen with the harvests of the Raddis® farmers in southern India, for example, which was good last year in spite of low rainfall.

Currently, seventeen families are cultivating high-quality regenerative cotton for HAKRO on an area of approximately 11 hectares. In the next few years, we would like to gradually expand this cooperation. Raddis® closely cooperates with the small farmers. **Along with GMO-free cotton seeds, the families receive training in cultivation methods and the production of organic fertilisers. In addition, they receive seeds for intercropping which they can use for their own needs.**

Once a week, a Raddis® team visits the farmers and discusses further actions on site. The system grows with the demand for it. Raddis® only accepts new farmers into the programme when it has purchasers for the cotton.

COMPANY MANAGEMENT & DIALOGUE



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MISSIONS AND OBJECTIVES

We are guided by our departmental missions in our four strategic fields of action. These support us in achieving the HAKRO Vision 2030.

In the Company Management & Dialogue field of action, we have:

- adopted → **39** objectives for 2030
- defined → **210** measures
- achieved → **86%** of the objectives due to be met to date (23 objectives)

Our missions in the field of action COMPANY MANAGEMENT & DIALOGUE

01

We consistently align the leadership and management of our Company with our Corporate due diligence.

02

We ensure healthy and moderate growth and economic success.

03

We work on (further) developments and promote innovation in all areas, also by engaging with dealers, non-governmental organisations, service providers and other textile companies.

04

Our digital transformation triggers processes and structures that improve our efficiency and help us remain competitive in the long term.

05

Our continuous authentic, honest, transparent and increasingly digitalised communication inspires enthusiasm for the sustainable HAKRO brand on target group-specific, contemporary and attention-grabbing channels, both internally and externally, and promotes stakeholder dialogue.

06

Beyond our business activities, we are committed to charitable causes locally, regionally and globally.

OUR 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.



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 therefore made realising our Integrated Sustainable Business Strategy a joint endeavour: from the HAKRO team at our site in Schrozberg to our cooperation partners and dealers across Germany to our production facilities, we are working together on achieving our ambitious business objectives by 2030.

The fact that we are on the right path can be seen from our success in the German Sustainability Award 2024, where we were one of the finalists in the Company category, textiles sector.

INTEGRATED SUSTAINABLE BUSINESS STRATEGY

In an 18-month participative process during 2020 and 2021, which involved all the relevant stakeholder groups, we developed our Integrated Sustainable Business Strategy 2022–2030: we also measure our corporate success by the environmental and social compatibility of our business activities and HAKRO’s social engagement. Sustainability is thus becoming a joint effort, which penetrates all HAKRO’s departments and business processes.

FINALIST IN THE GERMAN SUSTAINABILITY AWARD

At the end of 2023, HAKRO was the sole provider of corporate clothing to reach the finals of the German Sustainability Award 2024 in the Company category, textiles sector. The independent expert jury justified selecting HAKRO as one of the top 3 based on factors including the offsetting of our collection’s unavoidable emissions and high social standards. The experts commented that our internal sustainability management system has “a firm focus on the supply chains, products and company location and the impact on people and the environment”, which confirms to us that we are on the right path with our Integrated Sustainable Business Strategy.



01

- Corporate strategy
- Brand management
- Assortment
- Vision, mission, values
- Due diligence
- Business field development

02

- Recruitment
- Master data maintenance
- Employee development
- Training
- Employee satisfaction
- Health programmes
- Wages and salaries

03

- Project management
- Stakeholders
- Human rights due diligence
- Supply chains and controlling
- Innovation

04

- Production planning
- Product design
- Product management
- Quality assurance
- Custom designs
- Private label

05

- Communication planning
- Advertising and public relations
- Website and online marketing
- Events and sponsoring
- Trade marketing
- Agencies and service providers

06

- Customer service, field sales
- Dealer events
- Collection presentations
- Customer workshops
- Range and needs analyses
- Condition management

07

- Customer service, in-house teams
- Order processing
- Key account management
- Garment finishing
- Quality inspection

08

- Incoming goods
- Shipping and customs duties
- Returns

09

- Bookkeeping
- Debtors and creditors
- Wages and salaries
- Fixed assets

10

- Project management
- Software development
- Process modelling
- Requirement management
- Feasibility studies

11

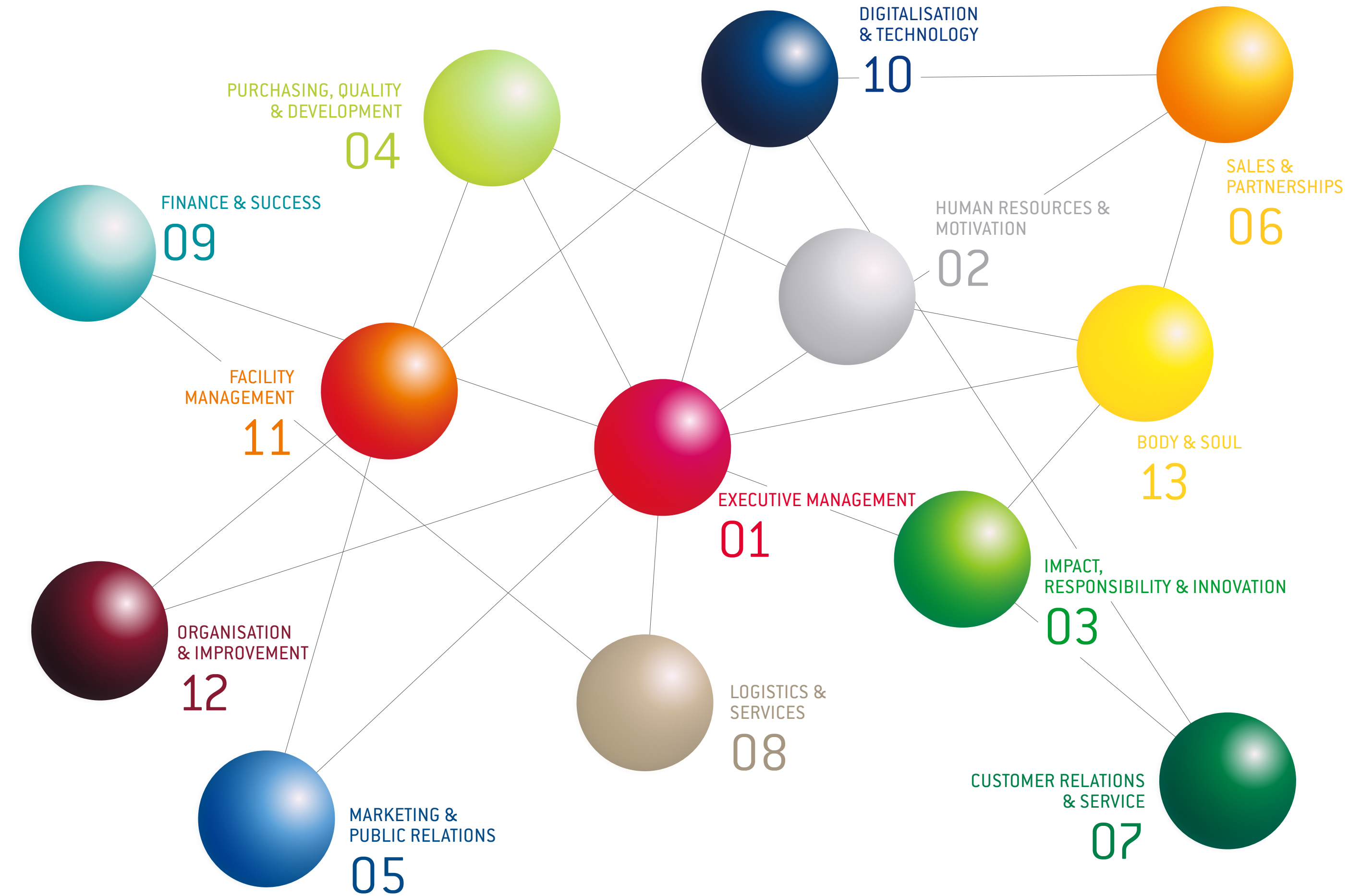
- Occupational safety
- Maintenance
- Buildings and outdoor facilities
- Fleet management
- Internal services

12

- Business strategy implementation
- Strategic projects
- Methods and processes
- Controlling
- Quality management
- Environmental management

13

- Team meals catering
- Guest hospitality



* The connecting lines shown are purely symbolic.



“Sustainability is right at the top of our agenda and is a mainstay of our Integrated Sustainable Business Strategy. We want to set a good example in the textile industry. If for no other reason than to show that it is possible to reconcile commitment to sustainability with economic success. Being one of the three finalists for the German Sustainability Award is both a compliment and a confirmation for us.”

Carmen Kroll on HAKRO’s participation in the final of the German Sustainability Award 2024

OPERATIONALISATION OF OUR STRATEGY

The Integrated Sustainable Business Strategy is implemented in four fields of action, which are reflected in the sections of this report. All the topics that are material to us are allocated to these fields of action.

The topics we define as material are those that address challenges for the environment and people along our entire value chain and provide levers for positive change, as well as those that entail opportunities and risks for our business model and strategy. See also the → [diagram of our value chain](#). The next comprehensive materiality analysis will be conducted in 2024, during the preparations for the CSRD reporting obligation.

DEVELOPMENT OF MEASURES

The entire HAKRO team participated in workshops, through which it developed more than 400 measures on how the individual departments can contribute to implementing the strategy and help our ambitious vision to become reality by 2030. For each team, the workshops established which missions are relevant for them, which objectives result from these, which measures will be used to achieve these missions by when, and who is responsible for this. All field-of-action missions were assigned keywords for this in accordance with the Japanese Hoshin Kanri method and linked with targets.

ON COURSE WITH THE HAKRO COMPASS

An Integrated Sustainable Business Strategy needs integrated forms of internal collaboration for strategic decisions. In the reporting year, we further developed the HAKRO LAB – our steering committee set up in the course of strategy development – and transferred it to the HAKRO Compass. This reflects the fact that HAKRO is undergoing a rapid transformation, and processes and ways of working together need to accommodate this with the appropriate

agility. One finding from the LAB pilot stage was that despite clear delegation of responsibilities, the executive management’s operational involvement in topics relevant to the strategy is both necessary and something the management team wants. With the name “Compass”, we are strengthening our conviction that dialogue and diverse perspectives are essential for a sustainable course and reliable routing.

The executive management and the department heads meet each month to share information in the Small Compass, and the executive management, all department heads and the team leaders meet in the Large Compass each quarter. Task forces are formed around the HAKRO Compass whenever needed and work agilely on topics on a project basis. In day-to-day business too, we ensure that the decision-making processes function quickly and across departments and hierarchies, and that silo mentality is avoided.

The HAKRO teams have developed more than 400 specific and measurable measures for implementing our strategy.

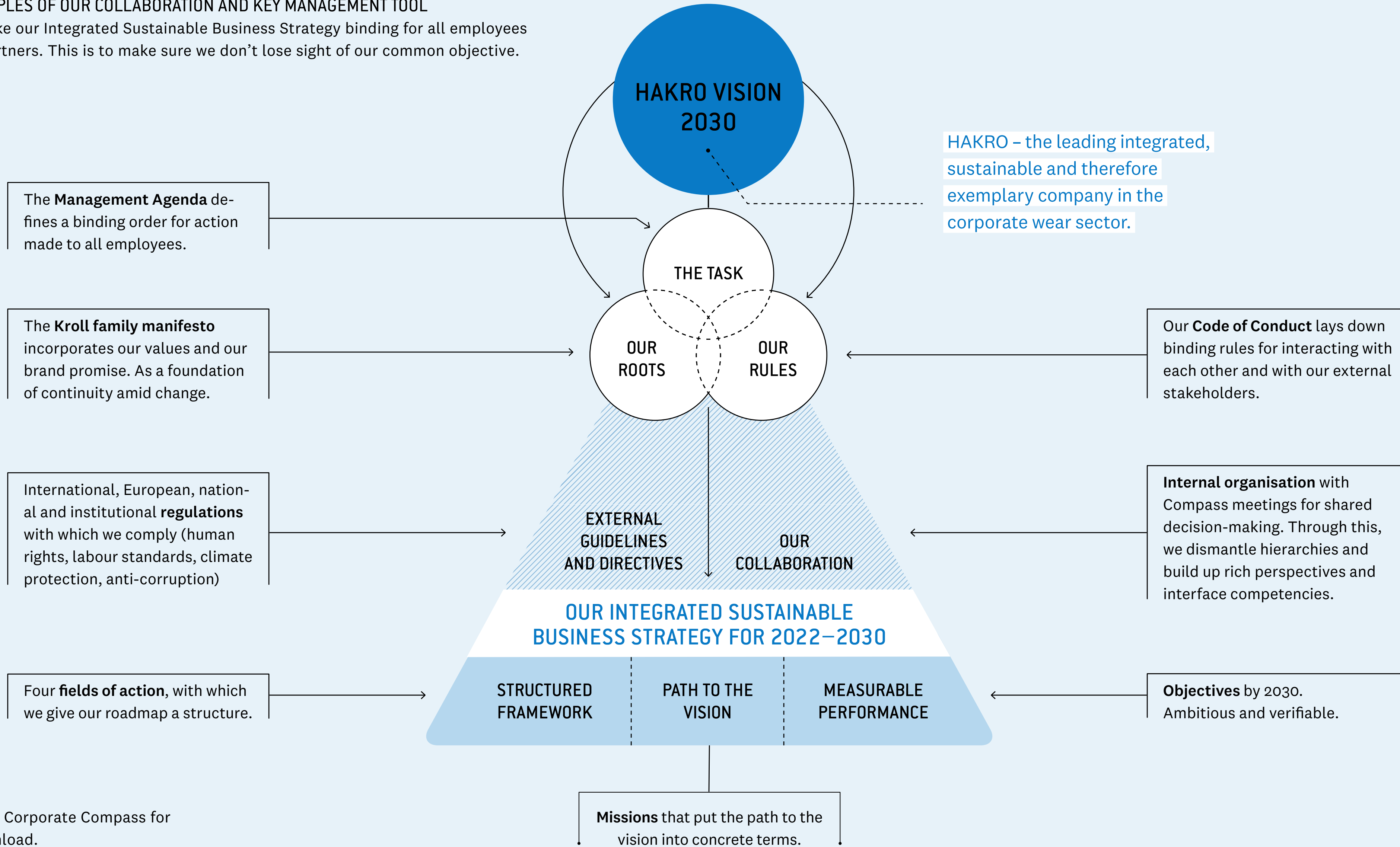


HAKRO CORPORATE COMPASS

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.

HAKRO - the leading integrated, sustainable and therefore exemplary company in the corporate wear sector.



HAKRO Corporate Compass for [Download](#).



OVERVIEW OF MATERIAL TOPICS

COMPANY MANAGEMENT & DIALOGUE

- Corporate values
- KPI controlling
- Compliance
- Digitalisation along the whole value chain
- Leadership culture
- Sales/competitiveness and future viability
- Dialogue with all our stakeholder groups
- Brand and corporate reputation/communication
- Memberships and certifications (company level)
- Non-profit activities

SITE & RESOURCES

- Climate strategy
- Resource- and biodiversity-friendly processes
- Site concept

TEAM & DIVERSITY

- Corporate culture based on values
- Participation and self-organisation
- Anti-discrimination and inclusion
- Employee health
- Family friendliness
- Staff development (encouragement and challenge)
- Employer branding

SUPPLY CHAIN & PRODUCTS

- Labour and human rights in the global supply chains
- Sustainability design of products and processes (environmentally friendly and humane)
- Closing the loop for products
- Product climate-neutrality
- Product and process innovations
- Supplier management
- Product chain certifications
- Environmental management (chemicals, emissions, (waste) water, waste)

ACHIEVING THE OBJECTIVE TOGETHER

The October 2023 employee survey shows that workers have received and internalised the message of the Integrated Sustainable Business Strategy. Almost all those surveyed are familiar with the Integrated Sustainable Business Strategy and know how they can contribute to achieving its objectives. The workers also perceive reconciling work on the objectives with day-to-day business as challenging. Nevertheless, the strategy meets with broad approval: almost all respondents can identify with the corporate objectives (54% fully, 43% somewhat).

Almost all HAKRO employees are familiar with our Integrated Sustainable Business Strategy and know how they can make a concrete contribution to achieving the objectives.

INTEGRATED KPI CONTROLLING

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 monitoring our integrated KPI system.

Of the 25 objectives set for 2023, we have achieved a total of 76%. In a few cases, objectives have needed to be adjusted to changed framework conditions, for example in the area of products' recyclability (see also → [Supply chains & products](#)). Since we began implementing our strategy in 2022, we have achieved 84% of our objectives that were due to be met to date. The next step is now to underpin the longer-term objectives with specific measures and to begin realising them.

MANAGEMENT PROCESSES AND COMPLIANCE

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. As planned, we have expanded both systems to include a comprehensive risk analysis for the Schrozberg site, which likewise includes all environmental aspects (e.g. biodiversity). For the time being, we have postponed the objective set for 2023 of translating our compliance requirements into an ISO 37301-certified compliance management system in favour of introducing software that makes the existing quality management system more change-proof. This means we are set to achieve our objective for 2025 of introducing a company-wide document manage-

ment system a year earlier. We are ensuring comprehensive compliance by means of a data protection officer, an anonymous reporting point for whistleblowers, clear rules for data management and internet use, and a comprehensive training programme for cybersecurity.

DIGITALISATION

In order to make our digitalisation progress measurable, we have started to record our level of digitalisation and, to this end, have analysed every process. Our current digitalisation level is 68%. Our objective is to achieve the optimum digitalisation level for HAKRO and, at the same time, protect our high ethical standards. In 2024, HAKRO will sign the Corporate Digital Responsibility Initiative's [CDR Code](#), thus additionally reinforcing its corporate digital responsibility.

Of the 25 objectives set for 2023, we have achieved 76%. Since we began implementing our strategy, we have achieved 84% of our objectives that were due to be met to date.

In 2024, we will sign the Corporate Digital Responsibility Initiative's CDR Code, thus additionally reinforcing our commitment to digital responsibility.

SMART ALGORITHMS FOR PEOPLE-CENTRED WORK

At HAKRO, digitalisation is only a means to an end. People always take centre stage for us. A major objective for 2024 is the further professionalisation of the digitalisation level of our logistics. To be able to grow in a future-proof way, we have decided on a new warehouse management system with open interfaces. We connect this with our in-house software and, for example, exchange relevant data with our ERP (enterprise-resource-planning). With the help of our data models, we can automatically respond to growth and changes at any time. This means we as HAKRO retain maximum flexibility and scaling capabilities in the long term. No jobs will be cut as a result of our digitalisation projects. At most, employees who retire will not be replaced. The introduction of new digital solutions is accompanied by relevant workshops in the HAKRO Academy.

BUSINESS DEVELOPMENT

In 2022, the macroeconomic situation was shaped by the effects of the war in Ukraine and high energy prices. Nevertheless, the German economy held up well overall: gross domestic product rose by 1.9% on a price-adjusted basis according to the Federal Statistical Office of Germany. By contrast, the German economy ended 2023 with a 0.3% decrease in economic output.



DEVELOPMENT OF THE TEXTILE AND GARMENT SECTOR IN 2022 AND 2023

For the textile and garment industry, the economic figures for 2022 were largely positive compared with the previous year even though the Covid-19 crisis and the Ukraine war caused a considerable strain.

Overall, the industry closed 2022 with an 11.7% rise in revenue (nominal growth). However, real revenue in textiles decreased by around 6% – the reason for this was the extreme energy cost hikes and the scarcity of raw materials. In clothing, the real and seasonally adjusted rise was approximately 12%. Following the unprecedented rises in 2021, energy and commodity prices also increased at double-digit rates in 2022. The growth in the gas price was particularly strong. But the prices for pre-products for textile raw materials such as plastics and synthetic fibres also reached record levels. The headcount, which was already decreasing before the Covid-19 crisis, stabilised at a low level in 2022.

DECREASES IN REVENUE IN THE TEXTILE SEGMENT

Overall, the industry closed 2023 with a 2.7% rise in revenue. However, the development differed considerably in the two sub-segments of textiles and clothing. While textiles saw revenue decrease by 1.9%, the clothing sector significantly increased its revenues by 10.8% – all sub-segments were able to increase their sales again following the crisis years.

In 2023, energy prices were also significantly above their level in the years up to 2020. Important pre-products such as synthetic fibres, dyes and plastics remain very cost intensive due to their high energy intensity despite the overall reduction in procurement costs for raw materials.

SALES AND ORDER DEVELOPMENT AT HAKRO

Our company’s total output in the 2022 financial year grew by 33% compared with the previous year. We thus significantly exceeded the increase forecast by 20 to 25%. We were able to further cement our market position and acquire strategic new customers. We again achieved stronger increases in sales than the sector average. All the operating units at our site in Schrozberg were constantly fully utilised throughout the 2022 financial year.

AROUND 5% MORE REVENUE IN 2023

We will only be able to provide information on financial year 2023 in the next Integrated Sustainable Management Report after all the final figures have been audited. HAKRO GmbH’s still-unaudited revenue has risen by around 5% year on year. This somewhat slower growth is due to weakened overall demand because of macroeconomic developments. Nevertheless, the order situation remained good, in part thanks to the constant acquisition of new customers by our dealers. The fact that we are able to deliver at any time with our constantly available NOS range paid off again here.

HAKRO REVENUE DEVELOPMENT

2021:
→

€93,439

+ 7.9% year on year

2022:
→

€124,246

+ 33% year on year

2023:
→

€134,063*

+ 5% year on year

* unaudited



NON-PROFIT ACTIVITIES

Involvement in non-profit projects is and will remain very important to HAKRO. We are also involved in social and charitable activities in and around our Schrozberg site and in our production countries. Our aim is to double the total volume of monetary donations and donations in kind to HAKRO projects and projects of the Harry Kroll Foundation by 2027 compared with the base year of 2022.

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” – 49 employees performed a total of 340 hours of community service in 2023 through Team Share.

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

HAKRO DONATIONS IN 2023

TOTAL DONATIONS BY HAKRO TO THE HARRY KROLL FOUNDATION
→

€125,400

TOTAL DONATIONS BY OTHERS TO THE HARRY KROLL FOUNDATION
→

€24,600

TOTAL DONATIONS BY HAKRO FOR PROJECTS OUTSIDE OF THE HARRY KROLL FOUNDATION
→

€24,748

HAKRO CLOTHES DONATIONS
→

1,891 ITEMS

FUNDING PROVIDED BY THE HARRY KROLL FOUNDATION TO “KLEEBLATT” PROJECTS
→

€15,000

FUNDING PROVIDED BY THE HARRY KROLL FOUNDATION TO OTHER PROJECTS
→

€93,500

development and health of disadvantaged groups or groups experiencing adversity, particularly children, young people and seniors.

As part of the “Kleeblatt” fundraising campaign, we fund, in particular, smaller associations, organisations and institutions that realise projects for children and young people and apply to us for funding.

We also invite our employees to donate for Kleeblatt projects. In 2023, the Kleeblatt donations went to Kbo Kinderzentrum München and Fritz Boehle Schule in Emmendingen. In addition, the foundation also supports other, longer-term projects. As in previous years, in 2023 the largest individual funding project with funding of €30,000 was the Intensiv Delir project at Childrens’ Hospital Tübingen.

Newly developed transparency criteria and funding guidelines for the Harry Kroll Foundation were introduced in 2023. A three-member board of trustees monitors the foundation’s strategy and the allocation of funding commitments.




Participation is a guiding principle of company management at HAKRO. We actively seek communication with all our stakeholders, internal and external, and rely on participation processes in order to incorporate as many points of view as possible into our decisions. In doing so, we trust others, share knowledge and take a stance.

COOPERATION AS A PRINCIPLE FOR ACTION

Our Integrated Sustainable Business Strategy for the period to 2030 sets the course – the future is a joint endeavour. For this reason, we already developed the strategy itself in an intensive participatory process in 2021 and comprehensively involved employees and partners. This challenging but always fruitful path of consistent participation strengthens the team spirit of everyone who works with and for HAKRO and puts our plans on a solid foundation. We have been working with our production partners in a spirit of trust and as equals for decades. We are systematically expanding the principle of → equal partnerships.

SUCCESSFUL WITH COOPETITION

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:

- Together with the clothing company OLYMP Bezner KG, we mastered the challenging task of developing a → social audit system adapted to our specific needs, the iMPACT Program.
- With TURNS[®], a young company for textile fibre recycling, we are setting out on the path towards a circular economy: TURNS[®] provides the fibres that we use for the textiles of our → circular economy brand HELLO AGAIN closed loop wear.
- The annual  iMPACT Barcamp, initiated by HAKRO, is a networking event that is now recognised throughout the industry and gives those responsible for sustainability in the textile



industry the opportunity to exchange ideas with experts and innovators on current sustainability topics and to make contacts.

SHARING KNOWLEDGE

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.

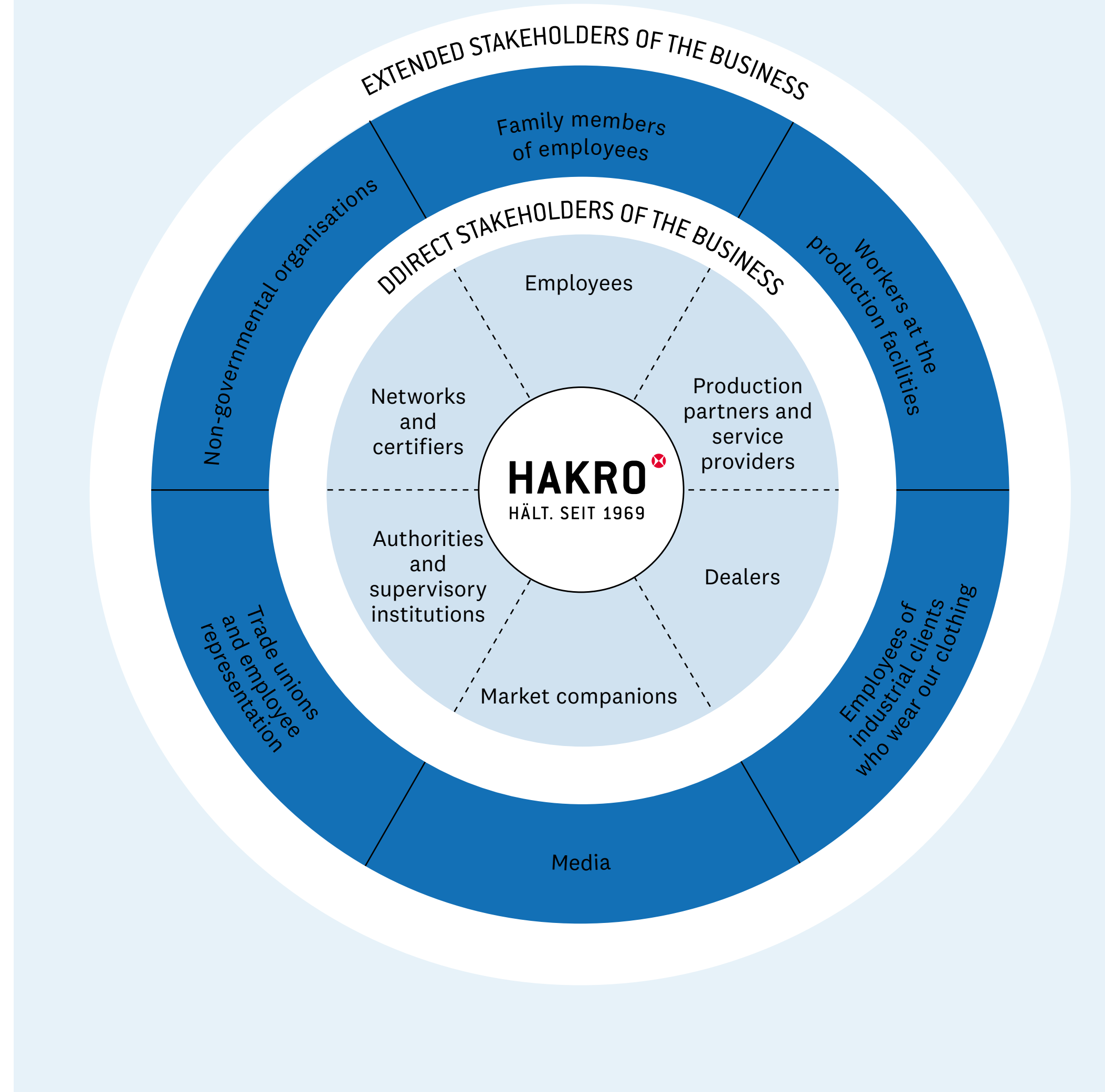
We also actively and fruitfully exchange information with our dealers. Since 2023, we have been strengthening the dialogue in the monthly HAKRO sales weeks at the Schrozberg site. Each month, we invite HAKRO dealers from our top-selling countries to visit us for a week for intensive workshops. As a result, we strengthen strategic partnerships and work together to collaboratively create added value in all essential areas, such as logistics processes, digital solutions, collection training, brand presence and sustainability.

In the future, we would like to award our own HAKRO sustainability prize for our dealers. We had planned this as an objective for 2023. However, when working on a strategy, we became aware that we want to establish the first HAKRO sustainability prize in a more comprehensive and sustainable way than originally planned. The cross-departmental planning, consisting of Sales, Communication and Sustainability in cooperation with external partners, therefore needs more time than originally thought.

HAKRO SHOWS ITS STANCE

A clear stance is essential for successful dialogue. Equal opportunities, diversity and respectful coexistence are decisive values for us that are anchored in our → corporate culture and that we openly stand up for. We underpin our commitment to a sustainable way of doing business by getting involved in the public debate, for example by taking a stance on the European supply chain directive CSDDD and showing by example that respecting human rights and the environment is also fully compatible with economic success for SMEs.

THE HAKRO NETWORK: IT LASTS – LIKE OUR PRODUCTS



We inform end users about the HAKRO collection and our integrated sustainable measures by means of a QR code on the textile. In future, we want to introduce digital product passports and increase product transparency and opportunities for dialogue.

MARKETING AND CORPORATE COMMUNICATION

Communicating the results from and progress of the implementation of our Integrated Sustainable Business Strategy both internally and externally and generating interest for HAKRO in this way is the task of Marketing and Corporate Communication departments. All measures in this area are guided by the mission of inspiring enthusiasm for the sustainable HAKRO brand through continuous authentic, honest, transparent and increasingly digitalised communication and promoting

stakeholder dialogue on contemporary, attention-grabbing channels, both internally and externally.

In line with this aim, in 2023 we realigned our communication on Instagram and Facebook and used the social media channel LinkedIn for the first time. Every two months, we provide our dealers with social media packages with prepared texts and images that they can publish through their own channels.

End users can obtain information about the HAKRO collection and our integrated sustainable measures directly through

a QR code on the textile. In future, we want to introduce digital product passports that expand transparency at product level and create opportunities for dialogue.

All employees in the Marketing & Public Relations department take part in relevant training on sustainability communication to always be able to communicate complex sustainability interrelationships appropriately.

Together with 23 other companies, HAKRO has taken a stance on the EU supply chain directive CSDDD and advocated for comprehensive management of due diligence in supply chains to become a matter of course for European companies.



MEMBERSHIP AND NETWORKS

We also maintain dialogue with our external stakeholders through memberships and involvement in various networks. This ensures a regular exchange of ideas with representatives from the fields of politics, academia, business and civil society and that relevant (sustainability) knowledge can flow freely. Contacts are also repeatedly made in this context, which then lead to cooperation or co-creation projects, see also → [Supply chains & products](#).

CURRENT FOCUSES OF OUR ACTIVITIES

- Fair Wear (since 2021)
- Green Button (Grüner Knopf) (since 2020)
- Partnership for Sustainable Textiles (since 2015, since 2023 also in the Steering Committee)
- MaxTex – Network for Sustainable Textiles
- Bangladesh Accord/International Accord for Health and Safety in the Textile and Garment Industry (since 2015, renewed 2018 and 2021)
- Diversity Charter (since 2015)

OTHER MEMBERSHIPS AND NETWORKS:

- United Nations Global Compact
- Fashion Industry Charter for Climate Action
- B.A.U.M. e. V.
- Development and Climate Alliance
- Modell Hohenlohe
- Erfolgsfaktor Familie
- NETZWERK Unternehmen integrieren Flüchtlinge
- Die Familienunternehmer
- Association of German Foundations

Our experience is that cooperation means everyone wins and the synergies that arise from joining forces far outweigh any competitive disadvantages.



OBJECTIVES IN THE COMPANY MANAGEMENT & DIALOGUE FIELD OF ACTION

In order to implement our HAKRO Vision by 2030, we have set ourselves SMART goals for each of our strategic fields of action. We regularly report on our target achievement in our Integrated Sustainable Management Report.

OBJECTIVES IN 2023

OBJECTIVE	MEASUREMENT/KPI	TARGET	STATUS
All employees will have the opportunity to actively play a part in shaping innovations in all the Integrated Sustainable Business Strategy's fields of action.	Proportion of employees who have the opportunity to actively participate in innovation processes	100%	achieved ✓
All employees will be familiar with the Integrated Sustainable HAKRO Business Strategy.	Result of the employee survey	-100%	achieved ✓
We will promote sustainability dialogue by conducting and participating in panel discussions, webinars, training sessions and other events for and with our stakeholders.	Participation in events per year	12	achieved ✓
We will expand our quality and environmental management system to include a comprehensive risk analysis for the Schrozberg site, which will likewise include all environmental aspects (e.g. biodiversity).	ISO 9001 or ISO 14001 audit result	At least annual evaluation of all site-related risks	achieved ✓
We will establish individual digital product presentations, especially for the promotion of closer contacts with industrial and end customers.	Number of presentations given	20 p.a.	achieved ✓
We will establish our own HAKRO sustainability prize for our dealers in order to live out the topic of sustainability together and to give it even more priority.	Award of the HAKRO sustainability prize to authorised dealers	1 p.a.	1 p.a.
We will translate our compliance requirements into a certified compliance management system.	ISO 37301 audit result	Certification	in progress
We will gradually publish our textile supply chains in line with demand.	Proportion of published supply chains at Tier 1	100%	achieved (via membership of PST*)

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

* Partnership for Sustainable Textiles

SELECTED OBJECTIVES BY 2030

We have set ourselves a number of objectives that we want to achieve by 2030. These include:

- Offering our dealers and end customers the opportunity to trace the journey of their HAKRO textiles back to their origin.
- Having our authorised dealers share and transport our sustainability topics and values and be willing to incorporate these into their sales activities.



MANAGEMENT OF OUR DUE DILIGENCE

In the management of human rights due diligence in our supply chain, we base our → [Integrated sustainable purchasing process](#) on the recommendations of the OECD. It 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, however, increase the willingness of management and staff to proactively tend to environmental issues to a greater degree at the production site.

Our risk analysis is structurally based on the [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) and individually expanded by special topics such as biodiversity.

We will continually deepen the traceability of our supply chains until we achieve 100% by 2027.

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 process](#).

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 analysis.

DATA BASIS OF RISK ANALYSIS

SECTOR RISKS

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

COUNTRY RISKS

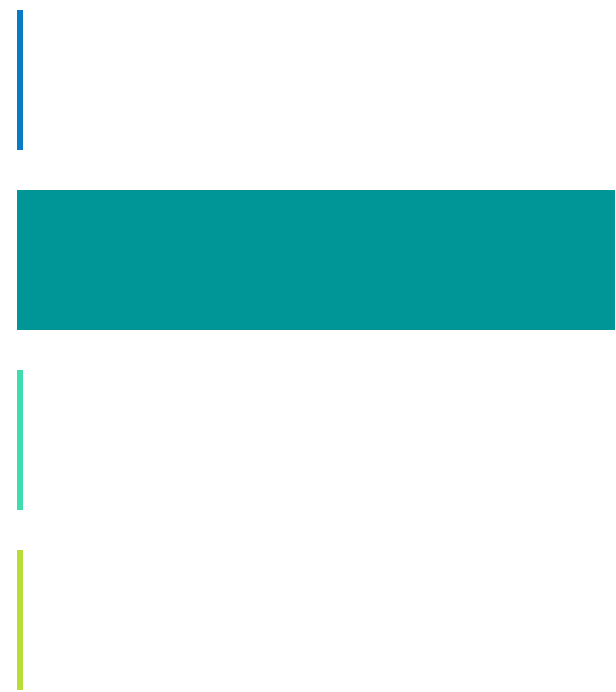
- Publications of the stakeholder network (including Fair Wear, Partnership for Sustainable Textiles, UPJ, amfori)
- Studies and publications of national and international NGOs and trade unions (including FEMNET e.V., Clean Clothes Campaign, ITUC Global)
- Publications of international and state organisations,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

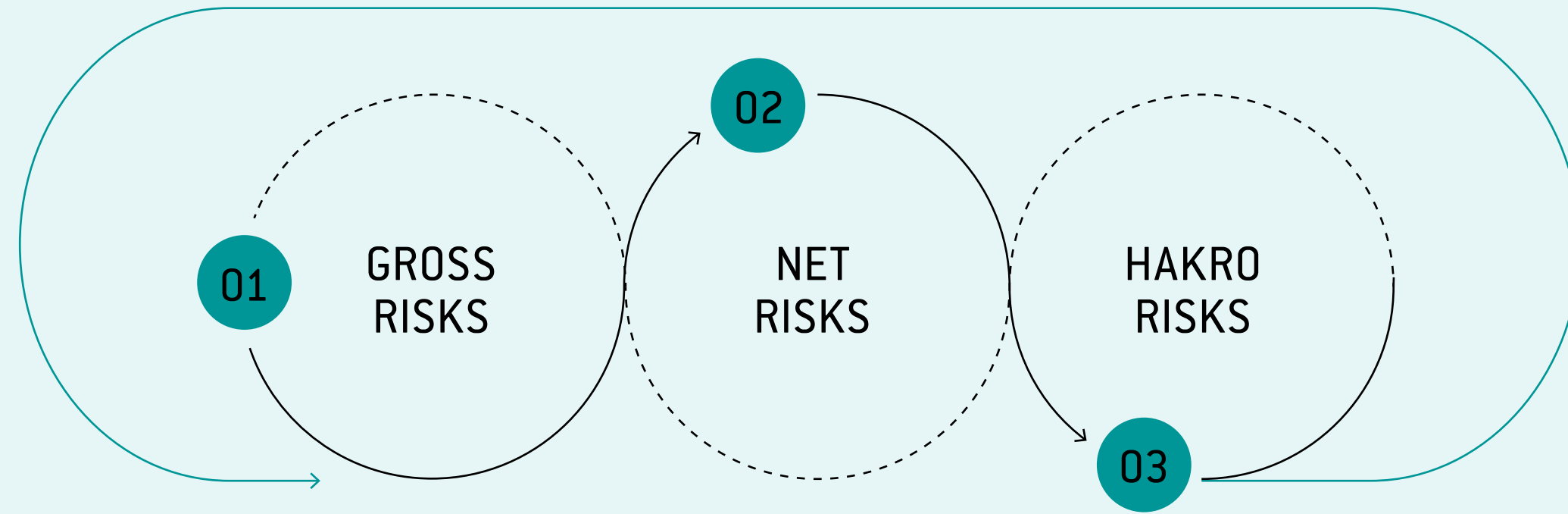
PARTNER RISKS

- 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 evaluation
- 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





01
Compilation of potential human-rights risks and environmental gross risks in four dimensions:

- **SECTOR RISKS**, see → [value chain](#)
- **COUNTRY RISKS**, see → [production countries](#)
- **PARTNER RISKS**, see → [status quo of the production sites](#)
- **PRODUCT AND BUSINESS MODEL RISKS**
(as part of our → [business strategy processes](#))

02
Determination of the net risks and prioritisation through weighting the

- a) probability of occurrence
- b) severity, on the basis of
 - **scope**
(How many people are affected?)
 - **irreversibility**
(How can potential damage be compensated for?)
 - **extent**
(How serious is the potential damage?)

- 03
- Stakeholder communication
 - > Internal (purchasing, executive management, management level)
 - > External (production partners, reporting)
 - Deriving the impact measurement of remediation measures already taken
 - Continuous updating
 - Comprehensive annual update of the database
 - Initiation of step 3 of the HAKRO due diligence process, see → [Integrated sustainable purchasing process](#)

In the deeper supply chain (Tiers 2-4), not all data points for assessing net risks are available yet. It is primarily sector and country risks that are analysed here.

GRIEVANCE MECHANISM

Worker grievances represent an important resource for us for the assessment of partner risks and help us identify measures needed in the supply chain. This requires safe, reliable and functioning channels. Therefore, integrating the Fair Wear grievance mechanism is especially important for us. During our own on-site visits and the iMPACT Program audit, an on-site check is made of whether the grievance mechanism is available to all workers.

It is important to us that the grievance mechanism is understood, that trust exists – e.g. through protecting the complainant’s anonymity – and that the mechanism is actively used as a communication channel. We regularly raise awareness of this among our production partners.

CURRENT COMPLAINTS

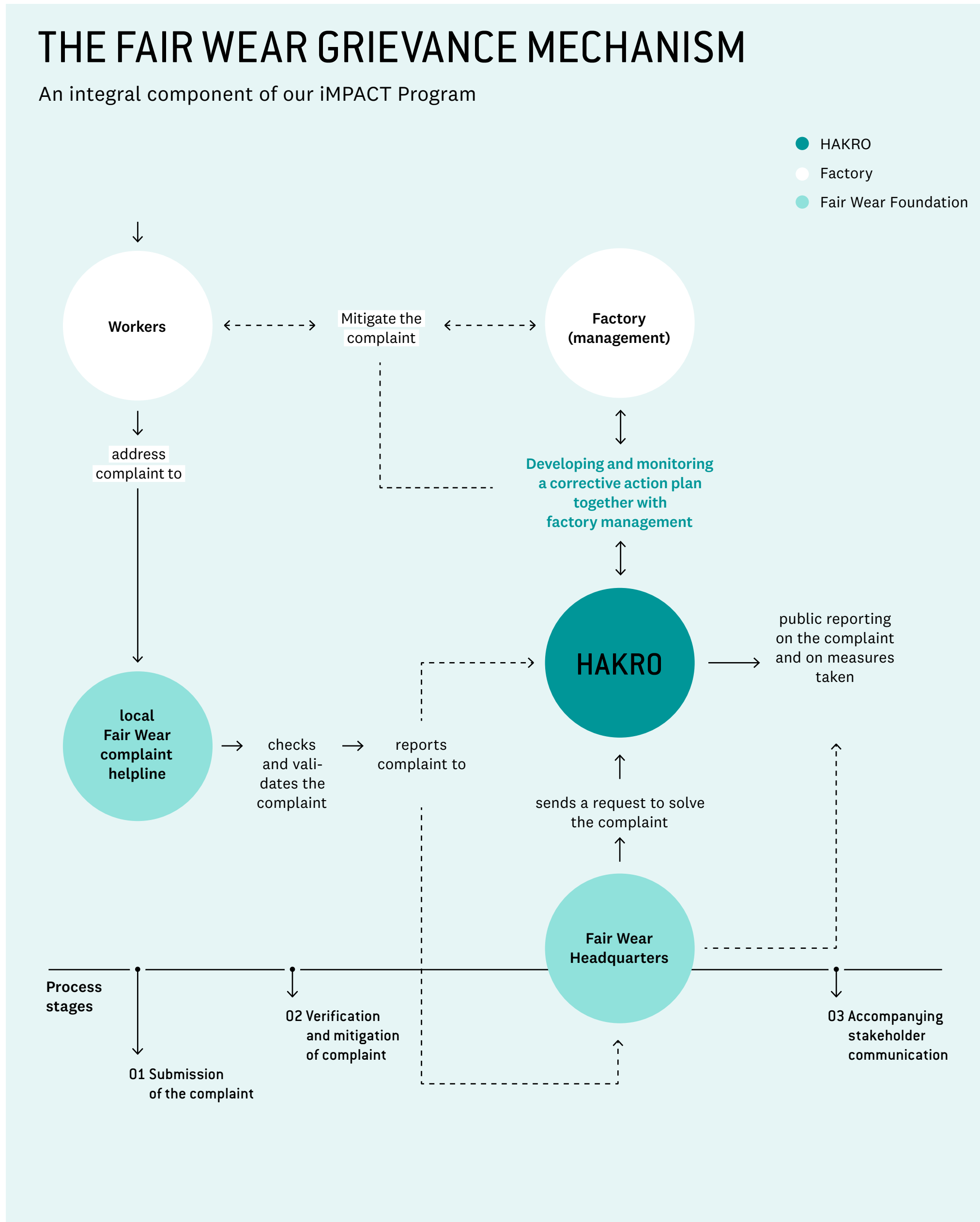
We did not receive any complaints through the Fair Wear mechanism in 2023. This does not mean that no complaints were submitted and remedied, as almost all our production partners have their own

in-house grievance channels. The Fair Wear grievance mechanism thus particularly serves for grievance cases where the complainant does not want to submit the grievance via in-house mechanisms.

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.

The production volume in China amounts to less than 5% of our production volume, which is why we have not prioritised the audits there. We audited → [the new factory in Pakistan](#) for the first time in 2023 as part of the onboarding.



BULGARIA



Shumen

HEADCOUNT:
204

of which female: 196
of which male: 8

Audits:

- › iMPACT Program (October 2021)
- › GOTS (November 2023)

Production volume: 8%

Collaboration since 2018

Factory capacity utilisation: 100%

WAGE DATA FOR 2023

Monthly statutory minimum wage:
605.27 BGN ≈ 334.77 USD

Lowest wage in the factory:
660 BGN ≈ 365.05 USD

Average wage in the factory:
750 BGN ≈ 417.42 USD

Living wage*:
1,143.25 BGN ≈ 632.33 USD

Living wage gap:
483.25 BGN ≈ 268.95 USD

* according to an adjustment of the [Global Living Wage Data Set](#) by an average inflation rate of 9.5% for 2023

PRODUCTION PARTNER

The manufacturing site in Bulgaria belongs to our Turkish partner, and HAKRO uses 100% of its production capacity. The anonymous worker survey as part of the iMPACT Program audit (Worker Sentiment Survey) revealed very high employee satisfaction and that workers would recommend the employer and would like to continue working there for longer.

MAIN PARTNER-SPECIFIC RISKS AND REMEDIATION MEASURES

- Medium-high risk of restricted freedom of association, as no trade union represented
- No independent calculation of a living wage level
 - Calculation of the wage gap by the iMPACT Program audit
 - Repeated discussions with the management on the wage cost calculation

PRODUCTION-FACILITY VISITS

- Our own team in Turkey makes regular on-site visits

MOLDOVA



Orhei

HEADCOUNT:
203

of which female: 194
of which male: 9

Audits:

- › iMPACT Program (November 2011)
- › GOTS (November 2023)

Production volume: 7%

Collaboration since 2005

Factory capacity utilisation: 30%

WAGE DATA FOR 2023

Monthly statutory minimum wage:
3,313.60 MDL ≈ 183.34 USD

Lowest wage in the factory:
3,313.60 ≈ 183.34 USD

Average wage in the factory:
5,707.22 MDL ≈ 315.49 USD

Living wage*:
11,022.14 MDL ≈ 609.85 USD

Living wage gap:
7,708.54 MDL ≈ 426.51 USD

* according to an adjustment of the [Global Living Wage Data Set](#) by an average inflation rate of 9.5% for 2023

PRODUCTION PARTNER

The manufacturing site in Moldova belongs to our Turkish partner. Over 64% of the staff have been employed here more than three years.

MAIN PARTNER-SPECIFIC RISKS AND REMEDIATION MEASURES

- Increased risk of incorrect time recording and related incomplete payment of overtime
 - Improvement of communication channels across the various management levels (ongoing measure)
 - Regular consultation of labour and wage data
- Increased safety risk in connection with missing protective equipment
 - Repeated internal training (ongoing measure)

PRODUCTION-FACILITY VISITS

- Regular visits by our team in Turkey

PAKISTAN



Lahore

HEADCOUNT:
238

of which female: 9
of which male: 229

Audits:

- › iMPACT Program (August 2023)

Production volume: <1% (2023 only sample production)

Collaboration since 2023

Factory capacity utilisation: <1%

WAGE DATA FOR 2023

Monthly statutory minimum wage:
25,000 PKR ≈ 89.70 USD (01/01/2023-30/09/2023)
32,000 PKR ≈ 115 USD (01/10/2023-31/12/2023)

Lowest wage in the factory:
25,000 PKR ≈ 89.70 USD

Average wage in the factory:
28,047 PKR ≈ 100.68 USD

Living wage*:
43,709 PKR ≈ 153 USD

Living wage gap:
18,709 PKR ≈ 67.13 USD

* according to the Global Living Wage Coalition, as of 2023

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. For the latter, for example, a change management team in which workers are also represented was set up on site.

MAIN PARTNER-SPECIFIC RISKS AND REMEDIATION MEASURES

- High risk of informal employment
 - Establishment of fixed HAKRO lines
 - Gradual increase in the factory capacity utilisation from 2024 and replacement of short-term orders with continuous capacity utilisation
 - Raising awareness with factory management
- Increased risk of discrimination as a result of employment of minorities
 - Support in setting up personnel management
 - Training of managers and workers
 - Women’s representative in the change management team
 - Creation of effective grievance mechanisms
- Risk of excessive overtime
 - Root cause analysis: Factory works as subcontractor for other manufacturers
 - Gradual increase in capacity utilisation by HAKRO and replacement of short-term orders
- In the 2023 onboarding process: monthly remediation discussions with the factory and fortnightly coordination with our country manager on site

PRODUCTION-FACILITY VISITS

- Several factory visits by HAKRO between July and December 2023
- Weekly factory visits by our country manager on site



LAOS 1



HEADCOUNT:
945

of which female: 786
of which male: 159

Audits:

- › iMPACT Program (March 2022)
- › GRS (2023)
- › GOTS (2023)

Production volume: 22%
Collaboration since 2012
Factory capacity utilisation: 40%

WAGE DATA FOR 2023

Monthly statutory minimum wage:
1,600,000 LAK ≈ 73.98 USD

Lowest wage in the factory:
1,738,913 LAK ≈ 80.41 USD

Average wage in the factory:
2,208,898 LAK ≈ 102.14 USD

Living wage*:
13,051,183 LAK ≈ 603.49 USD

Living wage gap
11,312,270 LAK ≈ 523.08 USD

* according to an adjustment of the [Global Living Wage Data Set](#) by an average inflation rate of 27.05% for 2023

PRODUCTION PARTNER

Our Laos 1 factory is a manufacturing site with a connecting residential complex. Around 25% of the staff live in accommodation on the company premises. The company premises house a cafeteria and a small kiosk.

MAIN PARTNER-SPECIFIC RISKS AND REMEDIATION MEASURES

- Increased risk of restricted freedom of association
→ Raising management’s awareness and establishment of the Fair Wear grievance mechanism at the site

PRODUCTION-FACILITY VISITS

- Factory visits by HAKRO in autumn 2022
- Various factory visits by our agent during the year

LAOS 2



HEADCOUNT:
656

of which female: 539
of which male: 117

Audits:

- › iMPACT Program-Erstaudit (March 2022)
- › iMPACT Program-Follow-up-Audit (November 2022)

Production volume: 1%
Collaboration since 2011
Factory capacity utilisation: 5%

WAGE DATA FOR 2023

Monthly statutory minimum wage:
1,600,000 LAK ≈ 73.98 USD

Lowest wage in the factory:
2,560,000 LAK ≈ 118.38 USD

Average wage in the factory:
2,745,293 LAK ≈ 132.39 USD

Living wage*:
13,051,183 LAK ≈ 603.49 USD

Living wage gap
10,491,183 LAK ≈ 485.11 USD

* according to an adjustment of the [Global Living Wage Data Set](#) by an average inflation rate of 27.05% for 2023

PRODUCTION PARTNER

Laos 2 is a modern manufacturing site for shirts. In the company management, we are already working together with the second generation of the family-run company. Accommodation for workers is connected to the factory at this site too.

MAIN PARTNER-SPECIFIC RISKS AND REMEDIATION MEASURES

- Increased safety risk due to incorrect storage of thinners
→ Repeatedly raising the awareness of the factory management responsible for storage
- Slightly increased risk of restricted freedom of association due to fault in external Fair Wear grievance mechanism
→ Correction of the contact details by Fair Wear
→ Intensive dialogue on the factory’s own grievance mechanism
- Slightly increased risk of subcontracting
→ Identification of the company’s second production site, to which some subcontracts from other customers are awarded
→ Onboarding the subcontractor and initial risk analysis of the site
→ Spot-check visits on site

PRODUCTION-FACILITY VISITS

- Visits on site by HAKRO in autumn 2022
- Various factory visits by our agent during the year in 2023

CAMBODIA



HEADCOUNT:
576

of which female: 427
of which male: 149

Audits:

- › iMPACT Program (August 2021 and May 2024)
- › GOTS (November 2023)

Production volume: 9%
Collaboration since 2019
Factory capacity utilisation: 30%

WAGE DATA FOR 2023

Monthly statutory minimum wage:
204 USD = 842,732 KHR

Lowest wage in the factory:
215 USD = 888,173 KHR

Average wage in the factory:
272.25 USD = 1,124,675 KHR

Living wage*:
230 USD = 2,957,824 KHR

Living wage gap
501 USD = 2,069,651 KHR

* according to an adjustment of the Asia Floor Wage 2022 by an average inflation rate of 2.15% for 2023

PRODUCTION PARTNER

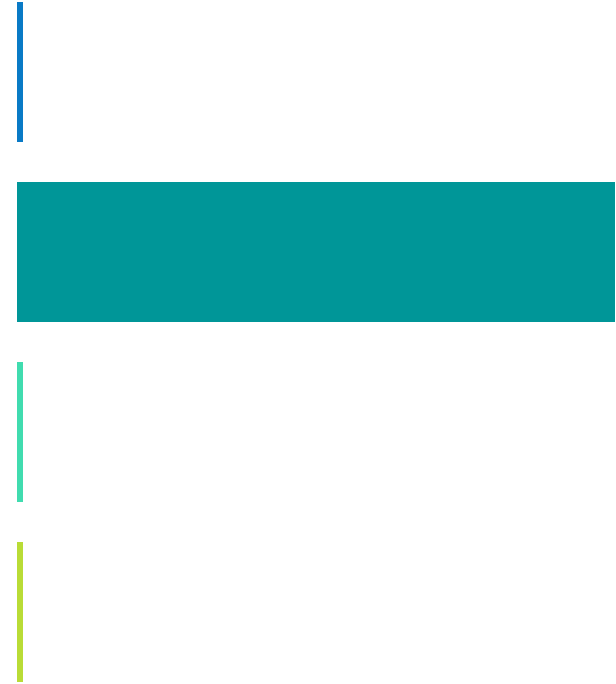
Our partner in Cambodia’s modern manufacturing business rents a single-storey factory building and therefore has lower safety risks per se but has little possibility of further expanding the building’s infrastructure and, for example, adding missing hydrants. The management team consists mostly of Chinese employees who live in accommodation on the company premises. The workers in the young team are aged between 18 and 40.

MAIN PARTNER-SPECIFIC RISKS AND REMEDIATION MEASURES

- Increased risk in the area of building and fire safety
→ Conducting regular drinking water tests
→ Replacement of missing personal protective equipment
→ Further remediation measures hard to achieve due to tenancy
- Increased risk of informal employment
→ Free choice for workers between fixed-term and permanent contracts

PRODUCTION-FACILITY VISITS

- Factory visit by HAKRO in July 2023
- Various factory visits by our agent during the year



GERMANY 1



PRODUCTION PARTNER

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

HEADCOUNT:

7

of which female: 6
of which male: 1

Audits:
None because low-risk country
Production volume: < 1%
Collaboration since 2023
Factory capacity utilisation: 15%

WAGE DATA FOR 2023

Not recorded because low-risk country

CHINA 1



PRODUCTION PARTNER

We only have a small production volume produced in China, totalling < 5% of our total purchasing. In 2023, we were able to reduce this significantly in this production country – we want to withdraw completely from China by 2025 due to the country-specific risks. Therefore, IMPACT Program auditing in China is not currently a focus, which is why it has also not yet been possible to calculate the living wage gap here. No visits took place in the reporting period.

HEADCOUNT:

81

of which female: 38
of which male: 43

Audits:
› amfori BSCI (2023)
Production volume: 2%
Collaboration since 2012
Factory capacity utilisation: 15%

WAGE DATA FOR 2023

Not recorded

CHINA 3



PRODUCTION PARTNER

In 2023, we carried out a one-off sampling in this facility in order to test potential relocation of our production of jackets. Another Fair Wear member already produces at this site. We were in intensive discussions on working conditions and on the management of due diligence on site with this brand from the start. We have decided against collaboration with this production facility due, in part, to the other Fair Wear member's negative experiences. Our agent visited the factory during the sampling period.

HEADCOUNT:

200

of which female: 160
of which male: 40

Audits:
› amfori BSCI (2022)
Production volume: 1% (only sample production)
Sampling in 2023, no partnership concluded
Factory capacity utilisation: none because only sampling

WAGE DATA FOR 2023

Not recorded

GERMANY 2



PRODUCTION PARTNER

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

HEADCOUNT:

82

of which female: 45
of which male: 37

Audits:
› GRS (2023)
Production volume: < 1%
Collaboration since 2023
Factory capacity utilisation: < 1%

WAGE DATA FOR 2023

Not recorded because low-risk country

CHINA 2



PRODUCTION PARTNER

This facility produces the HAKRO merino items, which account for < 1% of our material consumption and a small proportion of our collection.

HEADCOUNT:

302

of which female: 171
of which male: 131

Audits:
› SA 8000 (2023)
Production volume: < 1%
Collaboration since 2012
Factory capacity utilisation: 3%

WAGE DATA FOR 2023



Not recorded



OBJECTIVES IN THE SUPPLY CHAINS & PRODUCTS FIELD OF ACTION

In order to implement our HAKRO Vision by 2030, we have set ourselves SMART goals for each of our strategic fields of action. We regularly report on our target achievement in our Integrated Sustainable Management Report.

OBJECTIVE 2023

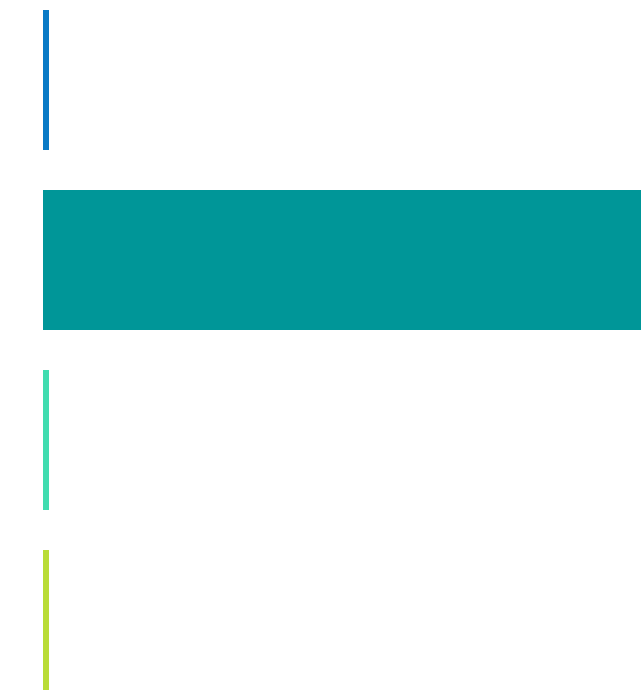
OBJECTIVE	100% of the animal fibres used in HAKRO products are certified sustainable and mulesing-free.	All new products we develop are recyclable.	We test all our products and materials for recyclability.	We are constantly monitoring the market for innovative materials, smart textiles solutions and fibres, and investigating their use from the perspective of sustainability, quality and suitability for industrial laundry.	All upstream wet processing facilities create an inventory of chemicals each year.	We regularly review and adjust 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.	We are creating a comprehensive sustainable packaging strategy.
MEASUREMENT/KPI	Use of animal fibres	Certified recyclability of new products (as of 2022, e.g. pursuant to Cradle-to-Cradle or circular fashion)	Proportion of the products and materials tested for recyclability	Testing innovative materials for sustainability according to recognised evaluation standards (such as the HIGG Index) and for suitability for industrial laundry in accordance with ISO 15797/ISO 30023	Proportion of wet process facilities with an existing inventory list	Assessment Fair Wear Brand Performance Check / chapter "Responsible purchasing practices" in percentage points	HAKRO packaging strategy
TARGET	100% certified sustainable (as of 2022: RWS)	100%	100%	at least one innovative material per year	100%	80%	created
STATUS	Objective delayed	Not achieved	achieved 	achieved 	in progress	not achieved	in progress

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

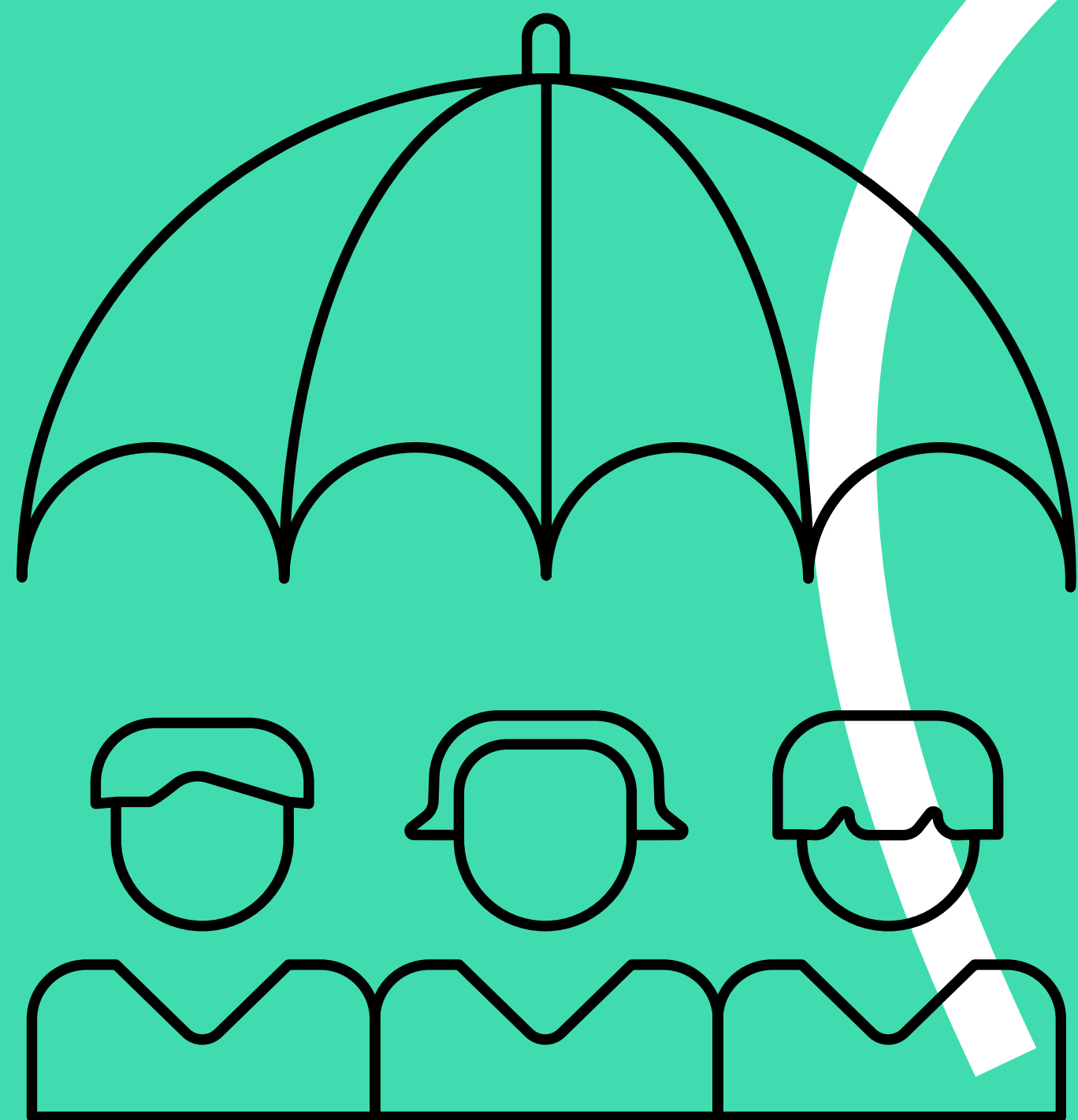
SELECTED OBJECTIVES BY 2030

We have set ourselves a number of objectives that we want to achieve by 2030. These include:

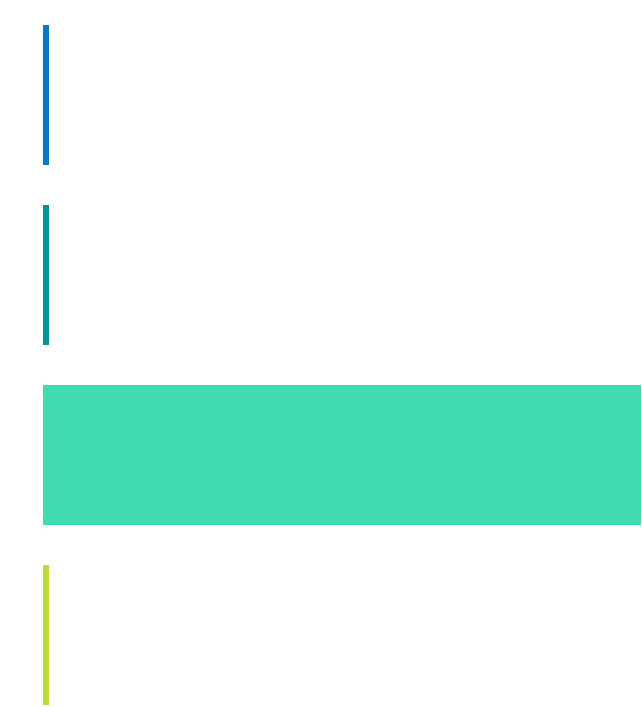
- Ensuring the payment of a living wage for workers at all our direct production partners (Tier 1) based on political, systemic and individual measures.
- Reducing existing CO₂e emissions in textile processing and in upstream goods transport (long distance) by at least 30% relative to the total produced quantity in units (compared with the base year 2022).
- Having all processing facilities in the upstream production processes audited at least every three years to analyse the actual environmental and human rights risks.
- 100% of the cotton used in HAKRO products will be sustainable. 100% of the synthetic fibres used in HAKRO products will be certified recycled.
- 100% of the synthetic fibres used in HAKRO products will be certified recycled.



TEAM & DIVERSITY



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MISSIONS AND OBJECTIVES

We are guided by our departmental missions in our four strategic fields of action. These support us in achieving the HAKRO Vision 2030.

In the Team & Diversity field of action, we have:

adopted → **24** objectives for 2030
defined → **111** measures
achieved → **91%** of the objectives due to be met to date (10 objectives)

Our missions in the field of action

TEAM & DIVERSITY

01

We accept social responsibility for all employees. HAKRO is valued as a safe, sustainable and outstanding employer.

03

Our commitment to the health of our employees results in a comprehensive occupational health management system.

02

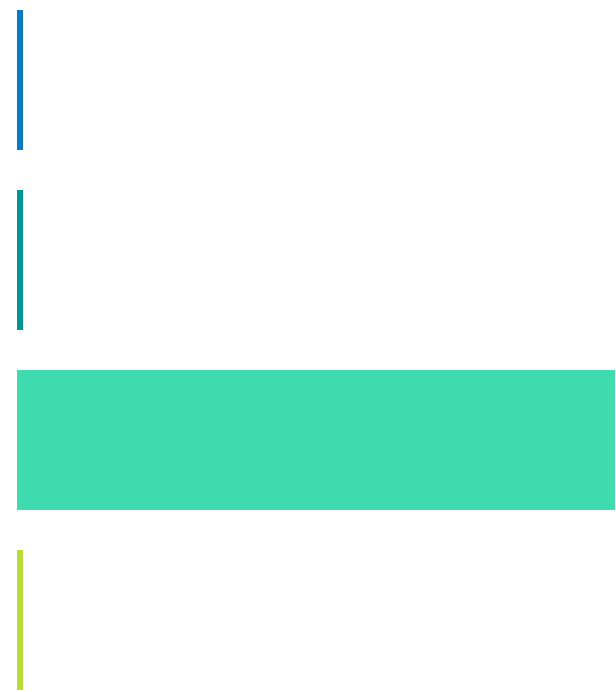
We live diversity and equal opportunities and see a diverse team as an enrichment for HAKRO.

04

We support our junior staff, train them in an appreciative way and offer our employees a comprehensive development and training programme.

OUR 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.



Diverse perspectives, creativity, autonomy and willingness to learn from each other – these are the ingredients that create team spirit at HAKRO. The values that determine how we interact with each other are also typical of HAKRO: respect, appreciation and trust. To ensure this special HAKRO spirit will continue to carry us forward in the future, we continuously invest in the development of our staff and our corporate culture.

HAKRO AS AN EMPLOYER

Flexible working based on trust. Fair pay. Modern working time models that enable individual solutions for the optimum work-life balance in every phase of life. Those are some of the reasons why HAKRO is valued as a safe, sustainable and outstanding employer.

CORPORATE CULTURE

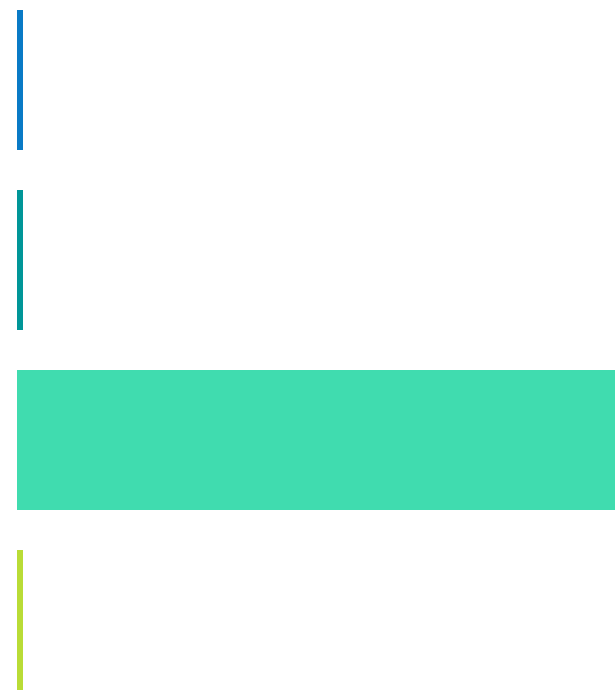
A corporate culture cannot be imposed but can be encouraged and developed by living the company's values. Based on the principle that our company serves people and not the other way round, HAKRO has succeeded in establishing a culture of connectedness and commitment with which colleagues identify. Our HAKRO team-wear, which we provide to all employees and which emphasises team spirit with

our brand logo and the slogan "HÄLT." on every item of clothing, also contributes to this.

In our current employee survey, 97% of respondents state that they are satisfied with HAKRO as an employer. Word gets around: compared with other companies, we receive an above-average number of unsolicited applications.

SUSTAINABILITY AS A CORPORATE OBJECTIVE

We have firmly anchored sustainability in our culture as one of our corporate objectives with our [Integrated Sustainable Business Strategy for 2022–2030](#). A sustainable approach plays a key role in all areas of the company and also in our Human Resources & Motivation department. Sustainability is addressed as early as the application process for new employees. 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.

In 2022, we introduced our intranet my.HAKRO for better internal connectivity. According to the survey, almost all employees (99%) use the intranet and find relevant information there.

SOCIAL RESPONSIBILITY AND EMPLOYER ATTRACTIVENESS

We have established ourselves as an important employer at our site in rural Schrozberg and want to continue to grow here. We live up to our reputation as

an attractive company by making social responsibility for our workers a top priority. One focus in 2023 was on flexible working hours and break times – which we have further expanded – and we can now also offer our logistics staff greater flexibility in certain time corridors: the core working hours were set from 9 a.m. to 3 p.m., and from 6 a.m. to 6 p.m. is flexitime – an arrangement that has met with a positive response and that our employees like to make use of. A new agreement on working from home was also rolled out in the reporting year. It stipulates that all colleagues whose work can be done from home are allowed to work remotely for two days a week. HAKRO subsidises the office equipment at home with a one-time net amount of €300. HAKRO provides all the hardware needed, from the laptop to screen to headset.

We have expanded our flexible working times: staff in logistics have also been able to benefit from a flexitime arrangement since 2023.

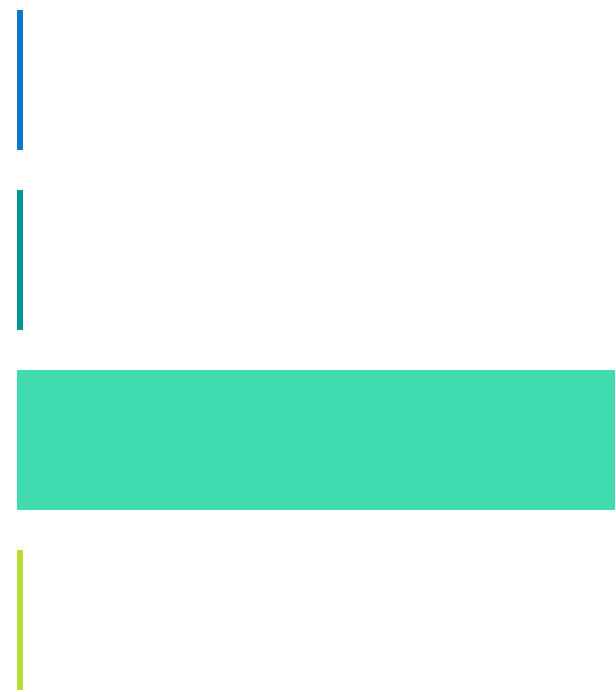
Showing our position and taking a clear stance: in dialogue with our stakeholders, it is important to us to clearly advocate at all times for the values HAKRO stands for. More details can be found on this in the → [Company Management & Dialogue section](#).

We are aware that different life stages are also associated with different requirements at work. Our flexible options are intended to provide our employees with needs-based solutions at all times and enable a good work-life balance. This includes the option of a sabbatical for our permanent staff. After a successful test run in 2022, the first staff members were able to make use of the option of planned time out in 2023. Also in the interests of a good work-life balance, we want to offer holiday programmes for the children of our employees in the future and subsidise childcare.

REMUNERATION

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

Our pay strategy is based on the standard rates for wholesale and foreign trade, which we want to exceed from 2024 – a challenging objective in view of faltering wage negotiations and general cost increases that affect not only our employees but also HAKRO as a company. In order to at least partially compensate for inflation, we have to date paid compensation bonuses of €1,500 and have given a clear signal of our reliability by increasing salaries by 4% from May.



TRAINING AND EDUCATION

We see the in-depth training and continuous professional development of our staff as an investment in HAKRO's future. We think holistically here and, in addition to the development of professional expertise, we also have the personal development of each and every individual in view. In particular, we value participatory formats, as the sustainable transformation of our company can only succeed if we work together.

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. In addition to a traditional apprenticeship, we also offer places for students on dual work-study courses in sustainable management or business administration with a focus on trade logistics or fashion management. We train our apprentices as warehouse specialists, warehouse logistics specialists and wholesale and foreign-trade management assistants. All apprentices and dual work-study students at HAKRO spend time in all the departments in order to get to know HAKRO in its entirety and find out what work and topics interest them the most. Since 2023, work shadowing on social projects has been an integral part of all training at HAKRO.

PERSONNEL DEVELOPMENT

The diverse options our HAKRO Academy offers enable our employees to continue their professional and personal development. Since 2023, rooms have been available to us for this in an additional academy. The content of the training ranges from specialised seminars to workshops on social skills and sustainability knowledge to fitness and art courses. We analyse each employee's individual training potential together in the annual performance review.

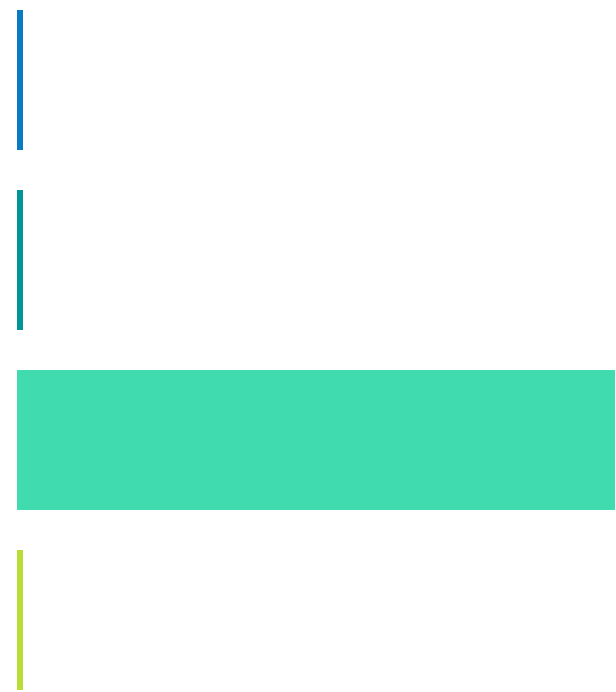
SHAPING TRANSFORMATION TOGETHER

The HAKRO Academy's programmes give all employees the opportunity to contribute to the further development of our com-

pany: we support the development of our strategy and HAKRO's transformation with our own participatory information and training formats. For example, we recently introduced a series of workshops dedicated to the topics of change management and digitalisation. The introduction of our new time-recording system and the launch of the new personnel software at the start of 2024 are supported by workshops. In the future, we want to increasingly include e-learning in our further training options and facilitate educational scholarships.

We have expanded the development programme for our managers and, in addition to heads of department, now also target team leaders: regular in-house seminars with external specialists offer the opportunity to further develop their own management skills with regard to many different topics, such as conducting meetings or self-management.

Since 2023, all our apprentices and dual work-study students also complete a work shadowing placement in a social project as part of their training.



NEW HIRES (HEADCOUNT)

14

NUMBER OF NATIONALITIES IN THE TEAM

16

NUMBER OF EMPLOYEES (HEADCOUNT)

198 

→ of which full-time:

65%

→ of which part-time:

23%

→ of which marginal employment (mini job):

11%

→ on parental leave:


1%

→ employees with a disability:

3%

PROPORTION OF WOMEN

→ Total:

66% 

→ managers:

56%

→ executive management:

33.3%

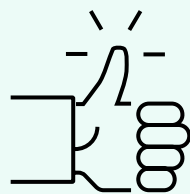
EMPLOYEE SATISFACTION EXPRESSED AS A GRADE (1 = HIGHEST, 6 = LOWEST)

1.5

EMPLOYEE SURVEY PARTICIPANTS

88%

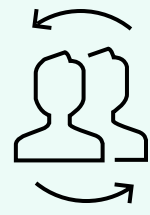
EMPLOYEES WITH AN ANNUAL DEVELOPMENT REVIEW



100%

STAFF TURNOVER RATE (TERMINATION OF EMPLOYMENT BY THE WORKER)

1.5%



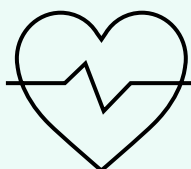
APPRENTICESHIP RATE

5%

ACCIDENT RATE

3%

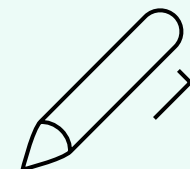
HEALTH RATE



93%

TRAINING HOURS PER PERSON

11.57



DIVERSITY AND EQUAL OPPORTUNITIES

HAKRO is colourful and diverse – that’s how we see ourselves. Irrespective of personal attributes, we interact as equals in the team and benefit from the large number of perspectives resulting from the diversity of all the colleagues.

DIVERSITY AT HAKRO

Diversity is part of our everyday life at HAKRO: people from 16 nations work in our company, 56% of our management positions are held by women, 3% of our employees have a disability, two diversity and inclusion officers are available to our staff at all times – these facts and figures show what a high value diversity and equal opportunities have at HAKRO. Our signature of the Diversity Charter further underlines this view. The results of our current employee survey show that our diversity strategy is proving successful: more than 98% of those surveyed 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.

HAKRO IS COLOURFUL

Openness and sense of community are important success factors, not only for working together in the team but also for successful social coexistence. For this reason, our commitment to diversity is not limited to direct working environment. Like in previous years, we also had something special planned to fittingly celebrate Diversity Day in May in 2023. This time, we started a batik event at the marketplace in Schrozberg for our team and the whole of Schrozberg and the surrounding area. At the location, all those present and passing by were given the opportunity to dye a T-shirt and discover that every T-shirt comes out as special, colourful, beautiful and individual as the person who made it. HAKRO was also present at the town of Schrozberg’s 50-year anniversary: together with the players from the HAKRO Merlins Crailsheim, we organised a diverse and colourful basketball day. Another facet of our diversity is the regular social meetings HAKRO has initiated: since these started in spring 2023, former employees have been meeting with

still-active team members at regular intervals to talk and share memories – with senior managers Harry and Marianne Kroll and managing director Carmen Kroll also coming along to the meetings.

INCLUSION

Diversity at HAKRO also means that people with and without disabilities work together in the team. HAKRO has a long-standing partnership with Sozialtherapeutische Gemeinschaften Weckelweiler e.V., which supports and individually assists people with disabilities. Since 2017, there has been a fixed external group of currently ten people who work

in the Logistics & Services department. Two colleagues from our Weckelweiler team have now been hired directly at HAKRO so they could be integrated into the so-called first job market. Our objective is to increase the proportion of employees with a disability from 3% currently to 15% by 2030.

INCLUSIVE PROJECT OPPORTUNITIES

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.

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.



HEALTH, SAFETY AND WELL-BEING

The principle of “safety first” is a top priority at HAKRO and applies both to the physically demanding work in our logistics department and to administrative work. In addition to safety, we also feel particularly committed to the health and well-being of our employees and therefore invest in a wide range of health-promoting measures.

OCCUPATIONAL HEALTH AND SAFETY

In 2023, we trained eleven safety officers, who volunteered for this role. They now act as disseminators for all the safety topics and are always available in the teams to provide help and advice. In addition to the safety officers, a total of two colleagues in the Human Resources & Motivation team have been responsible for promoting our employees’ health since summer 2023. We will transfer our complete health programme into a comprehensive corpo-

rate health management strategy during 2024.

“SAFETY FIRST” IN LOGISTICS AND ADMINISTRATION

In our offices, we pay particular attention to ergonomically designed workstations, so in the reporting year our investments included new office chairs and additional monitors. Measures such as height-adjustable and thus back-friendly tables, including at the packing stations, ensure a healthy working environment in logistics. Our site and building planning is also geared to the aim of creating the best conditions for healthy, networked and joyful work. Because safety precautions are also vital in the virtual world, we introduced a new training tool for more cybersecurity in the reporting year.

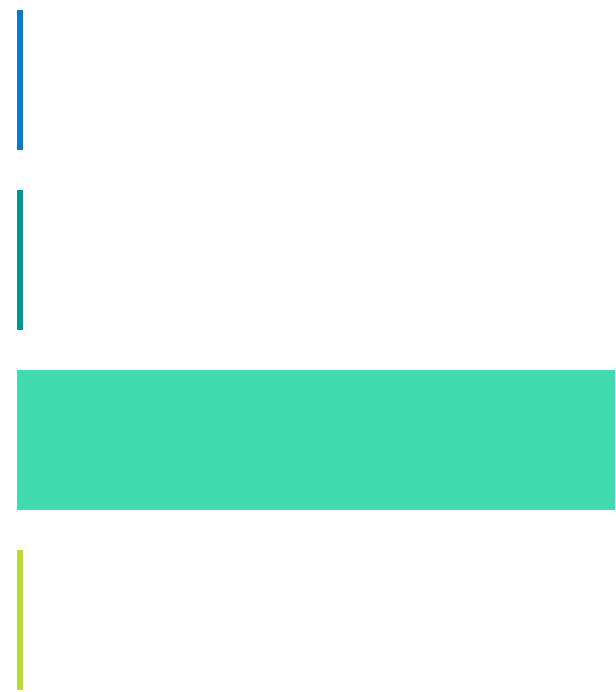
WELL-BEING

An extensive range of health-promoting measures are available to our employees. These include a fitness and yoga programme and health tips. We have also expanded our massage offering following the expansion of the premises. Wellness areas with swings and a barefoot path invite you to slow down and breathe deeply in our outdoor area. The “active break” introduced in 2023 is enjoying great popularity: five-minute intervals once a week during which the individual teams can loosen muscles and joints and gain fresh strength with the aid of guided exercises.

CATERING

In the reporting year, we worked intensively on establishing our new inclusive “Body & Soul” team and created all the conditions to allow us to offer our employees and guests healthy food options. In spring 2024, we opened our canteen “Our Dining Room”, which offers fresh, regional, seasonal dishes. We do not use any external service providers – HAKRO employs all the canteen workers directly. Located in the converted former bistro of our logistics department, the canteen is also intended to become a meeting place where colleagues from various teams can come together, resulting in the logistics and administration departments growing closer together.







In 2024, we opened the HAKRO canteen “Our Dining Room” with a fresh, regional and seasonal menu and created a new, inclusive “Body & Soul” team.



OBJECTIVES IN THE TEAM & DIVERSITY FIELD OF ACTION

In order to implement our HAKRO Vision by 2030, we have set ourselves SMART goals for each of our strategic fields of action. We regularly report on our target achievement in our Integrated Sustainable Management Report.

OBJECTIVES IN 2023

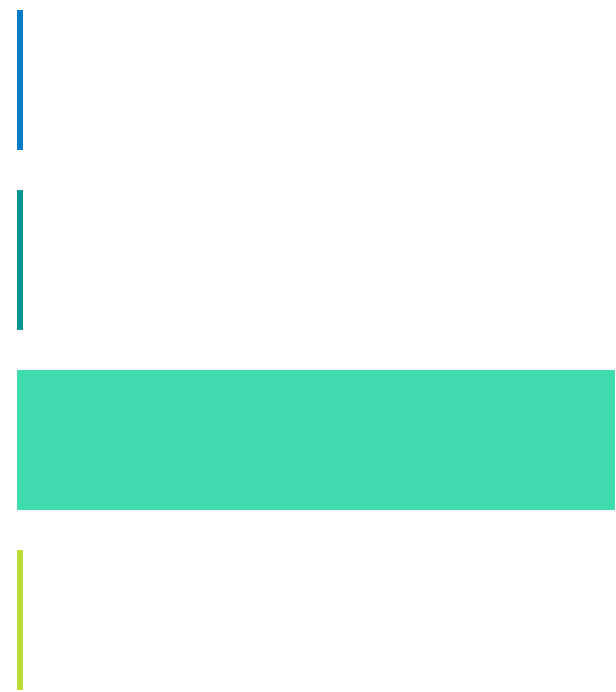
OBJECTIVES	At least 80% of employees will take part in our regular and comprehensive satisfaction survey.	The HAKRO training programmes will include work shadowing in social projects.	Across the company, we will ensure that our applicants are committed to sustainability as early as the application process.	We will inspire enthusiasm in our team for all dimensions of diversity and equal opportunities by means of events, training and other formats.	We will develop a programme to develop internal up-and-coming managers.	We will motivate our employees to take part in the HAKRO Academy's programme and increase the average training hours to expand personal, professional and methodological abilities, skills and knowledge.
MEASUREMENT/KPI	Participation rate	Number of work shadowing placements per trainee	Integration of the topic of sustainability into the interview guide for job interviews	Participation in awareness-raising measures per employee per year	Development programme for up-and-coming managers	Training hours at the HAKRO Academy per employee per year
TARGET	at least 80%	1	1	1	1	10 hours
STATUS	achieved 	achieved 	achieved 	achieved 	achieved 	achieved 

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

SELECTED OBJECTIVES BY 2030

We have set ourselves a number of objectives that we want to achieve by 2030. These include:

- **2026:**
Our salary structure in wage and salary groups will be transparent and understandable for all employees
- **2027:**
We promote childcare services for our employees' children who are not of school age.
- **2030:**
All HAKRO employees in permanent employment with a monetary benefit from the company pension scheme make use of this pension plan.



SITE & RESOURCES



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Site strategy and building management	80
Resources and environmental and climate protection	80
Objectives in the Site & Resources field of action	85

MISSIONS AND OBJECTIVES

We are guided by our departmental missions in our four strategic fields of action. These support us in achieving the HAKRO Vision 2030.

In the company Site & Resources field of action, we have:

- adopted → **12** objectives for 2030
- defined → **30** measures
- achieved → **95%** of the objectives due to be met to date (9 objectives)

Our missions in the field of action SITE & RESOURCES

01

We conserve resources and rely on a consistent waste management system.

02

The Schrozberg site remains climate neutral.

03

We are committed to protecting ecosystems and biodiversity at the Schrozberg site.

OUR 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.



Our commitment to our site stands: we want to stay and continue to grow here in rural Schrozberg and, at the same time, keep resource consumption and our environmental impact as low as possible. We map HAKRO's complete carbon footprint transparently, and our reduction measures are targeted at areas where we can improve. We are going to expand our holistic climate-protection strategy to include science-based targets in accordance with the Science Based Targets initiative by 2024.

SITE STRATEGY AND BUILDING MANAGEMENT

We have added to our motto "from Schrozberg to the world": we also want to increasingly bring "the world to Schrozberg". Our site strategy is also in line with this idea. We have extended buildings and constructed new ones at our headquarters in Schrozberg in several stages in recent years. In addition to adding capacity for administration and logistics, we have also created a location where we can optimally realise our vision of cooperation and participation in the form of the HAKRO showroom. To be able to continue to grow in the future, we have already reserved a further 20,000m² of space in the Schrozberg industrial park adjacent to our current company

premises. We will in future carry out all new constructions and conversions at our site in accordance with the criteria of the German Sustainable Building Council (DGNB).

RESOURCES AND ENVIRONMENTAL AND CLIMATE PROTECTION

We want to keep our need for resources as well as our environmental and climate impact as low as possible. We therefore analyse all processes in order to be able to make them as efficient as possible and to close materials loops wherever this is already possible. Our environmental management system has been ISO 14001-certified since 2020.



CLIMATE PROTECTION STRATEGY

The prevention and reduction of greenhouse gas (GHG) emissions along the entire HAKRO value chain is at the heart of our holistic climate protection strategy. As part of the strategy, we report and manage not just CO₂ emissions but all greenhouse gas emissions (expressed as CO₂ equivalents, CO₂e). We have defined relevant targets and measures in our Integrated Sustainable Business Strategy for 2022–2030. In addition, we will gradually expand our climate protection strategy to include science-based targets (SBTs) in order to contribute to achieving the goal of the Paris Agreement (to limit global warming to 1.5°C). The objective for 2024 is to submit the SBTs to the Science Based Targets initiative and incorporate them in HAKRO’s client management system. See also → [Supply chain & products](#).

REDUCTION OF EMISSIONS

We have been recording our site-related climate data since 2017 and use it to derive opportunities for further reducing our direct greenhouse gas emissions. We produce sustainable electricity from four photovoltaic systems on the roofs

We supplement our climate-protection strategy with science-based targets validated by the Science Based Targets initiative and thus contribute to the achievement of the Paris Agreement’s goal.

of our company buildings. We used 31% of it ourselves in 2023 and fed the rest into the power grid. We purchase the remaining electricity we need as green electricity so that there are no electricity-related CO₂e emissions (Scope 2).

Our objective is 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.

When it comes to our products and the indirect emissions from our upstream supply chain, we prevent and reduce emissions by, for example, gradually switching to sustainable and recycled fibres, reducing packaging material, avoiding goods carried by air and encouraging the use of

renewable energy in the supply chain. By 2025, we want to report all the Scope 1 and Scope 2 emissions of our direct production partners (Tier 1).

IMPACT OF DIGITALISATION

We are currently working on mapping the impact of digitalisation in our climate reporting. Digitalisation effects are complex and represent a significant challenge for precise climate reporting. A large number of digital technologies and processes, such as the operation of computer centres and networks and the production and disposal of hardware, contribute to the emission of greenhouse gases to differing degrees. In addition, digital technologies are developing rapidly and can have both positive and negative effects on the carbon footprint, which

means we have to continuously adjust the calculation models. We have therefore abandoned the objective we set for 2023 of mapping climate-related digitalisation effects in favour of ongoing research and continuous improvement.

OFFSETTING AS AN INTERIM SOLUTION

While we work on reducing our emissions, as an interim step we are using the option of offsetting to offset emissions we cannot yet avoid. We have offset our emissions at the site in Schrozberg since as early as 2017. Since the start of 2022, we are additionally offsetting the negative climate effects for our entire collection. We follow the “cradle-to-customer plus end-of-life” approach here. This means that when calculating and offsetting emissions, all unavoidable emissions are taken into account, including those arising from raw material extraction, the processing of raw materials to produce clothing – including its packaging, transport and recycling – and recovery at the end of a product’s life cycle. Only the use phase of the garments is excluded from the evaluation, 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. When selecting certified climate protection projects, we make sure that these have a long-term approach, directly and measurably contribute to climate protection and bring added value for society. The projects we support include a wind energy project in [Turkey](#) and the protection of primary forests in [Brazil](#).

TRANSPARENT CLIMATE LABELS

The successes of our efforts are proved by the revised [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. See also [→ ClimatePartner-certified collection](#).

Our product carbon footprint makes the climate impact of each individual HAKRO product transparent. We can use this information to take targeted measures to reduce emissions.

BIODIVERSITY

From dry stone walls on the company grounds to a 10,000m² wildflower meadow to the extensive green roof: we are already doing a lot to promote biodiversity at our site in Schrozberg. In 2023, we conducted a biodiversity analysis to measure the current situation and identify room for improvement. Our objective is to implement additional measures in the next few years and involve both experts and colleagues in this. In accordance with our objectives, at least 10% of our staff participate in awareness-raising measures on the topic of biodiversity each year. Together, we want to create a diverse habitat for animals and plants in Schrozberg. As planned, we do not use herbicides or pesticides in the extensive maintenance of our green spaces. Our long-term objective is to

increase biodiversity along our supply chain as well.

As our first project in this area, we started a cooperation with Raddis[®]Cotton in 2023. It supports indigenous farmers in South India with [→ switching from conventional to regenerative agriculture](#).

OUR CARBON FOOTPRINT

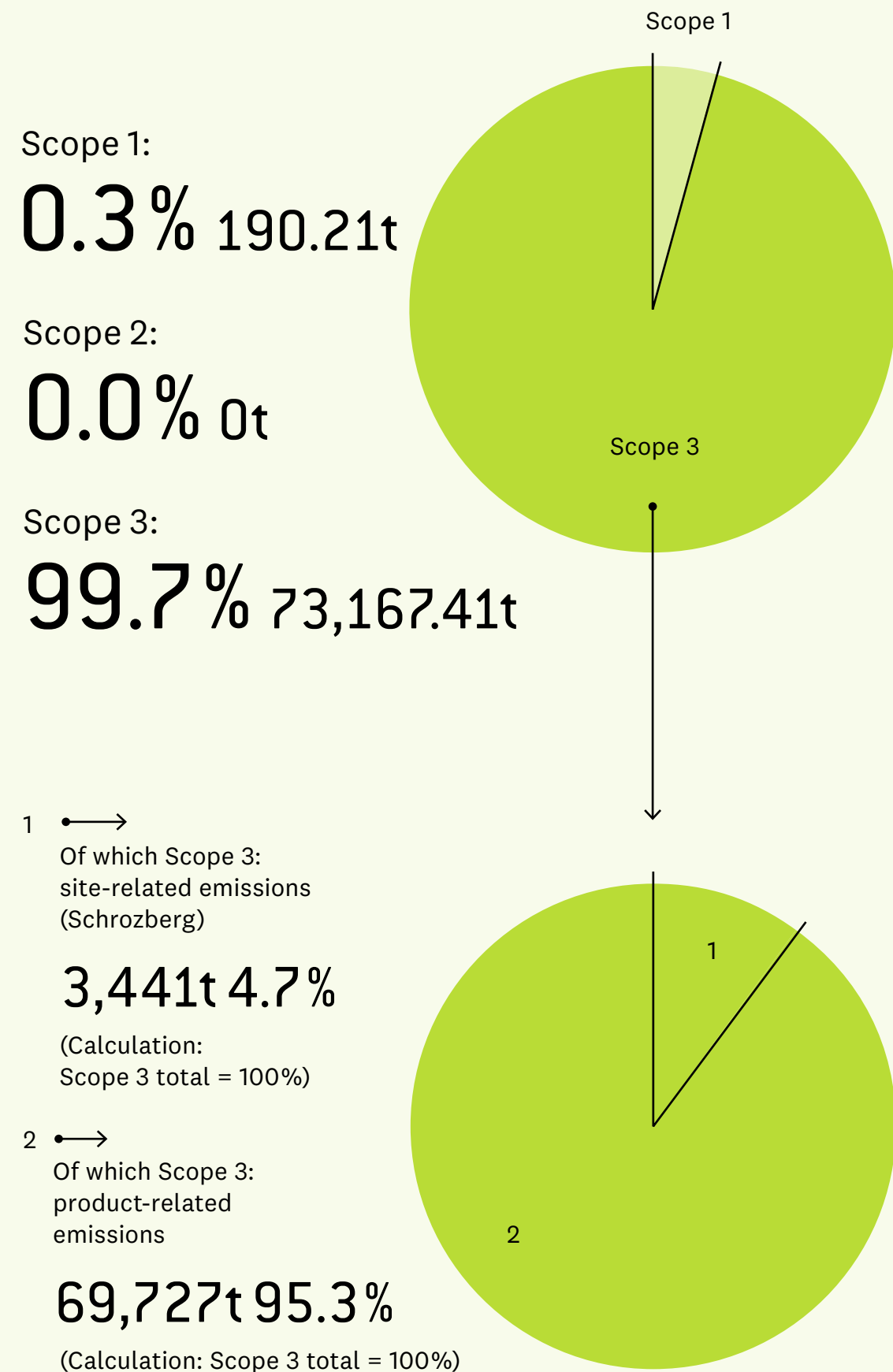
The direct emissions generated at the site in Schrozberg account for only part of our climate impact. Our products are responsible for significantly more greenhouse gases. While we have previously only reported our site-related emissions in our Corporate Carbon Footprint (CCF),

since 2022 we have been able to use the CCF to map the product-related emissions that occur along our supply chains. We are communicating these indirect emissions externally for the first time for the 2023 reporting year. As part of this expanded Corporate Carbon Foot, we can now also provide the respective Product Carbon Footprints (PCFs) for all the products. We calculate the footprint for our entire collection from this and derive measures for the continuous prevention and reduction of our product-related emissions.



HAKRO 2023 CARBON FOOTPRINT (CO₂E)

73,357.62t



ELECTRICITY CONSUMPTION (KWH)

393,217

→ of which generated by our own photovoltaic systems

122,537

→ of which fed into the electricity grid

112,279

ELECTRICITY PURCHASES (100% GREEN ELECTRICITY) after deduction of own generation

261,446

NATURAL GAS FOR HEATING

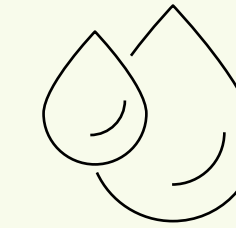
677,736

→ of which biogas: 10%

PROPORTION OF VEHICLES WITH COMBUSTION ENGINES IN THE HAKRO FLEET (19 VEHICLES)

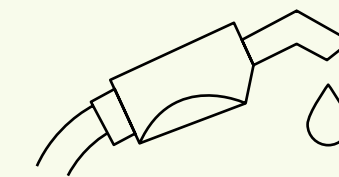
84%

WATER CONSUMPTION



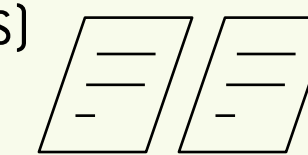
5,291m³

FUEL CONSUMPTION OF COMPANY CARS



27,189l

COPIER PAPER CONSUMPTION (SHEETS)



733,800

RECYCLING RATE

95%

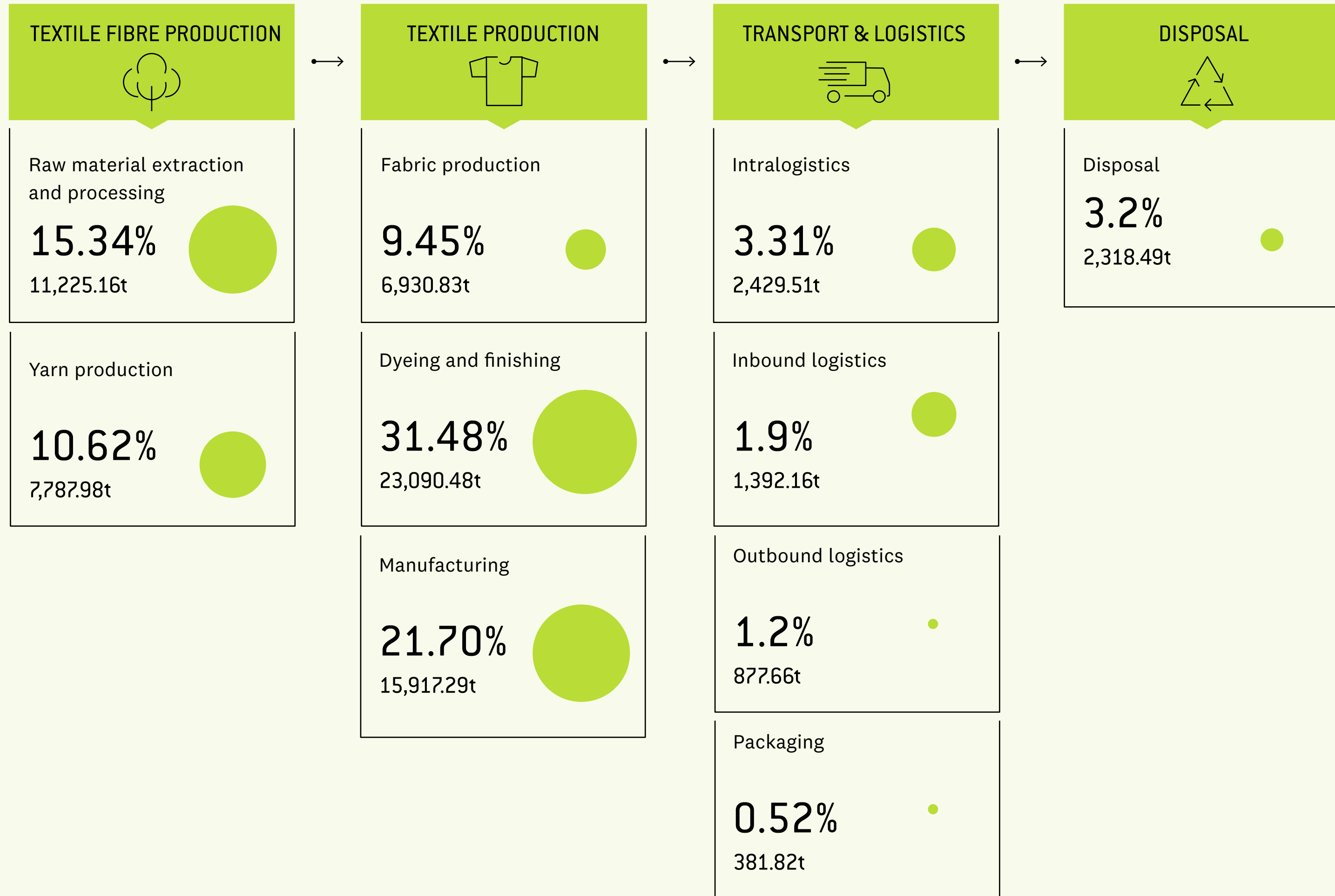
WASTE GENERATED

234t

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:


Stages of the HAKRO value chain
 Percentage of CCF in 2023
 2023 emissions in CO₂e



OBJECTIVES IN THE SITE & RESOURCES FIELD OF ACTION

In order to implement our HAKRO Vision by 2030, we have set ourselves SMART goals for each of our strategic fields of action. We regularly report on our target achievement in our Integrated Sustainable Management Report.

OBJECTIVES IN 2023

OBJECTIVE	MEASUREMENT/KPI	TARGET	STATUS
All HAKRO's new constructions and conversions will be based on the criteria of the DGNB.	Proportion of new constructions and conversions that undergo an inspection in accordance with DGNB criteria	100%	achieved 
We will not use herbicides or pesticides in the extensive maintenance of our green spaces.	Herbicides and pesticides used in the extensive maintenance of green spaces	completed	achieved 
We will report the impact of digitalisation on CO ₂ e emissions.	Mapping digitalisation effects in HAKRO's climate footprint	100%	in progress
We will raise our employees' awareness of the ecosystems at our site and the topic of biodiversity in general.	Number of employees who participate in awareness-raising measures per year	1 at least 10%	achieved 

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

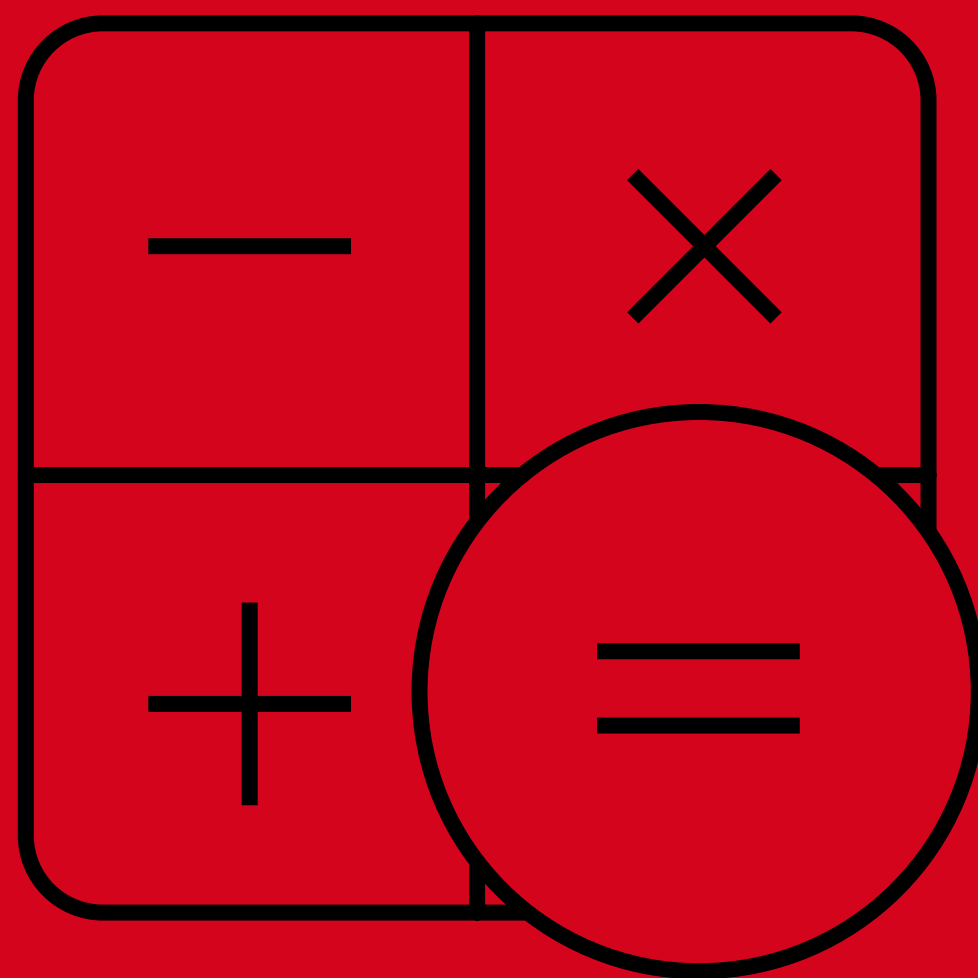
SELECTED OBJECTIVES BY 2030

We have set ourselves a number of objectives that we want to achieve by 2030. These include:

- **2026:**
We will reduce the CO₂e emissions from our employees' commutes (Scope 2) by 20% compared with the base year of 2022.
- **2030:**
We will reduce existing CO₂e emissions in textile processing and in upstream goods transport (long distance) by at least 30% relative to the total produced quantity in units.
- **2030:**
The HAKRO fleet will not include any vehicles with combustion engines.

HAKRO

KEY FIGURES



THREE-YEAR COMPARISON OF HAKRO KEY FIGURES

Key figure	Unit	2023	2022	2021
COMPANY MANAGEMENT & DIALOGUE				
Revenue (net)	€'000	134,063	124,246 ¹	93,439.4 ¹
Personnel expenses	€'000	10,342	9,487	7,928
After-tax return	%	7.0	5.5	4.2
Equity ratio	%	58	60	79
Total donations by HAKRO to the Harry Kroll Foundation	€	125,400	111,556	70,000
Total donations by others to the Harry Kroll Foundation	€	24,600	14,070	17,300
Total donations by HAKRO for projects outside of the Harry Kroll Foundation	€	24,748	126,361	168,282
HAKRO clothes donations	Items	1,891	4,144	22,000
Funding provided by the Harry Kroll Foundation to “Kleeblatt” projects	€	15,000	13,509	24,900
Funding provided by the Harry Kroll Foundation to other projects	€	93,500	134,530	47,700
SUPPLY CHAINS & PRODUCTS				
Total fibres	t	4,165	5,108	5,939
of which cotton	%	66.1	60	68
of which sustainably produced and organic cotton	%	28.1	34	26
of which synthetic fibres	%	32.3	37	30
of which cellulosic synthetic fibres	%	1	2	2
of which merino wool	%	<1	<1	<1
Production countries	Number	9	7	7
of which countries with recording of the wage ladder (living wage gap)	Number	7	6	5
Production partners	Number	11	8	8
Factories	Number	14	13	11

¹ Audited revenue

Key figure	Unit	2023	2022	2021
Proportion of production volume in Asia	%	41	47	41
Proportion of production volume in Europe	%	59	53	59
Production volume audited according to the iMPACT Program	%	90	77	80 ²
Total packaging material	kg	178,351	215,272	199,308

TEAM & DIVERSITY

Number of employees as of 31 December	Headcount	198	204	180
of which full-time	%	65	62	63
of which part-time	%	23	24	22.2
of which marginal employment (mini job)	%	11	13	13.3
of which on parental leave	%	1	1	1.1
of which employees with a disability	%	3	3	6.1
Proportion of women				
Total	%	66	65	65
Managers	%	56	56	60
Executive management	%	33.3	33.3	33.3
Training hours	Number	11.57	9.5	4.3
Apprenticeship rate	%	5	5.8	5
Health rate	%	93	93	92.5
Accident rate	%	3	2.5	3
Nationalities in the team	Number	16	13	13
Proportion of senior managers recruited from the local community	%	95	95	100
Employee turnover rate	Headcount	3 ³	-	-
Employee turnover rate	%	1.5 ³	-	-
New hires	Headcount	14	35	20
Employee survey participants	%	88 ³	-	-
Employee satisfaction expressed as a grade (where 1 = the highest grade and 6 = the lowest)		1.5	- ⁴	1.2
Employees with an annual development review ⁵	%	100	100	100

² Difference from 100% is due to pandemic-related lockdowns, as a result of which we had to postpone the audit until 2022 in some production countries.

³ We have reported this figure since 2023.

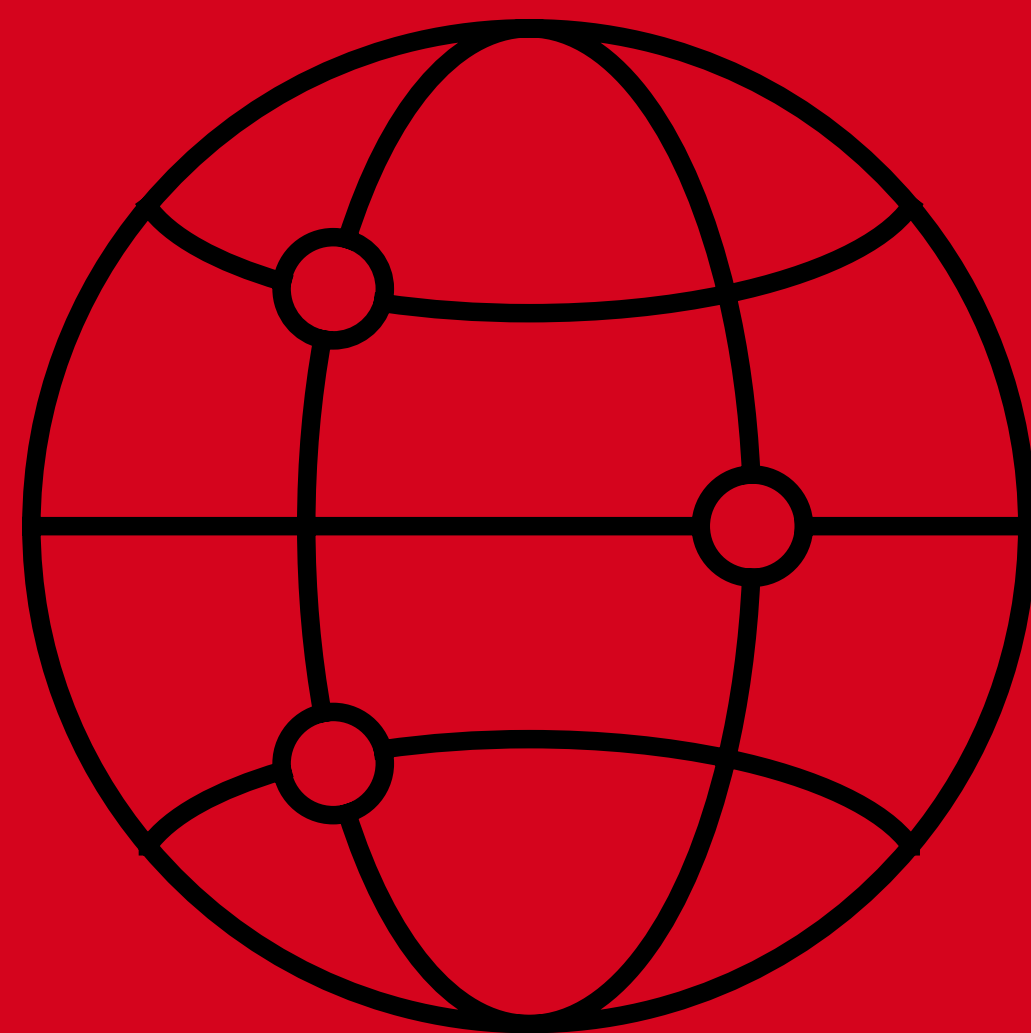
⁴ We measure employee satisfaction every two years.

⁵ The annual performance review, which we conduct with all employees, also addresses development topics.

Key figure	Unit	2023	2022	2021
SITE & RESOURCES				
Total greenhouse gas emissions	t CO ₂ e	73,358 ⁶	3,833	4,884
of which Scope 1	%	0.3 ⁶	5	4.4
of which Scope 2	%	0 ⁶	0	0
of which Scope 3	%	99.7 ⁶	95	95.6
Total electricity consumption	kWh	393,217	423,460	354,005
Electricity purchases (100% green electricity – ecoswitch, Crailsheim)	kWh	261,446	282,420	228,896
Generated by our own photovoltaic system	kWh	234,816	166,447	267,808
of which own use	kWh	122,537	135,471	125,109
of which fed into the electricity grid	kWh	112,279	30,975	142,700
Heating procurement (natural gas)	kWh	677,736	663,584	878,008
Water consumption	m ³	5,291	2,638	1,579
Consumption of photocopying paper	Sheets	733,800	1,069,000	746,850
Waste generated	t	234	227	222
Recycling rate	%	95	95	90
Company car fuel consumption	l	27,189	25,333	20,961
Vehicles in the HAKRO fleet	Number	19	19	21
Proportion of vehicles with combustion engines in the HAKRO fleet	%	84	89	81

⁶ Since 2022, we have also reported indirect emissions from the supply chain. The GHG footprint is therefore no longer comparable with previous years.

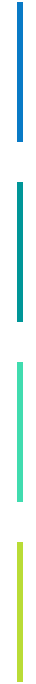
GRI CONTENT INDEX



GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

HAKRO GmbH prepared the information for the period from 1 January 2023 to 31 December 2023 that is presented in this GRI Content Index in accordance with the GRI Standards.

GRI Standard	Disclosure	Section	Page	Note
Standard used for reporting	GRI 1: Foundation 2021			
GRI 2: GENERAL DISCLOSURES				
	2-1 Organizational details		5	
	2-2 Entities included in the organization's sustainability reporting		2	
	2-3 Reporting period, frequency and contact point		2	
	2-4 Restatements of information			The Corporate Carbon Footprint (CCF) also includes indirect Scope 3 emissions from the supply chain for the first time as of 2023 and is therefore not comparable with prior-year figures.
	2-5 External assurance		2	
	2-6 Activities, value chain and other business relationships		2, 45	
	2-7 Employees		88	
	2-8 Workers who are not employees			None
	2-9 Governance structure and composition		4, 28, 29	



GRI Standard	Disclosure	Section	Page	Note
	2-10 Nomination and selection of the highest governance body			The sole shareholder/managing director appoints additional managing directors. The company management appoints authorised signatories and persons having commercial authority by resolution of the sole shareholder. The three-person executive management team appoints the heads of department. A basic principle of the selection process at HAKRO, including for the highest governance bodies, is people having a prior period of employment at the company before being appointed to an office; see also GRI 202-2.
	2-11 Chair of the highest governance body			The managing directors and the authorised signatory are senior executives – in the form typical for a GmbH (limited company) under German law. They form the executive management team. The sole shareholder resolves any conflicts of interest in the executive management team by resolution.
	2-12 Role of the highest governance body in overseeing the management of impacts		42	The executive management team makes the final decisions regarding the management of the business activities’ environmental and social impacts.
	2-13 Delegation of responsibility for managing impacts		42	
	2-14 Role of the highest governance body in sustainability reporting		2	The executive management team commissions the preparation of an Integrated Sustainable Management Report, reviews the Integrated Sustainable Management Report and approves it.
	2-15 Conflicts of interest			HAKRO is a family-run limited company. Any conflicts of interest within the executive management team are solved by the executive management team, within the executive management team by resolution of the sole shareholder. There were no conflicts of interest in the reporting years.
	2-16 Communication of critical concerns			The executive management team is available for the communication of critical concerns at all times. The standard route is via the HAKRO Compass, which, as a body, represents the organisation in its breadth and depth and prepares topics and decisions with particular relevance to corporate strategy. In the reporting year, no critical concerns were reported to the executive management team.
	2-17 Collective knowledge of the highest governance body			HAKRO is a family-run limited company with fewer than 500 employees and does not have a supervisory board. The limited company is controlled by a sole shareholder – if necessary by formal resolution. A sustainable approach is the core of the business strategy. The sole shareholder is continuously informed about new developments and topics by the HAKRO Compass body and the Impact, Responsibility & Innovation department.



GRI Standard	Disclosure	Section	Page	Note
	2-18 Evaluation of the performance of the highest governance body			The sole shareholder is involved in the operating business through her role as a managing director. Decisions are made by the executive management team with the addition of the authorised signatory. Projects with particular relevance to corporate strategy are prepared by the HAKRO Compass body until they are ready for decision-making. This ensures the effectiveness of all those involved.
	2-19 Remuneration policies		72	
	2-20 Process to determine remuneration			Our employees' remuneration is based on the applicable collective wage agreement for wholesale and foreign trade. From 2024 onwards, these are to be exceeded. Sustainability is at the heart of all our corporate activities and is therefore directly linked with the sustainability targets and sustainability performance of all managers, and thus indirectly of all non-management staff. As an owner-run family company, HAKRO does not yet make any public statements about the remuneration of the members of the executive management team at this time.
	2-21 Annual total compensation ratio			As an owner-run family company, HAKRO does not yet make any public statements about this metric at this time.
	2-22 Statement on the sustainable development strategy		4	
	2-23 Policy commitments		30	
	2-24 Embedding policy commitments		31	
	2-25 Processes to remediate negative impacts		48	
	2-26 Mechanisms for seeking advice and raising concerns		52	
	2-27 Compliance with laws and regulations		32	
	2-28 Membership associations		38	
	2-29 Approach to stakeholder engagement		35, 36	
	2-30 Collective bargaining agreements			We orient ourselves on the applicable collective bargaining agreement for wholesale and foreign trade for 100% of our non-management staff.
GRI 3: MATERIAL TOPICS				
	3-1 Process to determine material topics		29	
	3-2 List of material topics		31	
TOPIC-SPECIFIC DISCLOSURES				



GRI Standard	Disclosure	Section	Page	Note
GRI 201: Economic Performance 2016	GRI 3, 3-3 Management of material topics		30	
	201-1 Direct economic value generated and distributed		87	
	201-2 Financial implications and other risks and opportunities due to climate change		50	
GRI 202: Market Presence 2016	GRI 3, 3-3 Management of material topics		80	
	202-2 Proportion of senior management hired from the local community		88	
GRI 205: Anti-corruption 2016	GRI 3, 3-3 Management of material topics		30, 32	
	205-1 Operations assessed for risks related to corruption			We systematically manage corruption risks within and outside our supply chains on the basis of our HAKRO Code of Conduct and within the framework of our comprehensive → risk analysis . At factory level, we have not so far identified any increased risk of corruption that would have made an individual follow-up necessary.
	205-2 Communication and training about anti-corruption policies and procedures		30	The topics of preventing and combating corruption are described in the HAKRO Code of Conduct.
	205-3 Confirmed incidents of corruption and actions taken			None
GRI 301: Materials 2016	GRI 3, 3-3 Management of material topics		62 ff.	
	301-1 Materials used by weight or volume		87	
GRI 302: Energy 2016	GRI 3, 3-3 Management of material topics		80	
	302-1 Energy consumption within the organization		89	
	302-2 Energy consumption outside the organization		89	
GRI 303: Water and Effluents 2018	GRI 3, 3-3 Management of material topics		80	
	303-5 Water consumption		89	The Schrozberg site is not an area with water stress.
GRI 304: Biodiversity 2016	GRI 3, 3-3 Management of material topics		82	



GRI Standard	Disclosure	Section	Page	Note
	304-3 Habitats protected or restored		82	The 10,000m ² wildflower meadow at the Schrozberg site was not reviewed externally.
GRI 305: Emissions 2016	GRI 3, 3-3 Management of material topics		82	
	305-1 Direct (Scope 1) GHG emissions		83, 89	Our corporate carbon footprint (CCF) was calculated based on the guidelines of the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol).
	305-2 Energy indirect (Scope 2) GHG emissions		83, 89	
	305-3 Other indirect (Scope 3) GHG emissions		83, 89	
GRI 306: Waste 2020	GRI 3, 3-3 Management of material topics		80	
	306-3 Waste generated		89	We do not yet currently provide any further breakdown of waste by composition.
	306-4 Waste diverted from disposal		89	
GRI 308: Supplier Environmental Assessment 2016	GRI 3, 3-3 Management of material topics		52, 53	
	308-1 New suppliers that were screened using environmental criteria		54	The screening of our production partners using environmental criteria is part of our iMPACT Program audit system. HAKRO has long-standing, stable partnerships with production partners; no new ones were added during the reporting period.
	308-2 Negative environmental impacts in the supply chain and actions taken		55, 57 ff.	
GRI 401: Employment 2016	GRI 3, 3-3 Management of material topics		71 ff.	
	401-1 New employee hires and employee turnover		88	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			None. All benefits are provided both to our full-time and to our part-time employees.
	401-3 Parental leave		88	
GRI 403: Occupational Health and Safety 2018	GRI 3, 3-3 Management of material topics		76	
	403-1 Occupational health and safety management system		76	

GRI Standard	Disclosure	Section	Page	Note
	403-2 Hazard identification, risk assessment, and incident investigation		76	
	403-6 Promotion of worker health		76	
	403-8 Workers covered by an occupational health and safety management system			100% of our workers are covered by our occupational health and safety management system.
	403-9 Work-related injuries		88	
GRI 404: Training and Education 2016	GRI 3, 3-3 Management of material topics		73	
	404-1 Average hours of training per year per employee		88	
	404-2 Programmes for upgrading employee skills and transition assistance programmes		73	
	404-3 Percentage of employees receiving regular performance and career development reviews		88	Regular development reviews with all employees; since 2022 implementation of a respectful target agreement system at department level
GRI 405: Diversity and Equal Opportunity 2016	GRI 3, 3-3 Management of material topics		54 f., 75	
	405-1 Diversity of governance bodies and employees		88	
	405-2 Ratio of basic salary and remuneration of women to men			The ratio of the basic salary is 1:1.
GRI 406: Non-discrimination 2016	GRI 3, 3-3 Management of material topics		42, 43	
	406-1 Incidents of discrimination and corrective actions taken		52	
GRI 407: Freedom of Association and Collective Bargaining 2016	GRI 3, 3-3 Management of material topics		42, 43	
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			
GRI 408: Child Labor 2016	GRI 3, 3-3 Management of material topics		42, 43	



GRI Standard	Disclosure	Section	Page	Note
	408-1 Operations and suppliers at significant risk for incidents of child labour			We regularly assess our production partners in accordance with the → <u>highest social standards</u> . The results of this assessment are also part of our comprehensive → <u>risk analysis</u> . To date, we have not identified any increased risk for child labour at factory level.
GRI 409: Forced or Compulsory Labor 2016	GRI 3, 3-3 Management of material topics		42, 43	
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour			We regularly assess our production partners in accordance with the → <u>highest social standards</u> . The results of this assessment are also part of our comprehensive → <u>risk analysis</u> . To date, we have not identified any increased risk for incidents of forced or compulsory labour at factory level.
GRI 414: Supplier Social Assessment 2016	GRI 3, 3-3 Management of material topics		52, 53	
	414-1 New suppliers that were screened using social criteria		54	
	414-2 Negative social impacts in the supply chain and actions taken		57 ff.	
GRI 418: Customer Privacy 2016	GRI 3, 3-3 Management of material topics		32	The protection of personal data as a whole is an integral part of the HAKRO Code of Conduct.
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			None





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