

As of: 01.03.2022

PROGRESS REPORT (COMMUNICATION ON PROGRESS - COP)

Reporting period of your Progress Report (COP)

From: 01.01.2021 Bis: 31.12.2021

1. STATEMENT OF ONGOING SUPPORT FROM THE CHIEF EXECUTIVE OFFICER (OWNER OR PRESIDENT AT SMALL BUSINESSES)

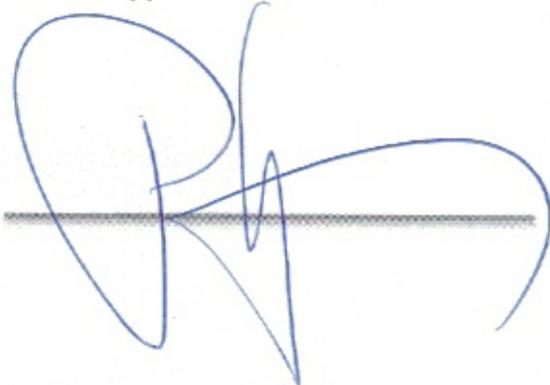
01.03.22

I am pleased to confirm that Güldi-Moden GmbH reaffirms its support for the ten principles of the United Nations Global Compact in the areas of human rights, labour standards, environmental protection and the fight against corruption.

In this annual progress report, we describe our measures to continuously improve the integration of the Global Compact and its principles into our business strategy, corporate culture and daily operations. We also undertake to forward this information to our stakeholders using our primary communication channels.

Best regards

Alfred Wippermann - CEO



2. DESCRIPTION OF THE MEASURES

Human Rights

At the policy level, a policy statement was first drawn up and adopted by the company management. This policy statement is based on the OECD sector risks and obliges the company and its suppliers to comply with human rights. Furthermore, the Code of Conduct has been adapted, unauthorized subcontracting is rejected. The first priority is to provide supportive and advisory assistance for the preliminary stage if deviations or difficulties arise in the implementation of the UN requirements. If this is not successful or the violations are serious, a warning is issued or, if necessary, consequences must be drawn. Existing suppliers and new suppliers are informed about the COC and the Declaration of Principles and are asked to sign it in writing if possible.

Overview of the actual effects (positive or to be improved) in our supply chain, we have now started a closer communication with our suppliers. For this purpose, a self-assessment was developed, which provides information about the state of the risks in the supply chain. If necessary, existing audit reports are helpful here. On such a basis, it will be possible to identify deficits in the supply chains and to initiate mitigation measures in a planning / advisory manner.

In order to work more closely on our sustainability strategy, we have developed a supply chain monitoring with regard to environmental and social standards. Since we attach great importance to the personal visit and exchange with suppliers, we have also developed a quick scan here, which provides guidelines for the visit. This will also be used to establish an exchange with potential affected parties in the future.

Cooperation with audited suppliers is becoming increasingly important. For this reason, we are increasingly motivating our suppliers to be certified by, for example, STANDARD 100 by OEKO-TEX®, STeP by OEKO-TEX® or amfori BSCI.

A continuous dialogue with suppliers is characteristic of our cooperation. We also want to improve this dialogue in the area of sustainability and human rights. Our suppliers have made us aware of complaints in the control loop.

We are currently developing a possible incentive system for our supply chain links. The focus is on providing suppliers with documents in order to be able to carry out internal training courses themselves. By advancing the topic of sustainability in all its facets, we want to strengthen cooperation and thus enable a closer partnership.

Furthermore, we are planning the first steps to create transparency from production countries to fiber production. For this we are in close communication with our suppliers.

On our way towards increased sustainability, we work together with the experts of the hessnatur Stiftung. This enables us to integrate external expertise, which itself is also integrated into a large network of stakeholders. Together, we have implemented a roadmap for 2021, which will be continued in 2022. In the future, we also plan to expand our work with other

representatives of civil society such as NGOs.

As part of the cooperation with the hessnatur Stiftung, training courses on the topic of sustainability are also held. Among other things, the content included the identification of human rights risks, social standards and environmental requirements. The training content is then shared internally with decision-makers and departments via the responsible departments, so that it can be implemented holistically in the company where it is relevant.

We have also set up an internal and external complaints mechanism. Internally, we have given employees the opportunity to pass on complaints, improvements and suggestions without having to reveal their identity. This system is handled internally by a neutral responsible person.

The external complaints mechanism is used to communicate with potentially affected persons and to create remedial measures if necessary. The contact can be made publicly accessible either via the suppliers or the website. The complaints mechanism follows an internally defined process.

To date, no complaints have been received, so no corrective action has yet had to be taken.

Labour standards

In our Code of Conduct and in our Declaration of Principles, we and our suppliers undertake to comply with current labour standards such as the ILO core labour standards. By taking note of our suppliers, we want to motivate them to strive for the same principles.

There is a continuous, partnership-based exchange with our suppliers. We also specifically talk about working conditions.

Many of our suppliers are certified, e.g. by STeP by OEKO-TEX®, ISO 9001, Fairtrade. Thus, a minimum standard of safe working conditions can be established.

Our supplier evaluation and our Quick Check include all current labor standards. As a result, the success of the measures can also be assessed in a practical way.

In cooperation with the hessnatur Stiftung, we have received targeted training courses to build up skills in the field of work standards. This content continued to be shared internally in order to embed it in strategies throughout the company.

Environmental Protection

Through our Declaration of Principles, we commit ourselves to respecting environmental obligations. Environmental protection is also a central topic in our Code of Conduct. By being recognized by our suppliers, we want to ensure that they are informed and act in accordance with our principles.

The topic of ecology was also integrated into the supplier evaluation in order to integrate the sustainability strategy into all business processes in greater depth. Since we attach great

importance to the personal visit and exchange with suppliers, the Quick Scan also deals in depth with the environmental effects and the chemical management at the suppliers. In the future, the Quick Scans will also be used to establish an exchange with potential affected parties.

We have already worked on developing our collections in a more sustainable way. The use of recycled materials is currently being considered here. Initial discussions with suppliers and subcontractors are already underway. The first samples (fabric samples) have already been obtained. They are currently being checked in the design department to see how the implementation is possible in accordance with our quality standards.

Güldi-Moden is part of the “Grüner Punkt”-system (cardboard boxes and packaging). During recycling, constant attention is paid to the avoidance of polymer packaging. Large plastic bags, in which goods are delivered, are mostly reused. This also applies to cardboard and pallets. This eliminates the massive disposal, and at the same time the purchase of packaging.

Through cooperation with audited suppliers (STANDARD 100 by OEKO-TEX®, STeP by OEKO-TEX®, ISO 14001), active attention is paid to environmental protection and this is continuously accompanied by an exchange. The majority of our suppliers are audited, which we attach great importance to at Güldi-Moden.

The sustainability unit holds regular (monthly) internal training sessions with relevant departments or persons on environmental issues. Güldi-Moden is assisted by the hessnatur Stiftung also in the field of environmental protection. This ensures internal competence development through external expertise.

Anti-Corruption

Güldi-Moden is committed to reducing the risk of corruption. For this reason, our Code of Conduct and the Declaration of Principles prohibit all forms of corruption. In addition, we have added a ban on unauthorized subcontracting, as subcontracting can promote corruption. We inform our suppliers by requesting that they take note of these documents.

If corruption is discovered among our suppliers, mitigation measures should be taken first. A partnership-based cooperation is important to us. Only if these measures do not promise success over time, suppliers will be warned or sanctioned.

A 4-eye principle is applied in our internal processes. In principle, purchasing is only carried out on the basis of customer orders, in exceptional cases on the basis of management decisions.

3. MEASUREMENT OF RESULTS

Every year we set ourselves goals, which we accompany with measures and which can be evaluated by KPIs. Here we report on the status quo in 2021 and the goals for the coming years.

Acknowledgement by suppliers	Manufacturers	Wet	All suppliers
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		processes	
Self-disclosure	100%	50%	77%
Declaration of Principles	100%	67%	85%
Code of Conduct	100%	67%	85%

	„Grüner Knopf“ supply chain	Wet processes	All suppliers
Share of suppliers with at least 1 certificate	100%	83%	46%

	2021	Goal (yearly)	
Participation in training courses/ webinars	3	3	completely fulfilled
Number of measures implemented	11	9	completely fulfilled

	2021	Goal (2023)
Share of STANDARD 100 by OEKO-TEX [®] compliant surgical clothing	40%	50%
MADE IN GREEN by OEKO-TEX [®] compliant surgical clothing	55%	60%
Percentage of biannual visits	0%*	70%
Proportion of suppliers sensitized to the complaints mechanism	0%	50%

*Pandemic-related

4. EVALUATION OF THE RISK ANALYSIS

As part of exercising our corporate due diligence, we conduct a risk analysis at various levels. In the interests of transparency, the results will now be reported here.

Material

As a manufacturer of workwear, we attach great importance to quality and, in particular, the durability of our products. We rely on the raw materials cotton, polyester and Lyocell Tencel™.

These materials are associated with specific risks. In the cultivation of cotton, child and forced labor can sometimes appear. Furthermore, cultivation is very resource-intensive, the use of pesticides and the cultivation of monocultures can have a negative impact on the environment, among other things.

There is also a big discussion on the market about the raw material petroleum and the impact of polyester on the environment. Furthermore, chemicals are used here that can enter the environment without appropriate wastewater systems and cause damage there.

Business Model

Our business model is based on long-term business relationships, fair contracts and collections with a term of more than 5 years. We stand for good predictability and try to avoid temporal and financial pressure on suppliers as much as possible. Thus, our business model is relatively low-risk.

Manufacturing

Risks in clothing are typically in the area of social standards. We were able to identify potential risks in the areas of freedom of association and assembly, working conditions (contracts, working hours), discrimination, wages and remuneration, child and forced labour as well as occupational health and safety.

Through many years of cooperation with suppliers, supplier visits, relevant certifications, Code of Conduct and our Declaration of Principles, we counteract the risks. In particular, we prohibit any unauthorized subcontracting.

So far, it has not been possible to identify any negative effects that have actually occurred.

Wet processes

In our risk analysis of wet processes, environmental risks appear above all. In particular, wet processes have a negative impact on water availability and air pollution. In addition, however, the risks specific to the textile industry in the area of social standards such as occupational safety and security, freedom of association and discrimination also appear.

Güldi-Moden relies on suppliers in Europe (Germany, the Netherlands, Italy, UK) due to the comparatively highest European standards in terms of environmental obligations and social standards.

Through many years of cooperation with suppliers, supplier visits, relevant certifications, Code of Conduct and our Declaration of Principles, we counteract the risks. In particular, we prohibit any unauthorized subcontracting.

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