



**SUSTAINABILITY REPORT WOLFORD AG**

**NON-FINANCIAL REPORT 2020**

**(MAY 2020 – DECEMBER 2020)**



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## Letter from the Board



The Management Board of Wolford AG: Andrew Thorndike and Silvia Azzali

Dear readers,

Due to Covid-19, we are all facing new challenges. Particularly regarding the safety of our employees, we took comprehensive measures at an early stage to keep the infection as low as possible. In this context, our Corona Taskforce, is responsible for reporting and to communicate regulations in order to prevent infections by means of a hygiene concept (page 32).

In addition to protect our employees, sustainability is at the core of our business. Our headquarters is located right on the shore of one of the most significant water reservoirs in Europe. Since the very beginning, in 1950, we have adhered to strict environmental protection regulations. It is no coincidence that Wolford is one of the first fashion brands, to have a dedicated Cradle-to Cradle® Collection with more than 20 Gold certified styles in both the biodegradable and technical cycle.

Against this backdrop, we developed a sustainability strategy that faces a transition to recyclable products. By the year 2025, half of our products should be either a part of the biodegradable or technical cycle according to Cradle-to Cradle®. This conversion impacts the material elastane and above all the polyamide we use – which comprise more than half of the yarn we purchase.

Our reputation depends on the quality and comfort of our products - in addition to continuously controlled manufacturing processes, this requires a critical selection of materials used as well as qualified employees who work under optimal conditions and undergo continuous training. We are also the first SKINWEAR brand in the world to have met the bluesign® standard, aiming to ensure the usage of chemicals that are safe for the people as well as the environment.



Notwithstanding our own production, Welford naturally cannot get by without suppliers, whether companies providing yarn or components of ready-to-wear products or lingerie. With this in mind, we carry out regular audits to ensure that our standards are met.

To implement our sustainability strategy and reach our goals, we need motivated employees - we would like to take this opportunity to thank them all. We are confident that they will continue to push us to contribute to Welford's commitment to operating in an increasingly sustainable way for a fashion beyond next season.

We hope you enjoy reading this report and we look forward to receiving your suggestions and criticism.



Andrew Thorndike, COO



Silvia Azzali, CCO

(102-14)

## General information on this report

This report represents the condensed consolidated Non-Financial Report (Sustainability Report) for the 2020 short fiscal year (May 2020 to December 2020) of the Woflord Group (pursuant to Section 267a Austrian Commercial Code). The statements made in the report refer to the Woflord Group (hereafter "Woflord"). Deviations are shown separately. All descriptions of management approaches and concepts on key sustainability issues (with respect to environment, social and employee matters, respect for human rights and the combating of corruption and bribery) relate to both the Woflord Group and the parent company Woflord AG. (102-50, 102-51)

The important issues presented in this report are those of relevance for the future development of the company. They were determined on the basis of their economic, ecological and social impacts, taking account of the points of view held by different stakeholders. (102-46)

The issues of the "environment" and "supply chain" were only identified as important issues for the production sites of Woflord AG Bregenz (AT) and Woflord proizvodnja in trgovina d.o.o. Murska Sobota (SI)). For this reason, the reported indicators refer exclusively to those two production facilities, because the potential to reduce energy consumption and climate-damaging emissions is comparatively low at Woflord's points of sale.

This report is oriented to Woflord's value chain and addresses all stakeholders, i.e. employees, of the Woflord Group, customers, partners/suppliers, NGOs, shareholders and the general public.

The Sustainability Report of Woflord AG was compiled on the basis of the international GRI standards of the Global Reporting Initiative in the option "Core." A detailed GRI index is included in the appendix (page 39). Reporting is done annually. The figures in parentheses refer to the respective information in accordance with GRI standards. (102-52, 102-54)

The contents of the Sustainability Report were not subject to an external review. (102-56)

In the interest of readability, all gender-specific phrases are to be considered as gender-neutral. The wording refers equally to both women and men.

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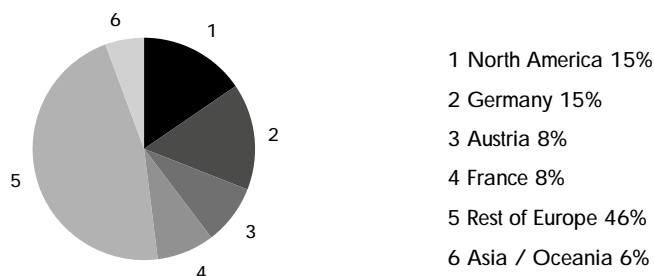
(102-53)

## Corporate profile and business model

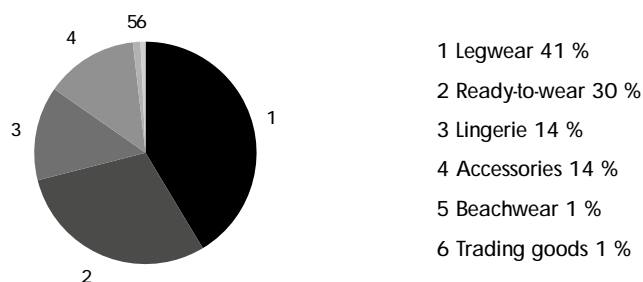
### The most important facts about Wolford

Wolford, a company founded in the Austrian city of Bregenz in the year 1950, develops, produces and markets high quality skinwear (legwear and bodywear) as well as exclusive lingerie and selected accessories such as belts and scarves. Wolford generated revenue of € 68,04 million in the 2020 short fiscal year and employed a workforce of 1,169 employees (FTEs) on average. Wolford exclusively develops and manufactures its products at two production sites in Austria and Slovenia. It adheres to the highest environmental standards (as partner of the bluesign® system). The Wolford brand is represented in more than 46 countries across the globe and is sold via 240 monobrand points of sale, including 103 proprietary boutiques and more than 3,000 trading partners. Europe is the most important market, with 181 monobrand locations and a share of 75% of total revenue, followed by North America (31 monobrand stores) and Asia (28 monobrand shops).

### REVENUES BY MARKET



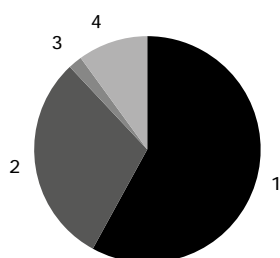
### REVENUES BY PRODUCT GROUP



In the 2020 short fiscal year, Wolford generated revenues of € 68.04 million and an operating loss (EBIT) of € 19.94 million. The balance sheet total amounted to € 138.90 million, equity equaled € 28.54 million and net debt totaled € 110.36 million. Wolford is a public limited company which has been traded on the Vienna Stock Exchange since 1995 and is listed on the Standard Market since September 2018. About 10% of the shares are in free float. (102-1, 102-2, 102-3, 102-4, 102-5)

Fosun Industrial Holdings Limited holds about 58.05% of the shares in Wolford AG. Since May 22, 2019, the shares in Wolford AG are no longer directly held by Fosun Industrial Holding but were transferred to the subsidiary Fosun Fashion Group Wisdom (Luxembourg) S.à.r.l. On July 3, 2018, the private investor Ralph Bartel informed the company that he had increased his stake to more than 30% of the bearer shares. Close to 2% of the shares are held by Wolford AG (treasury shares), whereas the remaining shares are in free float and are held by institutional investors and private shareholders. (102-10)

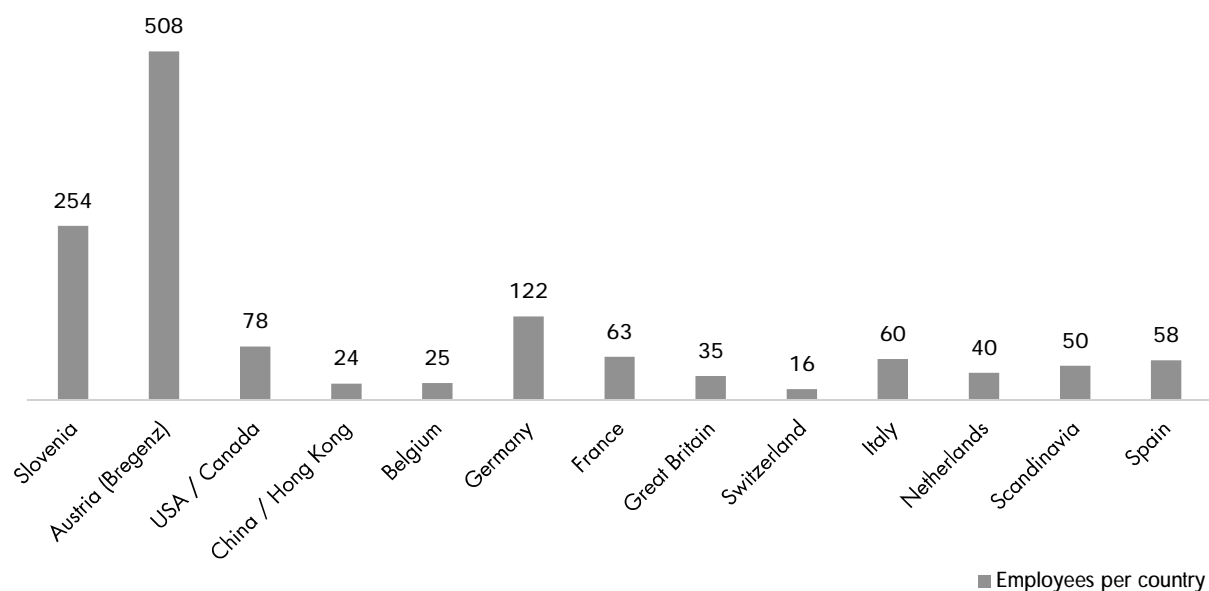
## WOLFORD'S SHAREHOLDER STRUCTURE



- 1 FFG Wisdom (Luxembourg) S.à.r.l. ~58%
- 2 Ralph Bartel >30%
- 3 Treasury stock ~2%
- 4 Free float <10%

Of the average staff of 1,169 employees (FTEs) around the world, 677 employees (FTEs) were employed at the two operating sites (Bregenz, Austria and Murska Sobota, Slovenia) of whom 478 employees (FTEs) were working at the company headquarters in Bregenz. This was complemented by 492 employees (FTEs) at the sales locations including proprietary boutiques. An overview of the Wolford Group is presented in the Annual Report 2020 on page 131. (102-7, 102-8, 102-41, 102-45)

	Male employees		Female employees		Total
	Full-time	Part-time	Full-time	Part-time	
Wolford Slovenia	13	0	230	11	254
Sales subsidiaries	11	3	239	318	571
Wolford AG (Bregenz)	178	16	239	318	508
<b>Total</b>	<b>202</b>	<b>19</b>	<b>645</b>	<b>467</b>	<b>1333</b>



\* Headcount as of 30.04.2020

(102-8)

Global presence

Wolford operates a dense network of monobrand boutiques in prestigious locations in global fashion capitals, comprising a mix of partner boutiques and proprietary stores in strategically relevant cities. At the end of December 2020, the company had 240 so-called monobrand stores, of which 181 are located in Europe, 31 in North America and 28 in Asia.

WORLDWIDE

Monobrand points of sale:	Thereof Wolford-owned	Thereof partner-operated points
December 31, 2020: 240	points of sale:	of sale:
	103 boutiques	59 boutiques and about 3,000 other
	57 concession shop-in-shops	distribution partners
	21 factory outlets	



**NORTH AMERICA: 31**  
Thereof Wolford-owned points of sale:  
21 boutiques  
6 concession shop-in-shops  
2 factory outlets

Thereof partner-operated points of sale:  
2 boutiques



59 of these stores are operated by business partners. This is complemented by online boutiques in 16 countries and 45 so-called travel retail points of sale, for example at airports. In addition, Wolford also markets its products through about 3,000 wholesale partners such as department stores, retail chains and speciality stores. (102-6)

**EUROPE: 181<sup>1)</sup>**

Thereof Wolford-owned points of sale:

76 boutiques

50 concession shop-in-shops

18 factory outlets

Thereof partner-operated points of sale:

37 boutiques

1) Excluding Russia and Ukraine.



**ASIA: 28<sup>2)</sup>**

Thereof Wolford-owned points of sale:

6 boutiques

1 concession shop-in-shops

1 factory outlets

Thereof partner-operated points of sale:

20 boutiques

2) Including Russia and Ukraine.



## Responsible corporate management and compliance

As a responsible company, Wolford's top priority is long-term value creation. Wolford's business strategy, products and processes are oriented to this objective. Wolford does not limit its activities to economic value creation, but also keeps the ecological and social impacts of all its activities in mind.

### The business model

The business model of the Wolford Group, and thus its special characteristic, is based on its management of most of the value chain, from design and development to parts of the production to global omni-channel distribution, including proprietary boutiques. This makes the company highly self-sufficient and enables it to react quickly, for example to current fashion trends. In some areas of lingerie and ready-to-wear Wolford is supported by external partners and selected suppliers.



(102-9)

When developing a new collection, product management, the design team, and product development all work hand in hand. Product management analyzes trends and identifies the products that will be in demand in the market – these findings then form the basis for the work performed by the design team. The close cooperation between design and product development in turn results in a stream of new products, often based on new production methods, such as 3D printing or the adhesive technology developed by Wolford and now patented. "Pure Tights", the world's first glued tights, are one result of this cooperation.

Product and merchandise management also deal not least with requirements planning for the retail sales areas at proprietary boutiques and for wholesale customers. This department determines which articles have to be produced in which quantities and colors and for which retail surfaces. It also controls the flow of goods from the warehouse to retail surfaces.

In procurement, it is nearly all about materials. The raw materials, and yarns in particular, are procured from long-standing partners in neighboring regions in Austria, Germany, and Switzerland, as are upstream lingerie products and externally purchased Lingerie and Ready-to-wear products. All these suppliers share Wolford's high standards when it comes to the quality and innovation of their products. Some of the yarns are sourced from Japan, a country known for its innovative materials. All raw materials are stored at the company's headquarters in Bregenz and prepared here for subsequent production and assembly.

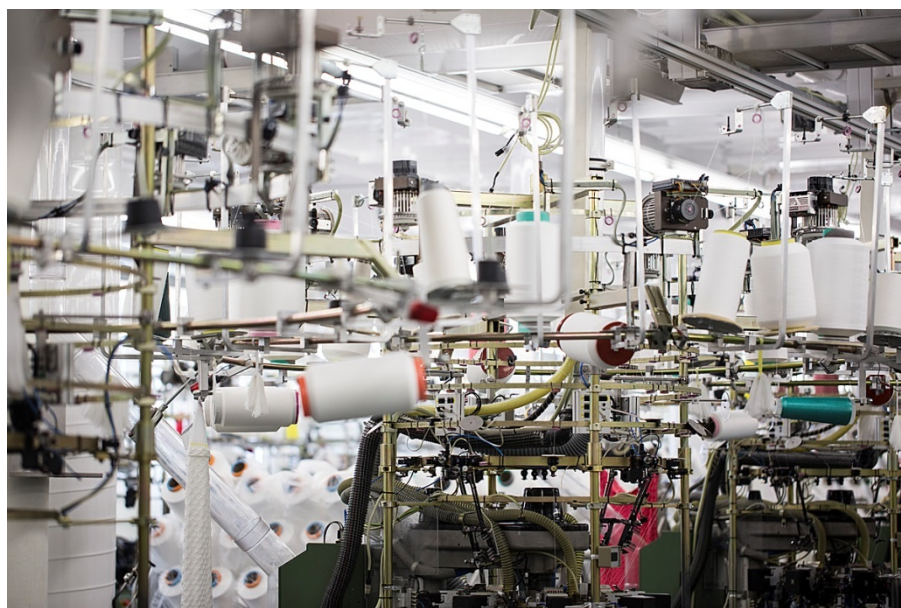
Finished products are stored in three warehouses – at the central warehouse in Bregenz, which also supplies the online business in Europe, and in two other warehouses in the US and China. The warehouse in the US supplies the online business in the American market, while that in China supplies the Asian region.



### Focus on the health of customers and employees

We attach great importance to implementing comprehensive precautionary measures to protect the health of people who work for us and for those who come into contact with our products. They range from extensive workplace safety precautions and in-house health promotion programs to the systematic avoidance of health risks related to Wulford's brand-name products, i.e. ensuring textile safety. Great attention is paid to ensuring that the materials and chemicals used in production and in processing remain harmless to human health.

There were no violations of any kind against relevant regulations or behavioral rules we set for ourselves during the reporting period. (416-2, 417-2)



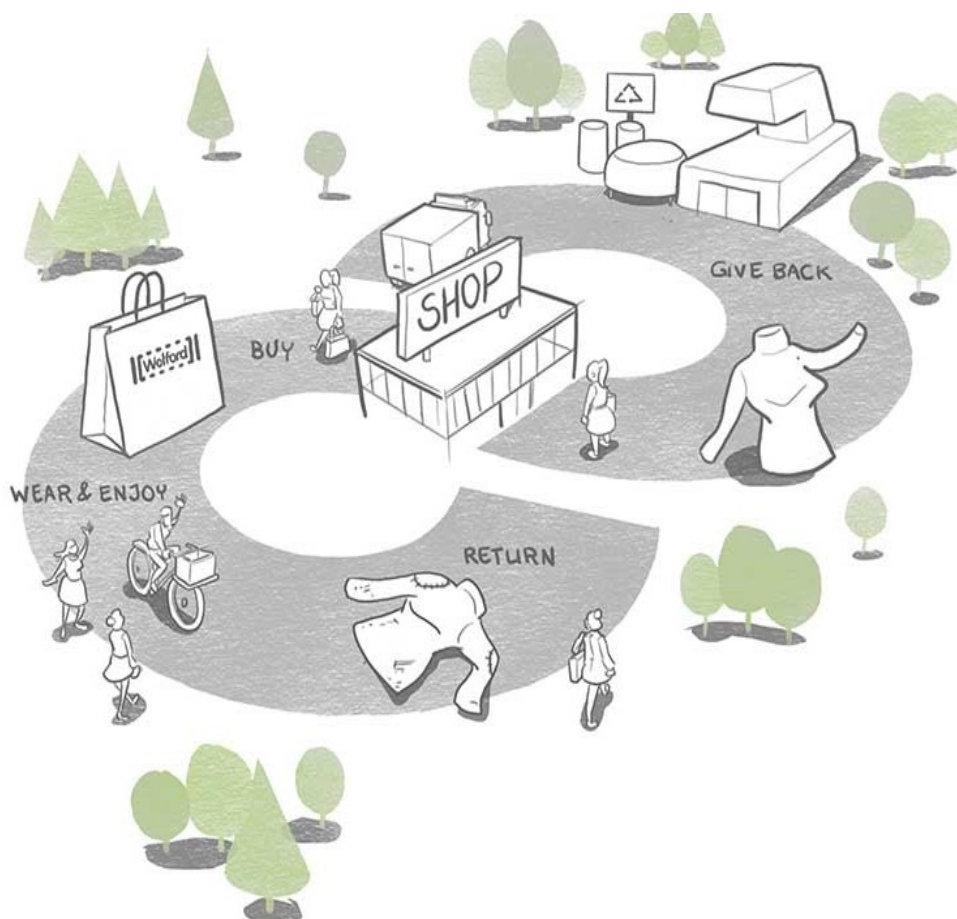
### Trailblazer for sustainable production

Wulford is one of the industry pioneers in implementing high sustainability standards and corresponding pilot projects. Innovation is at the heart of our product worlds and is part of our DNA. The product portfolio is clearly aligned to the company's core competence – the creation of figure-embracing round-knit products, such as legwear and bodies offering great comfort and first-class quality.

### First producer of tights to enter into a systems partnership with bluesign®:

The fact that Wulford's production process meets the highest global standards for sustainability in the textile industry is proved by the partnership concluded in April 2015 with bluesign® technologies AG, a globally active network. Its system stands for safe textiles, environmentally compatible production and the prudent use of natural resources.

In this regard the focus is not only on evaluating individual end products, as is the case at many eco-labels, but also on ensuring transparency along the entire textile value chain. After Wulford underwent an elaborate auditing process in the 2014/15 financial year, the company became the world's very first manufacturer of tights which can call itself a systems partner of bluesign®. Furthermore, all legwear products knitted and dyed by Wulford on a cotton or polyamide basis for its Essentials collection have been granted the "bluesign® approved" status - in 2020, the certificate was confirmed for another 3 years.



#### Leading role in the Cradle to Cradle® Consortium of Vorarlberg:

Wolford's ecological commitment also includes the preservation and efficient use of natural resources. Accordingly, the company has been working on a project since the 2015/16 financial year to develop recyclable products (Cradle to Cradle®) within the context of the Smart Textiles industry network. The Cooperation Innovation consortium (COIN) is supported by the Austrian Research Promotion Agency FFG and is designed to foster cooperation between companies and research institutions, with the aim of efficiently turning expertise into innovative products.

The Smart Textiles project focuses on the development of legwear, bodywear and lingerie products which do not place a burden on the biological cycle. The products are manufactured from the biodegradable material elastan (Roica™, Asahi Kasei), a specially modified polyester fiber from the company Lauffenmühle especially developed for Wolford, as well as the TENCEL™ Modal fiber a cellulose fiber, produced by the Austrian textile fiber producer Lenzing and derived from sustainable forestry. A total of thirteen firms in Vorarlberg participate in this program, either producing suitable lingerie components or contributing their technical and scientific competence. Wolford has assumed a leadership role in this consortium, in that the company not only develops suitable materials itself but will also market future products under its own brand name. In September 2018, Wolford already launched the first biologically recyclable products on the marketplace which are completely compostable.

In April 2019, the company was also granted the "Cradle to Cradle Certified™ (Gold)" award for the development of technically recyclable (i.e. completely reusable) products. The product portfolio has now been expanded to more than 20 styles. Up until now, Wolford is the first and only company in the clothing and textile industry to be given certification in Gold by Cradle to Cradle™ for the development of environmentally neutral products in both categories (biodegradable and technically recyclable). This certification singles out products that demonstrably use environmentally compatible, healthy, and recyclable materials. Certification is based on the Basic, Bronze, Silver, Gold, and Platinum levels. (102-11, 102-12)



### Responsibility in a social context

Wolford is committed to behaving responsibly towards political parties, associations and NGOs. In particular, the company is actively involved in the fields of safe textiles and environmental protection. In addition to the work carried out within the context of the Cradle to Cradle® initiative and the partnership with bluesign®, Wolford is also an active member of the Austrian Association of the Textile, Clothing, Shoe and Leather Industry within the Austrian Federal Economic Chamber.

As a responsible “corporate citizen,” Wolford also promotes the positive development of the municipalities in which it operates. This is not only ensured through safe and environmentally friendly business operations and fair employment practices, but also through contributions to local economic development and social life. The company also supports the local fire brigade with regular donations in cash and in kind as well as the women’s shelter “Frauennothilfe” in Dornbirn. (102-13)

### Compliance

Integrity and conduct in conformity with legal regulations are essential requirements for sustainable business management and are a matter of course for Wolford. The management and employees are aware that unethical behavior and violations against statutory regulations damage the image of the company and can also have substantial financial consequences and thus directly jeopardize the viability of the company. Thanks to its adherence to the Austrian Corporate Governance Code, Wolford ensures a high level of transparency for all stakeholders of the company. Wolford has been committed to the principles of the code since the 2002/03 financial year (refer to the Corporate Governance Report in the 2020 Annual Report). (103-1)

### Compliance as a share issuer

As Wolford’s shares are listed on the Vienna Stock Exchange, the company is required to organize its management activities to ensure compliance with the Market Abuse Regulation issued by the European Union. This rule regulates the handling of inside information in capital market-oriented companies in order to prevent the potential gaining of undue benefits by exploiting this information. Wolford implements all the structures and measures contained in this regulation, for example keeping insider lists and specifying blocking periods in which pre-defined groups of people are forbidden from trading in Wolford shares. A Group-wide compliance directive has been issued by Wolford. Every employee who has or could have access to confidential information is obliged to acknowledge receipt of these guidelines.

Wolford has appointed a Compliance Officer and a Deputy Compliance Officer with responsibility for all such matters. Both of them report directly to the Chief Financial Officer (CFO). (103-1)

### Group guidelines with internal rules of conduct

In order to prevent any potential wrongdoing, Wolford issued clear rules which have been binding for all employees in the Wolford Group since June 2012. These “Group Guidelines” define legally compliant behavior characterized by integrity and are handed out to each new employee as part of a basic information package. The rules emphatically reject bribery and corruption. The directive states that “employees are neither permitted to directly gain personal or inappropriate financial benefits or offer or promise such advantages to third parties via intermediaries or accept these benefits themselves, in order to initiate or continue a business relationship. Furthermore, such benefits are also not to be offered or accepted as compensation for preferential treatment of third parties.” Money, loans, commissions or privileges similar to receiving money are explicitly listed as being impermissible forms of behavior. In addition, the company relies on practical principles, such as systematic adherence to the four-eyes principle, before a signature is put on a business transaction.

There were no known cases of corruption in the Wolford Group during the period under review. No other relevant fines or monetary penalties were imposed upon Wolford in the 2020 financial year as a result of violations against valid laws or regulations. This also applies to environmental protection requirements, where there were no known infringements of the company’s obligations. (205-3, 307-1, 103-2)

## Data protection and data security

The new General Data Protection Regulation (GDPR) took effect in the EU in May 2018. As a consequence, Wolford AG appointed a certified data protection officer and invested in software for data protection management purposes.

At the beginning of the 2018/19 financial year, all processes were identified in which personal data is processed and stored by this management software. This list of procedures is updated continuously. The new data protection management system also automatically conveys different tasks to the nominated person in charge and checks their implementation. The management system also encompasses a separate feature for the field of data abuse to support process flows. In addition, intercompany contracts have been drawn up to regulate data protection between Wolford AG and its subsidiaries. In accordance with Art. 28 of the German Data Protection Act (DSGVO), contract processing agreements have been or will be concluded with all external service providers that process personal data for Wolford AG.

Staff trainings at all levels and in all business areas were carried out to raise awareness of the issue of data protection. Information was sent to employees, and the contents of the trainings were made available on the Intranet to every employee. The Wolford Group Guidelines also provide details about company policies as well as general data protection information.

To review internal data protection, processes are continuously optimized and adapted to the changing circumstances. There were no data privacy violations in the short fiscal year 2020.

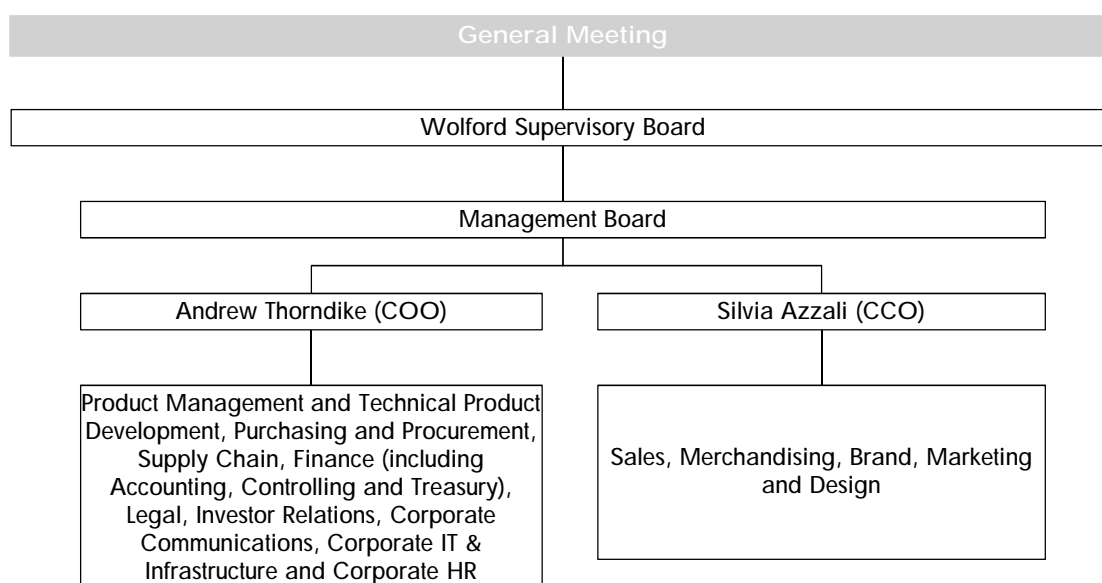
## Wolford's management

The Management Board consists of two members: Andrew Thorndike (COO) and Silvia Azzali (CCO).

Andrew Thorndike (born in 1966) has been a member of the Management Board since October 1, 2019. He is appointed until September 30, 2021 and is responsible for Product Management and Technical Product Development, Purchasing and Procurement, Supply Chain, Finance (including Accounting, Controlling and Treasury), Legal, Investor Relations, Corporate Communications, Corporate IT & Infrastructure and Corporate HR.

Silvia Azzali (born in 1971), appointed until October 31, 2021, has been responsible for Sales & Merchandising, Marketing and Design since November 1, 2019. She was promoted from her former position as Global Sales & Merchandising Director at Wolford.

The Supervisory Board consists of four members elected by the Annual General Meeting and two representatives delegated by the Works Council. As of December 31, 2020, two of the six members of the Supervisory Board were female and 50 % of the Executive Board, undoubtedly another special feature of Wolford. Overall, more than 85 % of the employees are women (chapter Corporate Governance Report in the 2020 Annual Report). (102-18)



## Risk management

For Wölford, effective risk management and corresponding precautionary measures comprise a key success factor in ensuring the company's sustainable success. The risk management system includes all relevant areas of the company's business operations, from minimizing procurement risks to systematic quality audits of suppliers to the ongoing optimization of the company's network of proprietary retail stores.

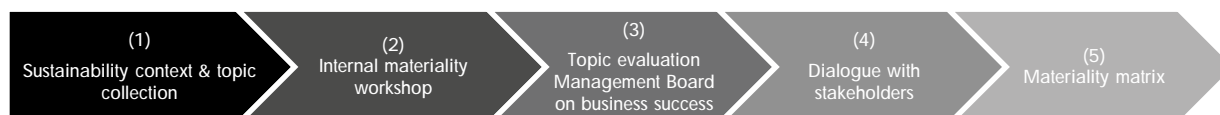
The Management Board of Wölford AG has the overall responsibility of ensuring an effective risk management system. By order of the Management Board, the central risk management unit coordinates the implementation and ongoing further development of the risk management system. It also reports directly to the Chairman of the Supervisory Board's Audit Committee. The Supervisory Board of Wölford AG has the task of monitoring the effectiveness of the risk management system. This responsibility is assumed by the Audit Committee of the Supervisory Board. (102-16, 205-3, 103-3)

In producing the company's risk report, the most important opportunities and risks relating to sustainability are also extensively discussed and evaluated by the Management Board and the first management level. In particular, production operations in Bregenz including dyeing processes and the resulting wastewater, involve potential risks for people and the environment. These potential impacts could have a negative effect on the company's success. As a consequence, the security precautions in this regard are quite extensive. (102-11, 102-15)



# Material sustainability issues and stakeholders involved

Material sustainability issues of relevance to Woford's business operations were defined by the company in the financial year 2017/18 on the basis of a materiality analysis. The results of the in-house assessment, also compiled on the basis of an internal workshop, were combined with the conclusions of a survey of internal and external stakeholders, culminating in a corresponding materiality matrix.



## Appraisal

Woford succeeded in obtaining a comprehensive overview of relevant sustainability issues after carrying out a media analysis, an internal analysis of the impacts of the company's own business operations as well implementation of a competitive analysis. An analysis of business activities in the individual business areas and subsidiaries enabled the identification of potential problems and relevant stakeholder groups. These findings were combined with the results of the media analysis and competition monitoring including best practice examples. The result was a list of 17 potentially relevant sustainability issues, divided into economic, ecological and social areas and subsequently assigned to the GRI areas subject to reporting.

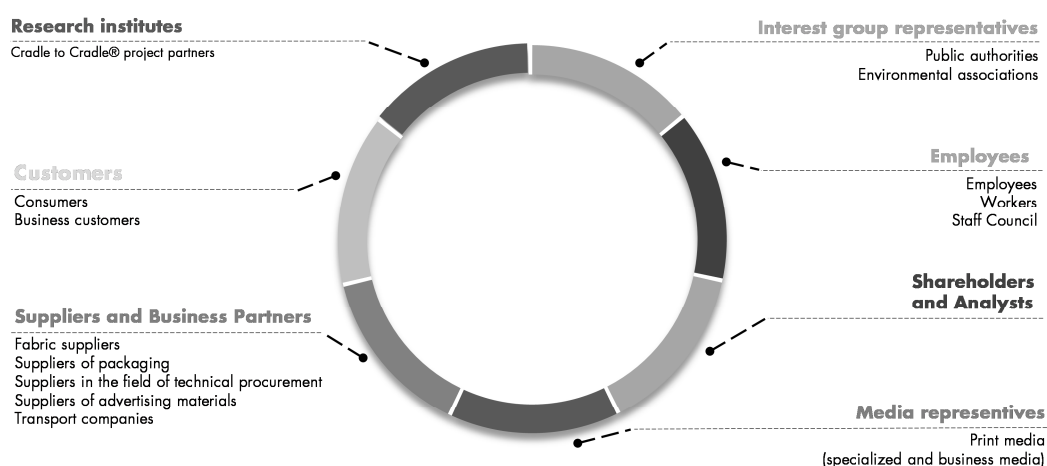
## Internal materiality workshop

These issues were discussed by internal experts and executives from all business areas (product development, supply chain, human resources, investor relations, and engineering) at a workshop in 2017, and potential indicators were also debated. The workshop ended with an anonymous vote on prioritizing the specified issues. The business unit managers were given the opportunity to rate the issues based on the perceived significance of the impacts (positive and negative) of the company's activities on a scale between 1 (hardly significant) to 10 (very significant). Fifteen sustainability issues of relevance to Woford remained along the entire value chain. (102-47)

## Survey of stakeholders

Woford specifically determined the relevant stakeholders for the reporting process by directly assigning every impact of business operations to the affected stakeholder groups. In this way, all stakeholders are considerably affected by activities, products and services. The stakeholder survey on these issues took place from November 20 to December 1, 2017 in the form of an anonymous online survey held in German and English. On balance, 805 questionnaires were sent to customers (consumers, business customers), suppliers and other business partners as well as investors, analysts, environmental associations and media representatives. A series of internal stakeholders (employees) as well as the Staff Council were also given the questionnaire.

## Stakeholders of Woford



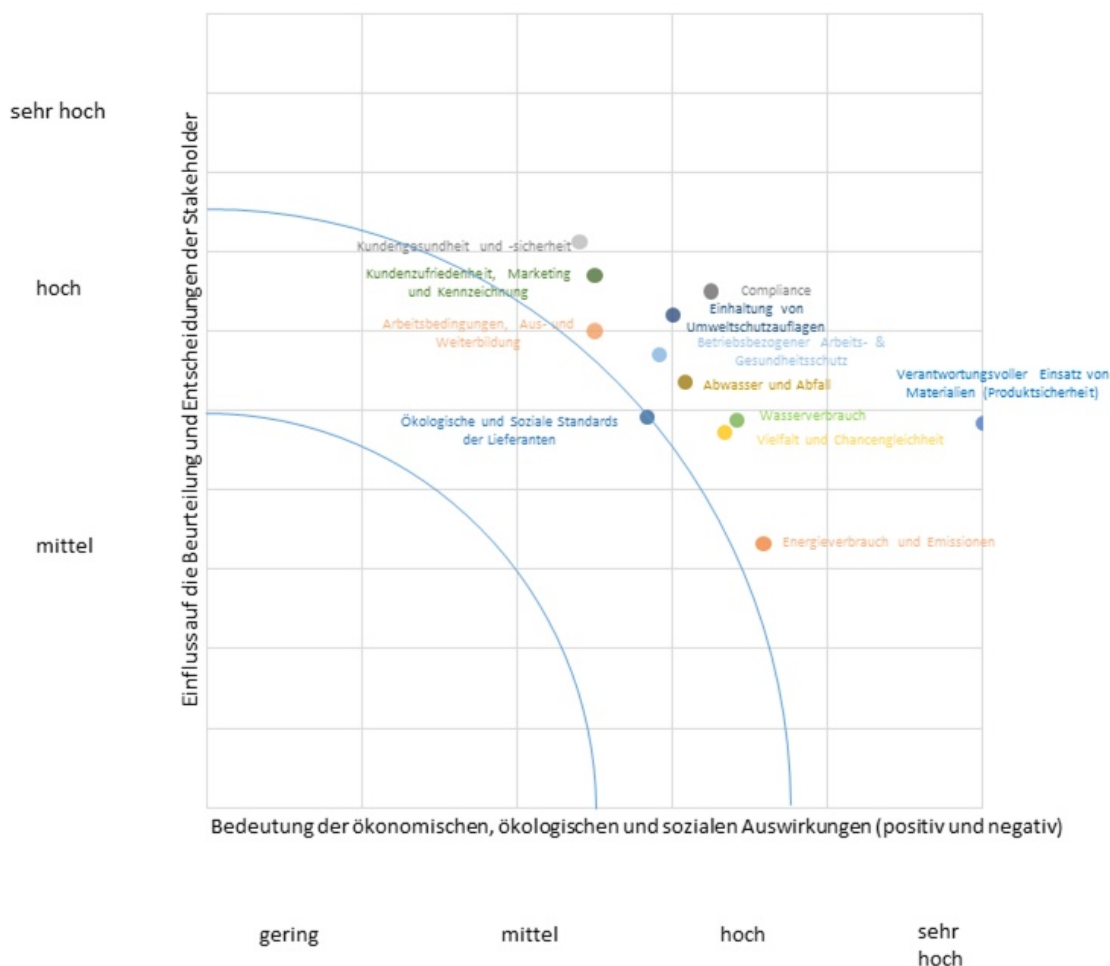


111 people took part in the survey. 80 questionnaires were completely filled out, which represents a drop-out rate of 28%. The survey participants were asked to rate the relevance of the fifteen identified issues on a scale of 1 (not important) to 10 (very important) from their own personal perspective, making use of the entire numerical scale. There was only one possible response for each question, and an additional area for voluntary comments. The last question provided the opportunity to voice personally important sustainability issues. Participants needed about fifteen minutes to complete the questionnaire.

Based on the results of the stakeholder survey and the internal analysis on business relevance, the 15 issues could be classified within the materiality matrix according to their strategic importance (very high, high, average, low).

(102-40, 102-42, 102-43, 102-44)

### Materiality matrix



The fifteen specified issues were consolidated into twelve overriding issues so that they could be used in Wolford's sustainability reporting, starting in the 2017/18 financial year and then revalidated. This process of consolidation mainly serves to adapt material issues to internal management guidelines and approaches, enabling a more effective integration into corporate processes. All in all, the issues involved environmental and social assessment of suppliers, energy and emissions as well as employment, education and training. The issues identified within the context of the materiality analysis apply equally to the parent company Wolford AG.

(102-40, 102-43, 102-44, 102-46, 102-47)



## Conclusions for the sustainability strategy

Wolford's sustainability strategy has been developed on the basis of the materiality matrix created in 2017. This process also involves the definition of specific targets. It is likely that the focus will be on those areas in which Wolford's business operations have the greatest impact on its stakeholders.

In principle, Wolford strives to create a balance between the needs of society, the environment and the economy. We are working together with our suppliers and partners along the value chain to generate positive results for the benefit of all stakeholders. We are actively working to improve the ecological performance along our value chain (and thus the final products). We are also committed to doing what we can for the well-being of society within the limits of the resources at our disposal. Generating added value for people and the environment is a clear objective of our innovation and business activities.

The special feature of the business model is clearly for Wolford's benefit, given that Wolford manufactures a lot of its products itself, and production is carried out exclusively in Europe. 90% of the suppliers are also in Europe. All of Wolford's suppliers have to fulfill prevailing social and environmental standards.

As a result, Wolford's business is subject to less risk than other providers of fashion and textiles. Wolford's production operations have relevant effects on the environment, but Wolford has been relying on a suitable, environmentally friendly approach for many years. The fact Wolford has been attaching importance to the issue of sustainability for a long time is not only demonstrated by the partnership with bluesign®, but also the company's pioneering work in the development of recyclable products. Wolford will also resolutely continue to exploit these opportunities in the future as well.

Motivated employees play a very decisive role. People are the basis for the business success of Wolford. Those who assume responsibility and feel they are able to have a positive impact are the drivers of change towards a more sustainable society and economy. For this reason, Wolford gives its employees sufficient leeway to shape things and make decisions and also encourages its partners along the value chain to support sustainability.

### Objectives of the sustainability strategy

In addition to fulfilling the highest environmental standards within the context of its own production operations, Wolford's current strategic focus is mainly on implementing a sustainability strategy pertaining to the materials it uses for manufacturing purposes. The second priority of the sustainability strategy is to define externally audited ecological and social standards for our suppliers and the related certifications.

Material use primarily involves the gradual conversion of all Wolford products to be produced in accordance with the Cradle-to-Cradle® approach. The goal is for 50% of all Wolford products to be recyclable by 2025, i.e. either biodegradable or technologically recyclable. Last but not least, the conversion in production also relates to the material polyamide, which comprises 64% of the 220 tonnes of yarn purchased by Wolford every year. Polyamide is also recyclable depending on its chemical composition. Wolford intends to ensure that half of the polyamide integrated into its clothing is recyclable by 2025. The same applies to the volume of elastane, which makes up about 15% of the yarn procured by Wolford. In the future, half of the elastane should also be made of a recyclable material. Besides polyamide and elastane, 19% cotton, modal, silk, wool and other materials are used.

Furthermore, Wolford is increasingly turning to environmentally compatible packaging materials. Therefore, FSC®-certified cardboard was used from the 2020 summer collection onwards. This measure impacts half of all the packaging used by Wolford.

The second priority of the sustainability strategy is the careful selection of suppliers on the basis of certificates ensuring full compliance with ecological and social standards. Wolford suppliers have long adhered to conventional standards such as Standard 100 by OEKO-TEX® or the REACH regulation. However, in the meantime, wholesale customers in particular are demanding much more far-reaching certifications including external auditing. A variety of

certificates exist, e.g. the Global Organic Textile Standard (GOTS) or the Better Cotton Initiative (BCI), both of which apply to cotton.

As in the 2019/20 financial year, a comprehensive survey of existing suppliers and the standards they meet was conducted in the 2020 short financial year. However, due to COVID-19, comprehensive supplier visits were not possible.

In the current financial year, the company is examining which additional certifications for suppliers along its value chain make sense. This will enable Woford to also confirm even greater assurance for its large customers and for consumers with respect to the products they buy.







# Responsibility for our environment

## MINIMIZE EMISSIONS AND ENERGY CONSUMPTION

As a means of mitigating the consequences of global warming, statutory regulations exist in Europe which specify the permissible energy consumption per sector and call for a general reduction of CO<sub>2</sub> emissions. Since 2015, Wolford has been required by the Austrian Energy Efficiency Act (EEffG) to regularly analyze its energy consumption and continually improve its energy performance.

The production facilities in Bregenz and Murska Sobota account for the majority of the energy consumed by Wolford. For this reason, they are continuously being monitored and subject to evaluation. The largest single producer of emissions is the Bregenz site due to its operating two steam boilers for production purposes. The boilers with an output of 7.9 and 4.5 MW respectively generate steam for the dyeing and molding processes as well as for heating purposes at the Bregenz site.

In contrast, the potential to reduce energy consumption and climate-damaging emissions is comparatively low at Wolford's points of sale. For this reason, they are not included in the company's external reporting.

Energy consumption				
	Wolford AG		Group	
	2019/20	2020	2019/20	2020
Non-renewable fuel consumed <sup>1)</sup> (in MJ)	571.437	540.324	571.437	540.324
Renewable fuel consumed (in MJ)	-	-	-	-
Electricity consumption (in MJ)	27.658.656	16.159.968	30.824.352	18.193.396
Steam consumption <sup>2)</sup> (in MJ)	42.711.077	25.899.581	42.711.077	25.899.581
Total energy consumption <sup>3)</sup> (in MJ)	70.941.170	42.599.873	74.106.866	44.633.301

<sup>1)</sup> At present the company's entire fuel demand is covered by non-renewable sources. Fuel consumption encompasses all company vehicles (company vehicles in Murska Sobota are centrally managed in Bregenz).

<sup>2)</sup> In Murska Sobota groundwater heat pumps are used instead of steam boilers. Steam consumption also includes gas consumption in production.

<sup>3)</sup> The figures for fuel and energy consumption are derived from monthly calculations. No data is currently available on energy consumption for heating and cooling. Data compilation is being prepared for the future. Source for the conversion factor used is the CO<sub>2</sub> calculator of the Austrian Federal Environmental Agency.

(302-1)

Greenhouse gas emissions (GHG)				
	Wolford AG		Group	
	2019/20	2020	2019/20	2020
Direct GHG emissions i.e. Scope 1 <sup>1)</sup> (in tCO <sub>2</sub> e)	2.926	1.788	2.926	1.788
Indirect GHG emissions i.e. Scope 2 <sup>2)</sup> (in tCO <sub>2</sub> e)	732	431	1.071	648
Total GHG emissions (in tCO <sub>2</sub> e)	3.658	2.219	3.997	2.436

<sup>1)</sup> Includes emissions from gas-fired steam boilers and emissions from the company's own vehicles at both production sites (central recording and classification of emissions in Bregenz), emission factors pursuant to the Austrian Federal Environment Agency.

<sup>2)</sup> Emission factors pursuant to data provided by electricity providers at both production sites.

For simpler presentation purposes, the individual pollutant emissions are calculated as "CO<sub>2</sub> equivalents" and stated as number of tons of CO<sub>2</sub> equivalents (tCO<sub>2</sub>e).

(305-1, 305-2)

### Concept and implementation

The 2019 energy audit has identified some long-term measures, but these cannot be implemented at present due to capacity shortages in the personnel area. These measures include a conversion to LEDs in warehouse and production facilities and the renewal of technical equipment such as ventilation and fans. The aim of the external audit is to continuously improve energy efficiency and reduce emissions. To this end, appropriate targets and measures were defined and implemented as part of the audit. In addition, Wolford continually sensitizes its employees to the topic of "energy and the environment" so that they too can make a contribution to climate protection.

Almost all business areas are equipped with energy meters and sensors, supplying consumption data to a central building control system in real time. If optimization is possible in business operations or maintenance, Wolford implements appropriate measures on an ongoing basis, taking into account economic factors. The company also has an economic interest in sustainably reducing energy and maintenance costs. In 2014, the company also completely renovated the boiler house in Bregenz to meet all relevant environmental standards and enable it to be operated in a highly efficient manner.

Groundwater is used for cooling in both Bregenz and in Murska Sobota. For this reason, no electric-powered air conditioning devices are in operation for the cooling of buildings. Groundwater in Slovenia is an energy source the company exploits to heat and cool the production area and offices all year long by means of a geothermal heat pump. This means no fossil fuels are used at these sites at all, thus fundamentally easing the burden on the environment.

Moreover, Wolford is able to adjust its own energy needs and potential emissions through the selection of an appropriate energy provider, means of transport (in the case of business trips) and the vehicles deployed in its own vehicle fleet – and it proactively does so within its capabilities. Accordingly, Wolford's energy supplier, Vorarlberger Kraftwerke AG (VKW), is a prominent provider of sustainable energy. It primarily focuses on hydropower, supported by other low-emission forms of power generation. When it comes to business trips, the emphasis is on low emission means of transport, such as travelling by train, or if possible, video conferences instead of personal meetings, especially between employees at the two production sites. Besides that, alternative drive systems, such as electro technology and hybrid technology, are gradually being introduced to the vehicle fleet while keeping economic factors in mind. Employees also have the opportunity to borrow from the company's own fleet of about ten conventional or electric bicycles for short distances.

The strategy of enhancing energy efficiency and avoiding harmful emissions in production also entails the increased application of waste heat recovery methods. In the 2017/18 financial year, Wolford specifically implemented measures at the Bregenz plant which increased the share of usable waste heat derived from the air. As a consequence, the company not only decreased its energy costs but also cut back on emissions from fossil fuels.

### Responsibilities and reporting

An energy management officer has been appointed at the Bregenz facility to oversee the work of the energy consultant as well as the energy audit stipulated by the Austrian Energy Efficiency Act. Moreover, he regularly reports to the Management Board about progress made and possible deviations from the defined targets. The causes of deviations are subject to a real-time analysis and the underlying problems are solved when deviations occur. In addition, Wolford makes human resources (the energy team consists of technical employees and the external consultant) and financial resources available for investments in measures to improve energy efficiency. Potential deviations from legal requirements are reported to the district administration. Violations would lead to the imposition of penalties. However, no such infringements have been committed at Wolford AG so far. Each year the independent certification and auditing company TÜV Austria inspects both steam boilers to determine adherence to legal regulations pertaining to flue gas cleaning and proper functioning. In addition, emission levels are checked every three years.

(103-1, 103-2, 103-3)

## AVOIDING WASTEWATER AND WASTE

The issue of wastewater has been important to Wolford for years, given that production operations include a dyeing mill work with chemicals as well as dyes. The production site in Bregenz is located about 1,500 meters from Lake Constance, with its shore protection areas. Furthermore, the premises of the company border on a water protection area, which supplies drinking water to Bregenz.

Accordingly, a lot of attention is paid to the issue of water. Wulford directly conveys wastewater to the Bregenz Wastewater Treatment Plant (ARA Bregenz). Moreover, air conditioning systems use large amounts of water in the summer months. The water is fed into a closed system and is, in part, directly returned to the groundwater in compliance with strict legal requirements.

Water discharge				
	Wolford AG		Group	
	2019/20	2020	2019/20	2020
Other (process water etc.) (in m³)	19.761	3.292	21.621	4.479
Dyeing mill wastewater (in m³)	106.155	58.964	106.155	58.964
Total volume of water discharges (in m³)	125.916	62.256	127.776	63.443

(306-1)

In its production operations, Wulford generates waste at its sites, which is removed by qualified waste disposal companies. The refuse primarily consists of textile waste along with commercially mixed paper and residual waste, which is recycled or reused by these waste management companies depending on the specific type of waste. Hazardous waste materials, such as old knitting oil, oily compounds or laboratory and chemical residues, are also taken away by waste management companies in compliance with legal stipulations and properly disposed of.

Waste by type and disposal method				
	Wolford AG		Group	
	2019/20	2020	2019/20	2020
Total weight of hazardous waste (in t)	6	7	6	6
Total weight of non-hazardous waste (in t)	164	132	164	132
Total volume of waste <sup>1)</sup> (in t)	170	139	170	139

<sup>1)</sup> Waste is classified as either hazardous or non-hazardous pursuant to prevailing regulations. The waste disposal methods correspond to the standard organizational methods of the waste disposal company.

(306-2)

### Concept and implementation

With respect to waste, the company focuses on waste prevention, waste separation and recycling. All employees are urged to minimize the quantities of waste they generate and to properly separate the garbage. Residual materials are to be recycled if possible. Environmentally hazardous substances such as lubricants for knitting machines and lacquers are properly stored and later disposed of by specialized companies in accordance with legal regulations. Wulford's work in the Cradle to Cradle® projects also plays a decisive role in recycling materials (page 14).

The dyeing mill is continuously monitored internally and externally. Wulford began carrying out in-house wastewater inspections back in 1994. Important wastewater parameters include chromaticity, conductivity, pH value, share of heavy metals, chemical oxygen demand (COD), biochemical oxygen demand (BOD) after five days, Zahn-Wellens test (biodegradability) and the share of filterable substances. Above all, a harmful impact on the sewage system and subsequently on the environment is avoided thanks to the standardized neutralization of the pH value in wastewater.

Furthermore, wastewater parameters which the company is unable to analyze by itself are regularly determined by an accredited environmental laboratory.

Wolford AG fulfils all the legal requirements stipulated in the "Ordinance on the Limitation of Wastewater Emissions from Textile Finishing and Treatment for Direct and Indirect Discharges" issued by the Federal Ministry of Agriculture, Forestry, Environment and Water Management. As a result, Wolford concluded a long-term wastewater agreement with ARA Bregenz. Statutory obligations primarily relate to compliance with emission limits or staying below these thresholds in order to ensure effective wastewater treatment and thus safeguard local and regional protection areas. Wolford has introduced even higher standards through its partnership with bluesign® technologies ag. One key issue was the conversion to a phenol-free textile additive. Moreover, some 20 dyes were replaced in order to achieve a lower metal content and ensure degradability in the wastewater treatment plant.

#### **Responsibilities and controls**

A wastewater manager who regularly reports to the Management Board has been appointed at the Bregenz facility. Wolford makes sufficient human and financial resources available for appropriate wastewater testing. External controls, sometimes in the form of unannounced inspections, are carried out by the Vorarlberg State Institute for the Environment and Food Safety in addition to Wolford's in-house controls. The test results are communicated to Wolford's Management Board and to the Vorarlberg Regional Water Authority. There have been no complaints up until now.

Wolford is required to present a waste management concept to the local authorities (district administration) every six years.

(103-1, 103-2, 103-3)

## EFFICIENT USE OF WATER

Water as a natural resource has been the focal point of many of Wolford's environmental protection measures since the company was founded. This also includes the efficient use of water and thus a minimization of consumption.

Wolford makes use of groundwater at both its production facilities for its processes and for climate control purposes in buildings. Groundwater in Bregenz is derived from two company wells and is initially utilized for cooling buildings. Excess groundwater seeps back into the ground. The remaining water is chemically treated once again to fulfil the special quality requirements of the dyeing process and subsequently made available for various process steps.

	Wolford AG		Group	
	2019/20	2020	2019/20	2020
Groundwater <sup>1)</sup> (in m <sup>3</sup> )	225.606	172.647	293.856	222.287
Municipal water supply (in m <sup>3</sup> )	40.306	43.286	42.166	44.473
Total water consumption <sup>2)</sup> (in m <sup>3</sup> )	265.912	215.933	336.022	266.760

<sup>1)</sup> Groundwater consumption at the Murska Sobota site can only be documented per calendar year.

<sup>2)</sup> Other sources of water than the ones indicated here are not used.

(303-1)

### Concept and implementation

Most of the water consumed by Wolford is for dyeing the company's own textiles. On average, Wolford needs about 400 m<sup>3</sup> of treated process water each day. In the summer months, the production facility in Bregenz and the administration building are exclusively cooled using groundwater. Wolford has operated without energy-intensive electric-driven air conditioning systems since the company was established, enabling it to make a major contribution to reducing emissions.

Water is also extracted from four proprietary wells in Murska Sobota and fed into a groundwater heat pump. This volume of water is limited by public authorities to a maximum of 120,000 m<sup>3</sup> annually and is subject to ongoing monitoring. The heat pump uses the temperature of the water throughout the year to heat and cool the entire facility. Moreover, nighttime coolness is also utilized in a controlled manner. The water is subsequently released into the ground in compliance with contractually specified limit values. A solar energy system covering an area of 25 m<sup>2</sup> heats the water in the lounge, dressing rooms and sanitary facilities. Drinking water at both sites is supplied by the respective municipal network and discharged into the sewage system.

The volume of extracted water and the temperatures are prescribed by government authorities and have to be conveyed annually to civil engineers and the responsible authorities (district administration). Wolford makes sufficient human and financial resources available to monitor water use.

(103-1, 103-2, 103-3)



# Responsibility for our employees

## PROTECT AND PROMOTE EMPLOYEES

For Wolford it is only natural to protect and promote its employees. It goes without saying that human resources have a decisive impact on long-term corporate success.

At Wolford, all governmental regulations relating to Covid-19 are implemented consistently in their respective areas. Last year, a central Corona Task Force was set up to minimize the risks of possible infection within the company and to act quickly in the event of infections. In the course of this, a hygiene concept was developed that requires the use of mouth and nose protection in the building, especially if a minimum distance of 1.5 meters cannot be maintained. Temperature measurements must also be carried out, and in the headquarters in Bregenz there is also the option of having a rapid antigen test for Covid-19 carried out by the company doctor in case of suspected infections. In addition, an internal reporting system has been introduced for Covid-19 cases worldwide at Wolford.

Working conditions and employee qualifications influence productivity and performance in product development and production as well as success at the point of sale. Well trained sales personnel have a substantial impact on revenue development. However, more than anything else, Wolford lives from the recognized quality of the products it manufactures itself. This is, of course, closely linked to working conditions in production at its two plants in Austria and Slovenia. In addition to providing safe workplaces to protect employees, it is also essential to respect rest periods, avoid overtime and optimize workplace design. This also includes targeted training and education. In this way Wolford ensures it will have a sufficient pool of junior employees to draw upon. It also serves the purpose of increasing employee motivation. Wolford's objective is to keep sick leave and employee turnover at a low level, position the company as an attractive employer brand and thus lure and retain highly qualified employees.

### Concepts and measures

Wolford considers the training and education of employees to be supportive human resources measures oriented to career development goals, which are individually agreed upon by executives and employees. We attach just as much importance to personal development and the development of management skills as we do to specialized continuing education. The range of possibilities is correspondingly diverse.

All required investments and, if necessary, the temporary release of employees from their normal duties are done with the consent of the individual to a jointly defined career development path and his agreement to contribute the acquired qualifications to the company.

Group guidelines as well as regular performance appraisal interviews with employees provide guidance in this context, followed by a multi-stage internal process to approve specific training and continuing education measures. In each case, it must be determined whether on-the-job training directly at the employee's workplace is possible or whether external offerings are needed. A virtual "sales academy" has been created for sales personnel, who can log in at any time. New videos, animated presentations and product information are made available for training purposes each week. Moreover, there are exercises and instructions designed to support the sales process.

Wolford is a certified, state-approved training company which also promotes and further trains its trainers, for example within the context of internal workshops. The apprenticeship program itself also includes general training sessions such as a "money workshop" aimed at teaching people how to deal with their earnings. Excursions are organized and the apprentices can get to know other Wolford sites through job rotation programs, especially in the retail segment.

Different approaches also oriented to Group guidelines are used to ensure suitable working conditions. One important measure is the time management system to monitor working times. Overtime is largely avoided due to the warning system which is activated when employees work more than ten hours per day.



Wolford also attaches great importance to fair pay, flexible working time models and a reasonable work-life balance for the benefit of its employees. Various programs exist such as jogging groups and yoga courses. An occupational physician is available at both production sites, and all workplaces are regularly inspected. Also, Wolford operates at the headquarter in Bregenz a newly renovated staff canteen and its own in-house restaurant offering meals at reduced prices to employees.

Naturally this is accompanied by adherence to legal regulations such as the Austrian Working Time Act and Maternity Protection Act, or the Child and Youth Employment Act. Furthermore, the company is also required to comply with the Employee Protection Act, the Workplace and Workplace Equipment Ordinance as well as detailed regulations pertaining to employee protection against explosive atmospheres or exposure to noise and vibrations.

### Responsibilities and monitoring

The human resources department provides a framework for continuing education and professional development measures. However, it is executives who are responsible for the implementation of programs and the provision of trainers for the respective trainees. In addition to that, a central coordination unit has been established in the human resources department. There is one trainer for each of the seven training occupations at Wolford. It is no accident that Wolford has been a training company recognized by the Vorarlberg State Government, the Federal Economic Chamber and the Chamber of Labor.

The quality of working conditions is measured by the monthly recording of sickness absence rates and a regular employee turnover report. Working time management is continually monitored, and salaries are reviewed using general salary benchmarking. Wolford steadily works to improve working conditions and continuously exchanges views with the members of the Staff Council. Working conditions are also regularly discussed at meetings of the management team. All improvement proposals are conveyed to the respective executives. For example, an additional exhaust system was installed above the workplace for a hot air dryer, reducing the temperature and humidity-related burden on employees.

(103-1, 103-2, 103-3)

New employee hires and employee turnover*	New employee hires		Rate of employee turnover	
	2019/20	2020	2019/20	2020
Wolford AG (Bregenz)	67	47	24 %	20 %
Wolford Slovenia	17	14	2 %	3 %
Sales subsidiaries	81	108	54 %	29 %
Total	165	169	35 %	21 %

\* Headcount as of 31.12.2020.

The turnover rate at the Bregenz site is primarily due to restructuring measures implemented over the last two financial years. Employee turnover in the retail segment, i.e. in the sales companies is higher, for example, than in administrative operations.

(401-1)

## FOCUS ON OCCUPATIONAL HEALTH AND SAFETY

A certain risk of occupational accidents occurring inevitably exists in a company producing textiles and working with chemicals and steam, amongst other factors. In order to counteract this risk, appropriate systems to prevent accidents were implemented at both of Wolford's production facilities. In contrast, employees at the sales outlets are faced with a lower risk of accidents. For this reason, no specific safety management system has been established there. The Wolford Group conform to the legal regulations applying in all the countries in which it operates. As a rule, they include preventive measures to preserve and promote employee health, such as regular workplace inspections at the Bregenz site.

Such measures have been standard practice at Wolford for decades. It is evident that only healthy employees are motivated and capable of successfully performing their assigned tasks and meeting the high qualitative standards of Wolford products. Given the high proportion of women at Wolford, a particular focus is on creating optimal working conditions in case of pregnancy. If the workplace in question does not sufficiently provide special protection for pregnant women, Wolford transfers the employee to a substitute workplace as soon as she has notified the company of her pregnancy. Fundamental risks also include the psychological stress of working under pressure or intensified performance pressure. In such cases the danger of occupational accidents increases, as does the threat of a corresponding drop in productivity or of diminished employee performance.

### The concepts and its key elements

Wolford controls for such dangers by systematic occupational safety and health measures. Each workplace is evaluated in terms of the goal of maintaining employee health and is subject to a reassessment if working conditions substantially change. Cases of "near-accidents" are systematically reported and documented, resulting in a follow-up workplace inspection. Wolford's safety management system also stipulates an annual workplace inspection. For example, the generation of heat at workplaces in the Bregenz molding shop is checked to determine whether the temperature is at a tolerable level, whereas the evaluation of administrative workplaces is designed to determine whether ergonomic requirements are fulfilled.

So-called "prevention specialists" join forces to focus on the following issues: There are two trained occupational safety specialists at the company's headquarters in Bregenz to ensure safety at work, along with 11 safety officers for the production staff, 36 first-aiders and the plant's own fire brigade with an integrated team of first responders. Two occupational physicians carry out all the necessary occupational safety assessments and monitor all health care measures. All employees at the production sites are continuously trained to identify potential accident hazards. Equipment and machinery are also regularly checked to ensure compliance with all safety standards. The company attaches great importance to the ongoing optimization of all tools, equipment and materials in use.

### Wolford maintains detailed accident statistics

A systematic analysis and appraisal of accident statistics is carried out to determine in which areas and under which situations accidents more frequently take place. Special preventive measures are then implemented, e.g. special trainings to improve the handling of tools and equipment or to optimize workflows.

The respective managing director is responsible under trade law for ensuring compliance with all legal regulations and internal directives. The company avails itself of a number of preventive specialists, i.e. safety experts, fire prevention officers, safety officers, first-aiders, a hazardous goods officer, and occupational physicians. The internal occupational safety committee convenes once a year to discuss potential optimization measures. Compliance with statutory requirements in Austria is monitored by the General Accident Insurance Institute (Allgemeine Unfallversicherungsanstalt – AUVA), the Labor Inspectorate (the government authority that monitors compliance with legally binding occupational safety regulations) and the local fire prevention agency. (103-1, 103-2, 103-3)

The injury rate in the Wolford Group was reduced to 0.62% (previous year: 1.4%)

Occupational safety indicators	Wolford AG		Group	
	2019/20	2020	2019/20	2020
Days of work lost*	80	57	80	57
Occupational disease rate	0	0	0	0
Work-related fatalities	0	0	0	0

\* Lost days at work as of the time of the accident.

(403-2)

## DIVERSITY AND EQUAL OPPORTUNITY

Wolford is convinced that diverse teams have greater innovative strength and effectiveness, and thus achieve better results than homogeneous working groups. Thanks to the exchange of differing points of view and arguments, diverse leadership teams also practice more thorough and critical decision-making.

Cultural diversity has a major impact on the business success of an internationally operating company. For example, the closer the cultural proximity of Wolford's sales personnel is to local customers, the more likely they are to understand customer requirements, and customer satisfaction is also more likely to be higher. The closer product development is to the needs of the predominantly female customer base, the more likely new products will be successful on the marketplace. Last but not least, the culture of equal opportunity that exists at Wolford is an important factor contributing to employee satisfaction. The employer brand also benefits from this culture of equal opportunity.

### Diversity practiced at Wolford

The diverse composition of the staff means not only a good balance of genders in as far as is possible but also the inclusion of different nationalities and a balanced age structure. In this regard, diversity and equal opportunity have been embedded at Wolford for decades, even without the existence of a precisely formulated concept of diversity. The Management Board duo consists of one male and one female member. The BCG Gender Diversity Index Austria 2020 confirms that Wolford is a trailblazer when it comes to diversity. The index analyzed the proportion of women on the Management Board and Supervisory Board of Austria's 50 largest publicly traded companies. Wolford was ranked as the number three company in terms of gender diversity. On a Group level, the share of women in the workforce is also disproportionately high at 83%, given that the product portfolio caters mainly to women and that the sales staff at the point of sale is generally female. Against this backdrop, Wolford has a strong commitment to offering flexible parental leave and part-time working models to its employees so that they can optimally reconcile their professional and family lives.

(103-1, 103-2, 103-3)

On balance, 49 nationalities are represented in the Wolford Group. Employees from 30 nations are employed at the parent company Wolford AG. About 35% of the staff are not Austrian nationals. Six nationalities are represented at the executive level. All age groups between 20 and 60 years old are almost equally represented in the sales subsidiaries. About 42% of the employees at the Murska Sobota plant are women between the ages of 40 and 50.

Diversity in governing bodies	Number of employees	Women in %	Age < 30 years in %	Age 30-50 in %	Age > 50 years in %
Wolford AG (Bregenz)	19	32 %	0,0 %	53 %	47 %
Wolford Slovenia	1	0,0 %	0,0 %	0,0 %	100,0 %
Sales subsidiaries	16	56 %	0,0 %	62,5 %	37,5 %
Total	36	42 %	0,0 %	56 %	44 %

\* Employees working as directors or heads of positions as of 31.12.2020 (headcount)

Diversity of employees	Number of employees	Women in %	Age < 30 years in %	Age 30-50 in %	Age > 50 years in %
Wolford AG (Bregenz)	508	62 %	13 %	44 %	43 %
Wolford Slovenia	254	95 %	7 %	62 %	31 %
Sales subsidiaries	571	97 %	19 %	45 %	36 %
Total	1.333	83 %	14 %	48 %	38 %

\* Headcount as of 31.12.2020 excl. people on leave.

(405-1)





# Responsibility for our supply chain

## ENSURE ECOLOGICAL AND SOCIAL STANDARDS OF SUPPLIERS

Wolford covers a large part of the supply chain and produces circular knitted products itself. However, in some subareas, the company also relies on external partners. In order to be able to manufacture products of the highest quality, the company requires equally reliable suppliers. Product defects comprise a potential risk. They could massively and sustainably damage the image of the company and negatively impact customer satisfaction and health. For Wolford it is also of particular importance to avoid risks which could trigger negative ecological and social consequences (especially when it comes to respecting human rights).

For this reason, Wolford focuses on establishing longstanding partnerships with suppliers who have the same standards of quality and innovation for their own products as Wolford has. European suppliers are also subject to legal regulations (e.g., labor regulations in Austria), which principally ensure compliance with social standards. Wolford relies on goods “Made in Europe.” More than 90% of suppliers come from Europe, for the most part from Germany, Italy, Austria, and France.

As a means of ensuring adherence to ecological and social standards above and beyond the respective statutory regulations, all European suppliers are obliged to comply with the Code of Conduct of the German Textile Association, the STANDARD 100 by OEKO-TEX® and the EU’s REACH regulation. For example, the Code of Conduct ensures that the principles of human rights to which Wolford adheres are also respected by its suppliers.

### Concept of supplier screening and responsibilities

The screening of new suppliers is done using 25 to 30 base criteria, including working conditions, special certificates such as STANDARD 100 by OEKO-TEX®, quality, financial situation, delivery service, innovation, and pricing. An initial audit is carried out on new suppliers, and a quality manual containing all relevant requirements is handed out to them. Wolford personally contacts established suppliers at least once or twice annually, and it maintains contact with its main suppliers on a monthly basis. Regular supplier assessments are done during local visits. Furthermore, the suppliers of Cradle to Cradle® products are also audited by an independent institute.

A four-person product development team for each product group has been set up at the Bregenz facility. This team consists of one employee from each of the following departments: quality management, costing, coordination and procurement (sourcing). It is tasked with the responsibility of selecting suppliers. Wolford also makes sufficient personnel (three permanent employees for textile sourcing) and financial resources available for annual supplier reviews. If deviations from the specified standards arise, the employees involved in textile purchasing inform the Head of the Development Department and jointly determine how to proceed.

(103-1, 103-2, 103-3)

In the 2020 short fiscal year, there were no changes at Wolford with regard to suppliers, which is why no suppliers were reviewed.

(308-1, 414-1)

## HIGH DEMANDS PLACED ON QUALITY AND ORIGIN – RENEWABLE MATERIALS

Wolford considers the responsible use of materials to mean the conservation of all relevant natural resources as well as sustainable sourcing and production. As a manufacturer of textile products, the quality and origin of the processed materials play a key role in its operations. Wolford only makes use of high-quality materials for its products. These materials fulfil the high demands on quality imposed by the brand with respect to wearing comfort, fit and durability. Social and ecological consideration also play a role – from the design and selection of the raw materials and material procurement to packaging.

The use of renewable materials is playing an increasingly important role in design, given the growing customer demand for natural fibers. The major part of the yarns used in circular knitted products (i.e. tights, stockings, bodies and shapewear) come from Europe. In addition, the company sources high-quality cotton from Peru, and several specialities are procured from Japan. Almost all fabrics and accessories are also produced in Europe, which means that the selection of suppliers plays a crucial role. In order to ensure transparency along the entire supply chain, Wolford demands relevant certifications from its suppliers, such as the FSC® certification for cellulosic fibers granted to Lenzing. Moreover, all suppliers have to comply with the STANDARD 100 by OEKO-TEX® as well as REACH and the Code of Conduct of the German Textile Association. The product development department is responsible for ensuring adherence to these guidelines.

For this reason, transparency along the supply chain with respect to safe textiles also plays an important role. This is due to the fact that following a complex certification process in the 2014/15 financial year, Wolford became the first hosiery producer in the world which is allowed to call itself a partner of the bluesign® system. Furthermore, all of Wolford's own knitted and dyed cotton and polyamide-based legwear products from the Essential collection are "bluesign® approved" - the certificate was confirmed again in 2020.

(103-1, 103-2, 103-3)

26 tonnes of yarn processed by Wolford are renewable materials such as cotton yarn and FSC®-certified cellulose fibers. This corresponds to about 12% of its entire procurement of 220 tonnes of yarn in the 2020 short financial year.

(301-1)

Moreover, within the context of the Smart Textiles industry network, Wolford has been playing a significant role for more than four years in a project to develop recyclable products (Cradle to Cradle®). The focus is on the development of legwear, bodywear and lingerie products from raw materials which are either completely recyclable or are fully biodegradable. Under the leadership of Wolford, a total of thirteen companies in the Vorarlberg region manufacturing relevant product components are involved in the project. Wolford already launched the first biologically recyclable and completely biodegradable products on the marketplace in September 2018. In April 2019, the company was also granted the "Cradle to Cradle Certified™ (Gold)" award for the development of technically recyclable (i.e. completely reusable) products. The first corresponding legwear product is the "Aurora 70 Tights". Up until now, Wolford is the first and only company in the clothing and textile industry to be given certification in Gold by Cradle to Cradle™ for the development of environmentally neutral products in both categories (biodegradable and technically recyclable). In the past fiscal year, the Aurora collection was also expanded to include styles in the trend collection and can also be found in "The W" collection.

Against this backdrop, the company has formulated its main sustainability objective. For more details, see page 22.



# GRI-Index

## GENERAL STANDARD INFORMATION

GRI Standards Disclosure				
Number	Disclosure title	Reference to chapter	page nr.	Explanations and omissions
<b>Organizational profile</b>				
102-1	Name of the organization	Corporate profile and business model	7	
102-2	Activities, brands, products, and services	Corporate profile and business model	7	
102-3	Location of headquarters	Corporate profile and business model	7	
102-4	Location of operations	Corporate profile and business model	7	
102-5	Ownership and legal form	Corporate profile and business model	7	
102-6	Markets served	Corporate profile and business model	10	
102-7	Scale of the organization	Corporate profile and business model	8	
				Temporary employment contracts are only concluded in exceptional cases and comprise less than 1% of all employment contracts in the Wölford Group (employees and apprentices). As a rule, new hires are given work contracts of limited duration during the probationary period, which are then converted into permanent contracts of employment when these probationary periods expire. Reporting does not differentiate between people who are employed permanently or temporarily, as this does not apply to Wölford.
102-8	Information on employees and other workers	Corporate profile and business model	8	
102-9	Supply chain	Corporate profile and business model	12	
102-10	Significant changes to the organization and its supply chain	Corporate profile and business model	8	
102-11	Precautionary Principle or approach	Responsible corporate management and compliance	14, 17	
102-12	External initiatives	Responsible corporate management and compliance	14	
102-13	Membership of associations	Responsible corporate management and compliance	15	
<b>Strategy</b>				
102-14	Statement from senior decision-maker	Letter from the Board	4	
102-15	Key impacts, risks, and opportunities	Responsible corporate management and compliance	17	

GRI Standards Disclosure				
Number	Disclosure title	Reference to chapter	page nr.	Explanations and omissions
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behavior	Responsible corporate management and compliance	17	
<b>Governance</b>				
102-18	Governance structure	Responsible corporate management and compliance	16	
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	Material sustainability issues and stakeholders involved	20	
102-41	Collective bargaining agreements	Corporate profile and business model	8	
102-42	Identifying and selecting stakeholders	Material sustainability issues and stakeholders involved	20	
102-43	Approach to stakeholder engagement	Material sustainability issues and stakeholders involved	20	
102-44	Key topics and concerns raised	Material sustainability issues and stakeholders involved	20	
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	Corporate profile and business model	8	
102-46	Defining report content and topic Boundaries	Good to know: General information on this report, Material sustainability issues and stakeholders involved	5, 20	
102-47	List of material topics	Material sustainability issues and stakeholders involved	19, 20	
102-48	Restatements of information			There is no relevant restatement of information in the Sustainability Report.
102-49	Changes in reporting			There are no changes in reporting.
102-50	Report period	General information on this report	5	
102-51	Date of most recent report	General information on this report	5	
102-52	Reporting cycle	General information on this report	5	
102-53	Contact point for questions regarding the report	General information on this report	5	
102-54	Claims of reporting in accordance with the GRI	General information on this report	5	
102-55	GRI content index	Annex	39	
102-56	External assurance	General information on this report	5	This report was not subject to an external review.

## SPECIFIC STANDARD DISCLOSURES

GRI Standards Disclosure				
Number	Disclosure title	Reference to chapter	page nr.	Explanations and omissions
Category: Economy				
Anti-corruption				
103-1 103-2 103-3	Management Approach Disclosure	Compliance, Compliance as a share issuer, Group guidelines with internal rules of conduct, Risk management	15, 17	
205-3	Confirmed incidents of corruption and actions taken	Responsible corporate management and compliance	15, 17	There were no cases of corruption during the period under review.
Category: Environmental				
Materials				
103-1 103-2 103-3	Management Approach Disclosure	High demands placed on quality and origin - renewable materials	38	
301-1	Materials used by weight or volume	Responsibility for our environment	38	
Energy				
103-1 103-2 103-3	Management Approach Disclosure	Minimise emissions and energy consumption	27	
302-1	Energy consumption within the organization	Responsibility for our environment	25	Data on heating energy consumption is not available. The company is currently working on systematically compiling data and processing it for the next Sustainability Report.
Water				
103-1 103-2 103-3	Management Approach Disclosure	Efficient use of water	29	
303-1	Water withdrawal by source	Responsibility for our environment	29	
Emissions				
103-1 103-2 103-3	Management Approach Disclosure	Minimise emissions and energy consumption	27	
305-1	Direct (Scope 1) GHG emissions	Responsibility for our environment	25	
305-2	Energy indirect (Scope 2) GHG emissions	Responsibility for our environment	25	
Effluents and waste				
103-1 103-2 103-3	Management Approach Disclosure	Avoid wastewater and waste	28	
306-1	Water discharge by quality and destination	Responsibility for our environment	27	
306-2	Waste by type and disposal method	Responsibility for our environment	27	

GRI Standards Disclosure				
Number	Disclosure title	Reference to chapter	page nr.	Explanations and omissions
<b>Environmental Compliance</b>				
307-1	Non-compliance with environmental laws and regulations	Responsible corporate management and compliance	15	There was no non-compliance with environmental laws and regulations in the reported period.
<b>Supplier environmental assessment</b>				
103-1	Management Approach Disclosure	Ensure ecological and social standards of suppliers	37	
103-2				
103-3				
308-1	New suppliers that were screened using environmental criteria	Responsibility for our supply chain	37	
<b>Category: Social</b>				
<b>Employment</b>				
103-1	Management Approach Disclosure	Protect and promote employees	32	
103-2				
103-3				
401-1	New employee hires and employee turnover	Responsibility for our employees	32	
<b>Occupational health and safety</b>				
103-1	Management Approach Disclosure	Focus on occupational health and safety	33	
103-2				
103-3				
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Responsibility for our employees	34	
<b>Training and education</b>				
103-1	Management Approach Disclosure			Data on training and education is not available. The company is currently working on systematically compiling data and processing it for the next Sustainability Report.
103-2				
103-3				
404-2	Programs for upgrading employee skills and transition assistance programs	Responsibility for our employees		
<b>Diversity and equal opportunity</b>				
103-1	Management Approach Disclosure	Diversity and equal opportunity	34	
103-2				
103-3				
405-1	Diversity of governance bodies and employees	Responsibility for our employees	35	

GRI Standards Disclosure				
Number	Disclosure title	Reference to chapter	page nr.	Explanations and omissions
<b>Supplier social assessment</b>				
103-1				
103-2		Ensure ecological and social standards of suppliers		
103-3	Management Approach Disclosure		37	
414-1	New suppliers that were screened using social criteria	Responsibility for our supply chain	37	
<b>Customer health and safety</b>				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Responsible corporate management and compliance	12	There were no incidents of non-compliance concerning the health and safety impacts of products and services in the reporting period.
<b>Marketing and labeling</b>				
417-2	Incidents of non-compliance concerning product and service information and labeling	Responsible corporate management and compliance	12	There were no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling in the reporting period.



## **Wolford AG**

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This sustainability report of 2020 is available in the Internet under [company.wolford.com](https://company.wolford.com) in the Investor Relations section.

To ensure readability, statements referring to her or she are intended to be gender neutral and are equally valid for both women and men.

## **Disclaimer**

This sustainability report was prepared with the greatest possible care, and all data were subjected to multiple reviews by Wolford AG. Nevertheless, rounding, typesetting or printing errors cannot be excluded. This report is also published in English, but only the German text is binding. The sustainability report contains forward-looking statements which reflect the opinions and expectations of the Management Board and are subject to risks and uncertainties that could have a significant impact on actual results. Readers are therefore cautioned not to place undue reliance on these forward-looking statements. Wolford AG is not required to publish any updates or revisions of the forward-looking statements contained in this report unless required by law.

