

A woman with dark hair pulled back, wearing a teal-colored, high-neck, sleeveless crop top and a matching high-waisted skirt. She is standing against a background of a dense, green moss wall. The text 'The Future is GREEN' is overlaid on the left side of the image.

# The Future is **GREEN**

Sustainability Report  
2021

|| **Wolford** ||



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# 01

## The COMPANY

**The Mission**

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# The MISSION

**For us, the focus is on human beings. Their well-being and the quality of their future depend on the decisions we make today in our daily lives – in the interest of the climate, in the interest of society, and in the interest of the company. We take this responsibility seriously. Day after day.**

# Letter From the Management Board



The Wolford AG Management Board: Andrew Thorndike (COO) and Silvia Azzali (CCO)

## Dear reader,

Climate change is the biggest challenge of our era. At the same time, it also offers the opportunity to develop a new economic paradigm. The European Green Deal of 2019 is the basis for this transformation. All 27 EU Member States have committed to making the EU climate-neutral by 2050.

Regardless of this, Wolford had already formulated a **sustainability strategy** in 2012 that aimed to gradually switch over to recyclable products. By 2025, half of our products should be able to circulate in a biological or technical cycle in accordance with Cradle to Cradle®.

**By 2025, half of our products should be recycled either biologically or technical cycle according to Cradle to Cradle® circulation.**

Wolford is one of the first textile companies with its own Cradle to Cradle® collection of over 32 Gold-certified styles, both in the biological and technical cycles, which means that we fulfill the five criteria of the Cradle to Cradle® Gold Standard. We are also the first skinwear brand in the world whose legwear products all fulfill the bluesign® sustainability standard, which ensures the safe use of chemicals for people and the environment.

The durability of our products is a key factor in their sustainability and **our reputation relies entirely on the quality and comfort of our products** – in addition to continually monitored manufacturing processes, this also requires the careful selection of the materials we use. The Purchasing department continually monitors existing suppliers and is engaged in close dialogue with them.

The new strategy aims to use measures that extend throughout the entire life cycle of a product to prepare our company **for a greener future** and to strengthen our competitive edge while protecting the environment and manufacturing innovative, fashionable, durable, recyclable and exceptionally comfortable products for our customers.

We rely on our highly motivated and qualified staff to implement our sustainability plans. To do this, we offer good working conditions and advanced training to ensure that everyone is up to date on the latest requirements and technologies, and that they are applied accordingly. We would like to thank our employees for their commitment and we are relying on them to continue integrating sustainability and climate protection into their work, thus helping Wolford to implement its sustainability strategy and to continue to develop it.

We hope you enjoy reading this report and welcome any positive feedback, as well as comments and criticism.

Bregenz, June 17, 2022

Andrew Thorndike  
COO

Silvia Azzali  
CCO

# General Information About This Report

This report is the consolidated non-financial report (sustainability report) for the 2021 financial year (January 2021 to December 2021) for the Wolford Group (in accordance with Section 267a Austrian Commercial Code, UGB) and for Wolford AG (in accordance with Section 243b UGB). The statements in the report make reference to the Wolford Group ("Wolford"). Any deviations are disclosed separately below. All descriptions of management strategies and concepts regarding the major sustainability topics (relating to environmental, social and labor matters, compliance with human rights, and combating corruption and bribery) apply both to the Wolford Group and Wolford AG. (102-50, 102-51)

This report presents the major topics that are relevant to the future growth of the company. The major topics are determined based on the significance of their economic, environmental and social impact – taking into account the perspectives of various stakeholders. (102-46)

The topics of "Environment" and "Supply chain" were only identified as major topics for the manufacturing sites (Wolford AG Bregenz [AT] and Wolford proizvodnja in trgovina d.o.o. Murska Sobota [SI]). This is due to the fact that the energy consumption and potential for emissions that are harmful to the climate are comparatively low there, which is why they are not taken into account in the external reporting. The indicators disclosed for these topics therefore refer exclusively to the manufacturing sites.

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

The Wolford AG Sustainability Report was compiled on the basis of the international Global Reporting Initiative (GRI) standards, "Core" option. For a detailed GRI index, please refer to the Annex (page 54). Reports are issued annually. The numbers in parentheses refer to the relevant disclosures in accordance with GRI requirements. (102-52, 102-54)

The content of this sustainability report has not been externally reviewed. (102-56)

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(102-53)

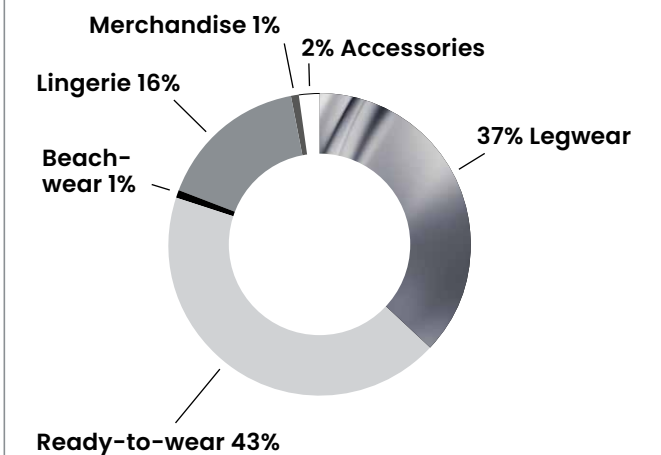
# Company Profile and Business Model

## KEY FACTS ABOUT WOLFORD

Wolford, which was founded in 1950 in Bregenz, Austria, designs, manufactures and sells premium skinwear (legwear and bodywear), as well as exclusive lingerie and select accessories, such as belts and scarves. With an average of 1,081 employees (FTE), it achieved revenue of € 109.50 million during the 2021 financial year. In compliance with the highest environmental standards (partner of the bluesign® system), Wolford designs and manufactures its products at two sites in Austria and Slovenia. The brand belongs to the global luxury fashion conglomerate Lanvin Group, which was founded by Wolford's Chinese majority shareholder Fosun. With its 229 monobrand POS (points of sale), including 101 of its own boutiques, and over 2,500 retail partners, the brand is represented in around 45 countries around the world. Europe is the most important market, with 169 monobrand locations and a share of

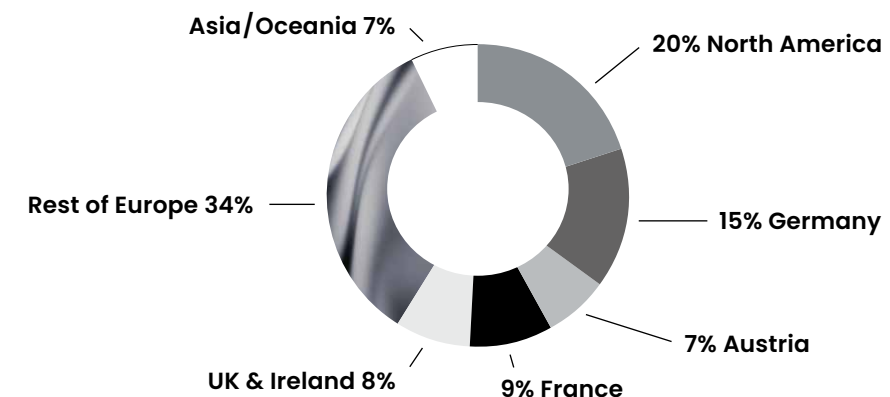
75% of total revenue, followed by North America (23 monobrand stores) and Asia (32 monobrand stores).

## 02 // NET SALES BY PRODUCT CATEGORY, in percent



During the 2021 financial year, Wolford achieved revenue of € 109.50 million and an operating profit (EBIT) of € 0.54 million. The balance sheet total came to € 140.99 million, equity amounted to

## 01 // NET SALES BY MARKET, in percent



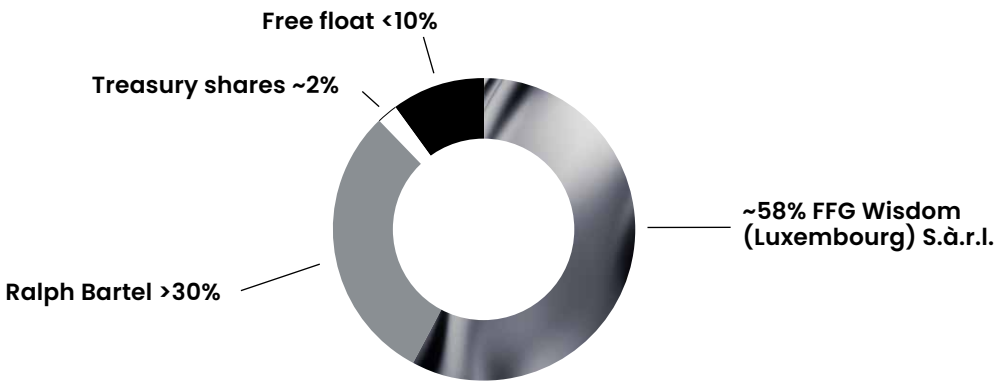
€ 21.00 million and debt was measured at € 120.00 million. Wolford is an incorporated company that has been listed on the Vienna Stock Exchange since 1995 and has been on the Standard Market since September 2018. Around 10% of the shares are freely traded. (102-1, 102-2, 102-3, 102-4, 102-5)

Since May 22, 2019, the Fosun Fashion Group Wisdom (Luxembourg) S.à.r.l. has held around 58% of the shares in Wolford AG. The private investor Ralph Bartel holds over 30% of the bearer shares. Wolford AG's stake in the com-

pany comes to just under 2%. The rest of the shares are in free float and are held by institutional investors and private shareholders. (102-10)

Of the average of 1,081 employees (FTE) around the world, 635 employees (FTE) were employed at the two sites (Bregenz and Murska Sobota in Slovenia), with 392 (FTE) at the headquarters in Bregenz. An overview of the Wolford Group is shown in the Service chapter of the 2021 Annual Report. (102-7, 102-8, 102-41, 102-45)

03 // OWNERSHIP STRUCTURE OF THE WOLFORD SHARE, in percent

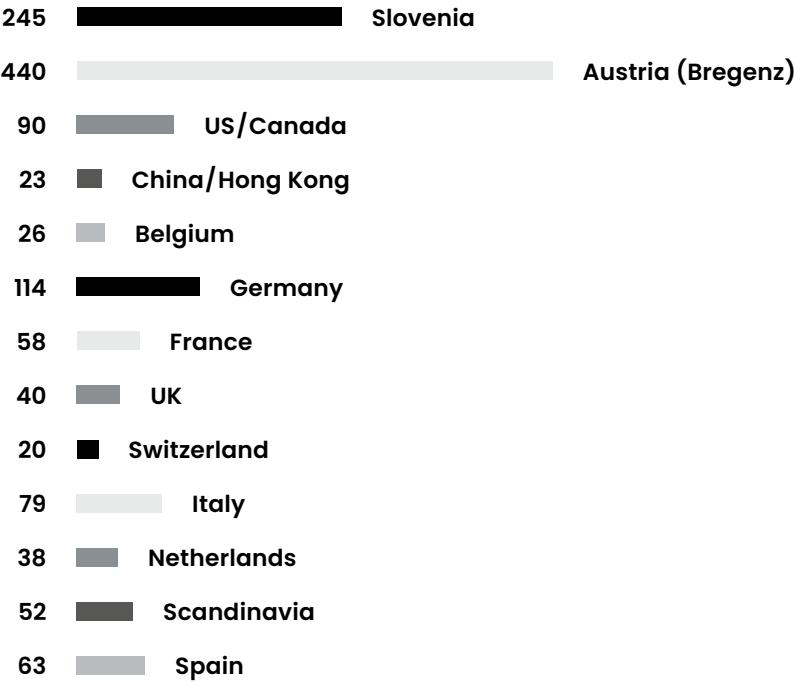


	Male employees		Female employees		TOTAL
	FULL TIME	PART TIME	FULL TIME	PART TIME	
Wolford Slovenia	14	0	221	10	245
Subsidiaries (Distribution)	16	3	224	340	603
Wolford AG (Bregenz)	166	9	152	113	440
Total	196	12	617	463	1,288

\* Headcount as of December 31, 2021

(102-8)

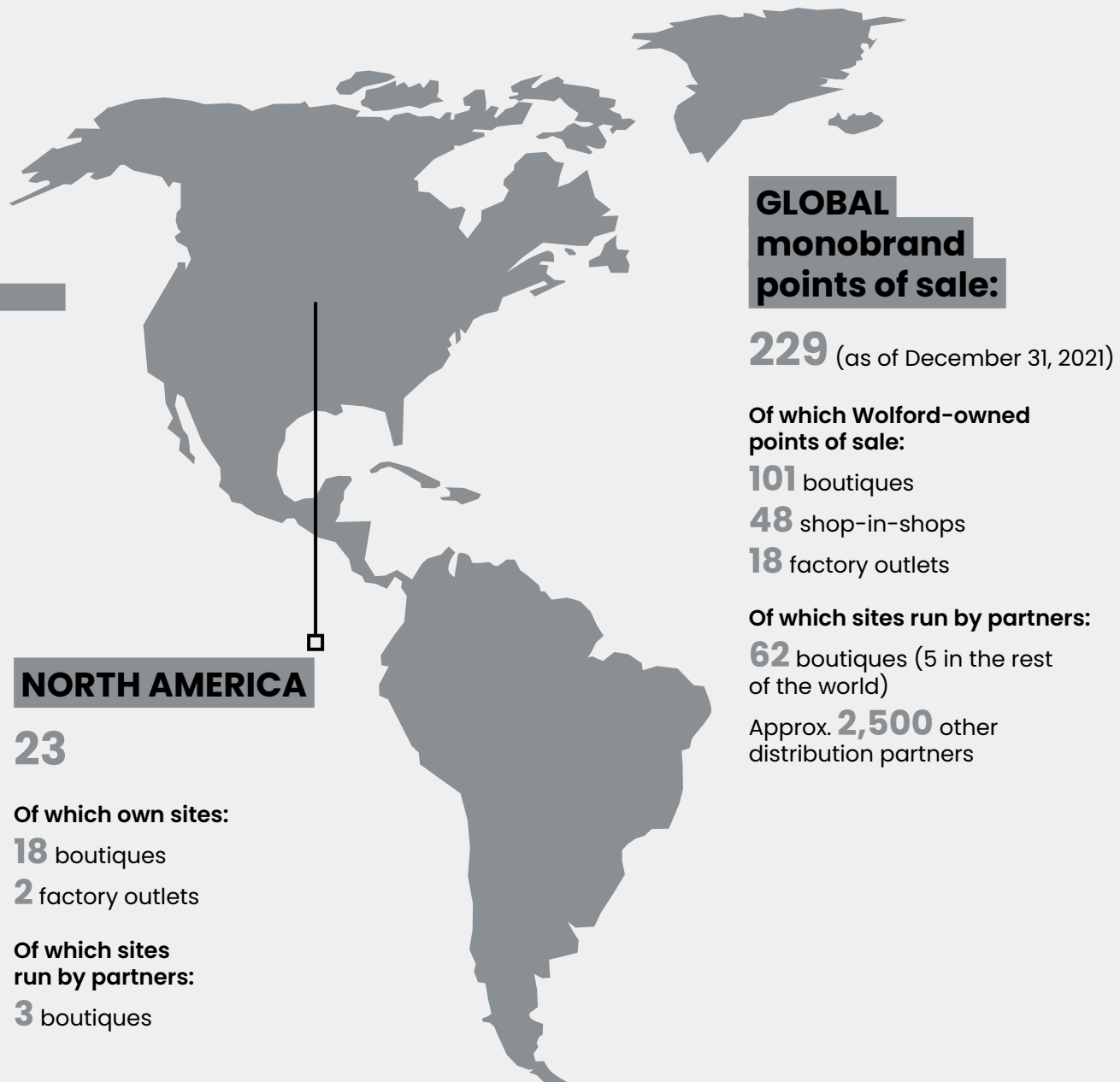
04 // EMPLOYEES PER COUNTRY





# Global PRESENCE

**Wolford has a well-connected network** of monobrand boutiques in prestigious locations in the world's fashion capitals – a mix of partner boutiques and its own locations in strategically relevant cities. In late December 2021, the company had 229 monobrand sites, of which 169 were in Europe, 23 were in North America and 32 were in Asia. 62 of these sites are run by partners.



# 02

## The *SUSTAINABILITY*

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## SUSTAINABILITY TOPICS

Through our materiality assessments, we have identified 15 relevant sustainability topics along the entire value chain.







**32**  
**GOLD CERTIFICATIONS**  
 Wolford is one of the first textile companies with its own cradle-to-cradle collection of over 32 gold-certified styles.

# Responsible Corporate Governance and Compliance

For a responsible company such as Wolford, long-term value creation is our top priority. This is the principle underpinning both the corporate strategy and our products and processes. Wolford does not just limit itself to economic value creation, but also keeps the environmental and social impacts of its actions in mind for all of its activities.

## THE BUSINESS MODEL

The Wolford Group business model, and therefore its USP, is based on covering the majority of the value chain – from design and development to parts of the manufacturing process and global omnichannel distribution, including its own boutiques. This makes the company highly independent and enables it to respond quickly to the latest fashion trends, for example. In some areas, Wolford is supported by external partners and select suppliers.

When developing a new collection, product management, the design team, and product development all work together hand in hand. Product management analyzes trends and identifies which products will be in demand on the market – these findings then form the basis for the work performed by the design team. The close cooperation between the design team 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 bonded pantyhose, are one result of this cooperation.

One core topic is the project to develop recyclable, sustainable products: The Cradle to Cradle® concept (C2C) pursues the vision of establishing closed material cycles for products, thus helping to make waste absolutely avoidable in the future.

## 05 // PRODUCT DEVELOPMENT



Wolford AG now offers a wide range of certified C2C products, which are made from a biodegradable elastane developed specially for Wolford (ROICA™, made by the Japanese Asahi Kasei Group), from a correspondingly modified polyester fiber made by German company Lauffenmühle, and from a modal fiber branded TENCEL™, which is obtained from sustainable forestry and supplied by the Austrian textile manufacturer Lenzing. Under Wolford's leadership, a total of 13 companies and research institutes from the Vorarlberg region that either manufacture the relevant product components or contribute their technical and scientific expertise are participating in this COIN (cooperation innovation) project supported by the Austrian Research Promotion Agency (FFG).

The technical cycle is produced from nylon 6 combined with the elastane fiber (ROICA™) developed for Wolford.

The integration of the 3D process not only facilitates a more efficient development cycle but also opens up more options in terms of product presentation. Design decisions can be made directly on the screen from anywhere. Different colors, patterns and shapes can be implemented at short notice. This not only reduces the number of physical prototypes but also shortens process times and opens up a broader range of possibilities. Our team is also working on the presentation of photorealistic collections, which may reduce the need for photo shoots. A digital studio has neither physical nor creative restrictions. We are committed to continuing to research and invest in this benefit.

Product and merchandise management also deals with requirement planning for the retail sales areas at proprietary boutiques and for wholesale customers. This department determines which items have to be produced in which quantities and colors, and for which retail spaces. It also controls the flow of goods from the warehouse to the retail space.

Purchasing is almost all about the materials. The raw materials – in particular yarns, fabrics and semifinished products for ready-to-wear – are procured from longstanding partners that share the same quality and innovation standards as Wolford. A total of 90% of the yarns/fabrics are procured in Europe. As a result of the supply bottlenecks currently affecting global trade, we are at a clear advantage here in terms of faster decision-making and shorter transportation routes. Some of the yarns/fabrics are sourced from Japan, a country known for its innovative materials.

Finished products are stored in three central warehouses: the central warehouse, which was moved from Bregenz to Peine/Hanover in 2021 and also supplies the online business in Europe, and two other warehouses in the US and China. The warehouse in the US supplies the American market, while the one in China supplies the Asian region.



Knitting factory hall in Bregenz

## FOCUSING ON CUSTOMER AND EMPLOYEE HEALTH

We attach great importance to implementing comprehensive precautionary measures to protect the health of the 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 Wolford'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 the relevant regulations or code of conduct that we set for ourselves during the reporting period. (416-2, 417-2)

## TRAILBLAZER IN SUSTAINABLE PRODUCTION

Wolford is an industry pioneer in the implementation of high sustainability standards and corresponding pilot projects. Innovation is at the heart of our product range and is part of our DNA. The product portfolio is clearly aligned to the company's core area of expertise: the creation of figure-hugging round-knit products, such as legwear and bodices that offer great comfort and premium quality.



## FIRST PANTYHOSE MANUFACTURER TO BECOME A BLUESIGN® SYSTEM PARTNER

The fact that Wolford's production process meets the highest global standards for sustainability in the textile industry is proved by the partnership that began 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. As such, the focus is not only on evaluating individual

end products, as is the case for many eco-labels, but also on ensuring transparency along the entire textile value chain. After Wolford underwent an elaborate auditing process in the 2014/2015 financial year, the company became the world's very first manufacturer of tights that is also a systems partner of bluesign®. 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.

## 06 // CRADLE-TO-CRADLE®



## SOCIAL RESPONSIBILITY

Wolford is committed to behaving responsibly with regard to 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 communities in which it operates. This is not only ensured through safe and environmentally friendly business operations and fair employment practices, but also by making contributions to local economic development and social life. Local charitable activities are supported with regular donations and contributions in kind. (102-13)

## COMPLIANCE

Integrity and conduct in conformity with legal regulations are essential requirements for sustainable business practices 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 2002/2003 financial

In September 2018, Wolford launched the first biologically recyclable pullovers, T-shirts, and leggings onto the market. These products, which were developed as part of the Austrian "Smart Textiles" initiative, are fully compostable. In April 2019, the company received the "Cradle to Cradle Certified™ (Gold)" award for developing technically recyclable (i.e., fully recyclable) products. In 2020, it launched "Aurora 70," the first technically recyclable pantyhose, onto the market. Wolford is the first and only company in the clothing and textile industry to be given Cradle to Cradle® Gold certification for the development of environmentally neutral products in both categories (biodegradable and technically recyclable).

It once again succeeded in building on the innovative and sustainable products in its range during the reporting period, with the first C2C Sheer Opaque products now available in the technical cycle, for example. The first warp-knitted products have also now been developed for the technical cycle. The C2C flat-knit range has also been supplemented with fine wool fabrics for the biological cycle.

We are continually working on expanding our range of sustainable products. In 2019, we had four Cradle to Cradle products on the market. This had increased to 20 products by 2020 and 32 products of this caliber in 2021.

Always open to creative ideas, the first sustainable partnership with Neiwai also took place in 2021, where the Aurora fabric was used for the biological cycle. (102-11, 102-12)



year (see Corporate Governance Report in the 2021 Annual Report). (103-1)

## GROUP GUIDELINES WITH INTERNAL CODE OF CONDUCT

To avoid potential misconduct, Wolford has established clear rules for legally compliant behavior with integrity that are binding for all employees, the “Group Guidelines”, which have been valid throughout the Group since June 2012. These are handed out to every new employee as part of a basic information package. They also contain a clear rejection of bribery and corruption. The text states verbatim: Employees may not offer, promise or accept personal or inappropriate financial or other benefits to a third party, either directly or through intermediaries, in order to initiate or continue a business relationship. In addition, such benefits may not be offered or accepted in return for preferential treatment from a third party.” Explicitly mentioned as not permissible are money, loans, commissions or money-like benefits. In addition, the company relies on practical principles, such as systematic adherence to the dual-control principle before every signature on a business transaction.

No cases of corruption became known at Wolford in the reporting period. Thus, no relevant fines or non-monetary penalties were imposed on Wolford as a result of violations of laws or regulations in fiscal year 2021. The same applies to environmental protection requirements; here, too, there is no known violation. (205-3, 307-1, 103-2)

## COMPLIANCE FOR WOLFORD AS A SHARE ISSUER

In the course of the listing of Wolford shares on the Vienna Stock Exchange, the company is obliged to conduct its business in accordance with the EU Market Abuse Regulation. This regulates the handling of insider information in capital market-oriented companies in order to prevent any possible taking of advantage. Wolford implements all structures and measures of the regulation, for example keeping insider lists and setting blocking periods during which certain groups of persons are prohibited from trading Wolford shares. There is a Group-wide compliance guideline, the acknowledgement of which must be signed by every employee who has or could have access to confidential information.

## 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 in accordance with Section 39 GDPR and invested in software for data protection management purposes.

All processes in which personal data is processed and stored are identified and depicted by this management software. The new data protection management system automatically conveys different tasks to the designated person in charge and monitors their implementation. There is also a separate feature to support process flows to identify the misuse of data. In addition, intercompany contracts have been drawn up to regulate data protection between Wolford AG and its subsidiaries.

Staff training at all levels and in all business areas has been carried out to raise awareness of the issue of data protection. Information was sent to employees, and the training content was made available on the intranet for all employees. The Wolford Group Guidelines also provide details about company policies as well as general data protection information.

To monitor internal data protection, processes are continuously optimized and adapted to the changing circumstances. As of 2021, a link on the Wolford website now makes it possible to provide anonymous information via an external whistleblowing site. There were no data privacy violations in the short fiscal year 2021.

Wolford has appointed a Compliance Officer and a Deputy Compliance Officer with responsibility for the above matters. Both of them report directly to the Management Board. (103-1)

## WOLFORD’S MANAGEMENT

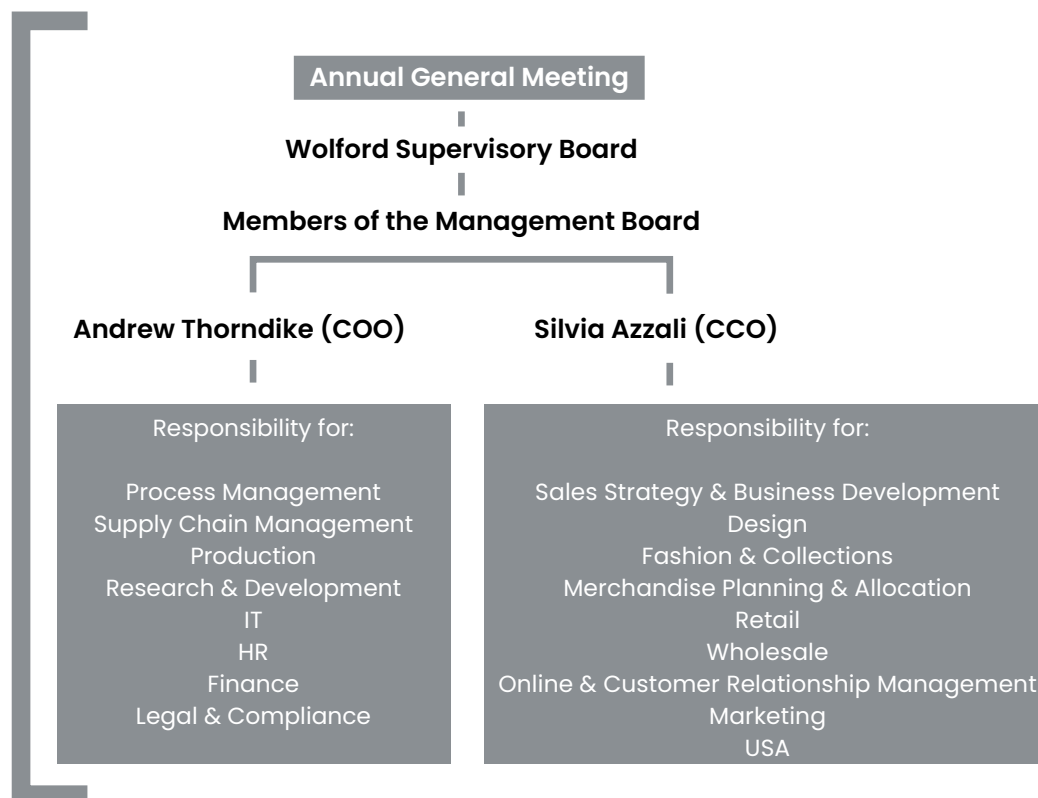
The Management Board consists of two members: Andrew Thorndike (COO) and Silvia Azzali (CCO).

Andrew Thorndike (born in 1966) has been a member of the Management Board since October 1, 2019. He is appointed until December 31, 2024, and is responsible for Product Management and Technical Product Development, Purchasing and Procurement, Supply Chain, Finance (including Accounting, Controlling and Treasury), Legal Affairs, Investor Relations, Corporate Communications, Corporate IT & Infrastructure and Corporate HR.

Silvia Azzali (born in 1971), appointed until December 31, 2024, 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, 2021, 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 80% of the employees are women (chapter on Corporate Governance Report in the 2021 Annual Report). (102-18)

The Management Board engages in regular dialogue with the Supervisory Board on the subject of sustainability. The topics are currently being defined. For further topics relating to corporate governance, please refer to the 2021 Corporate Governance Report on our website at [company.wolford.com/investor-relations/corporate-governance](https://company.wolford.com/investor-relations/corporate-governance). (102-18)



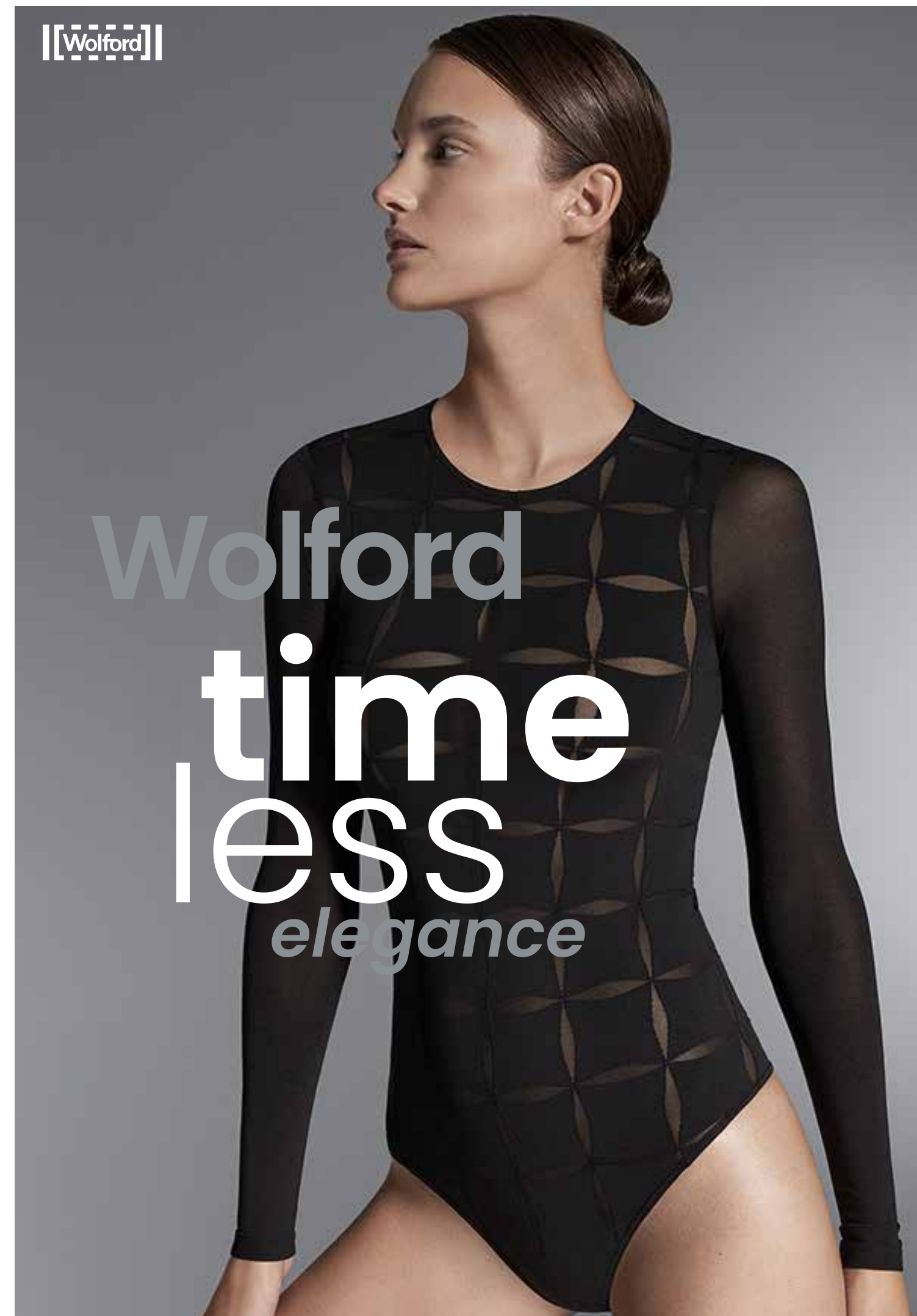
## RISK MANAGEMENT

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

The Management Board of Wolford AG bears the overall responsibility for ensuring an effective risk management system. The central risk management unit is tasked by the Management Board with coordinating the implementation and ongoing further development of the risk management system. It also reports directly to the chair of the Supervisory Board's audit committee. The Supervi-

sory Board of Wolford AG is responsible for monitoring the effectiveness of the risk management system. This responsibility is assumed by the Supervisory Board's audit committee. (102-16, 205-3, 103-3)

In issuing 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, manufacturing activities in Bregenz, including dyeing processes and the resulting wastewater, are associated with potential risks for people and the environment. These potential impacts could have a negative effect on the company's success and its reputation. As a consequence, the safety precautions taken in this regard are quite extensive. (102-11, 102-15)



# Material Sustainability Issues and Stakeholders Involved

Material sustainability issues of relevance to Wolford's business operations were determined by the company in the 2017/2018 financial year on the basis of a materiality analysis. The results of the appraisal, 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

Wolford 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 as conducting an analysis of the competition. An analysis of business activities in the individual business areas and subsidiaries facilitated the identification of potential problems and relevant stakeholder groups.

## 07 // KEY SUSTAINABILITY ISSUES AND STAKEHOLDERS INVOLVED



## INTERNAL MATERIALITY WORKSHOP

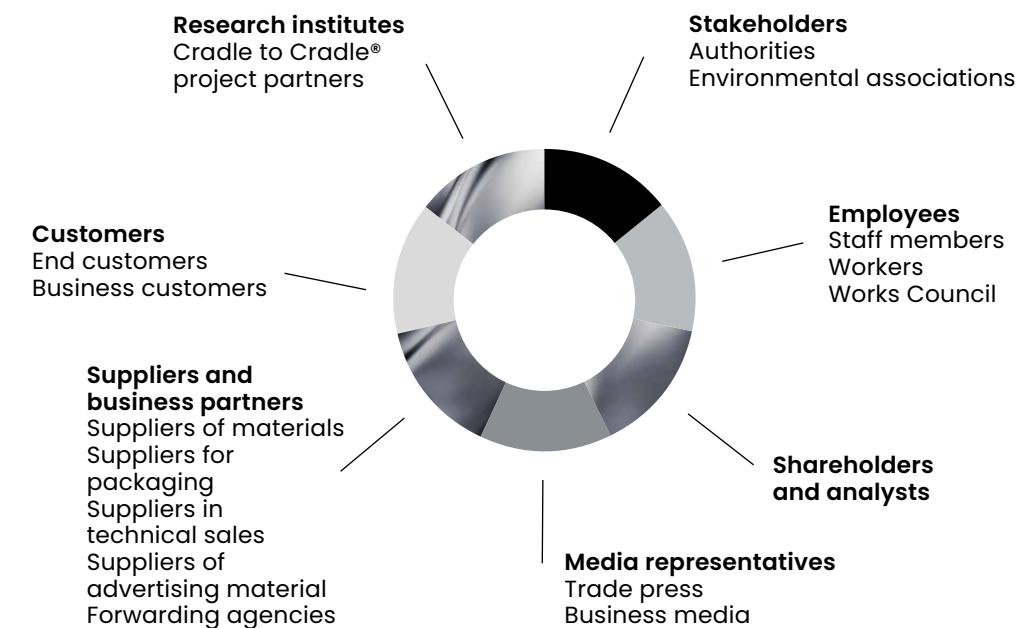
These issues were discussed by executives from all business areas (Product Development, Supply Chain, Human Resources, Investor Relations, and Technology) at a workshop in 2017, and potential indicators were also debated. The workshop ended with an anonymous vote to prioritize the issues identified. 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 of 1 (hardly significant) to 10 (very significant). This resulted in 15 sustainability issues of relevance to Wolford along the entire value chain. (102-47)

## SURVEY OF STAKEHOLDERS

Wolford 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.

Based on the results of the stakeholder survey and the internal analysis of business relevance, the 15 issues could be classified within the materiality matrix according to their strategic importance (very high, high, average, low). They are the subject of ongoing discussion, with associated measures planned and implemented. These topics were still identified as relevant for the 2021 financial year. (102-40, 102-42, 102-43, 102-44)

## 08 // WOLFORD STAKEHOLDERS



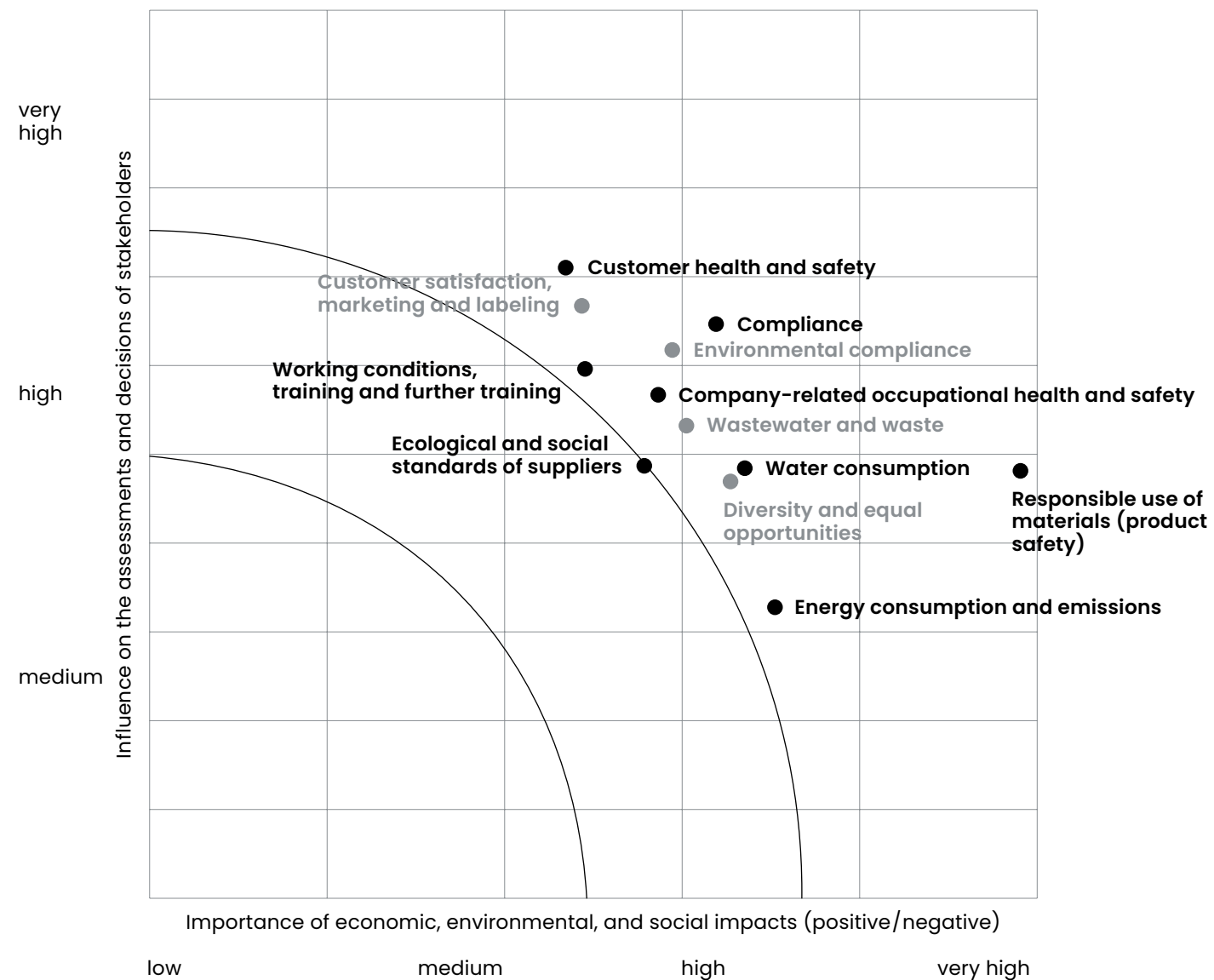


## MATERIALITY MATRIX

For their use in Wolford's sustainability reporting, the topics were consolidated into 12 overarching themes and validated again. The main purpose of this consolidation was to adapt the main topics to internal management specifications and approaches, thus enabling them to be better integrated into corpo-

rate processes. The topics "Environmental assessment" and "Social assessment of suppliers," "Energy" and "Emissions," and the topics "Employment" and "Training and development" were combined. The topics identified in the materiality analysis apply equally to the Wolford Group and the parent company Wolford AG. (102-40, 102-43, 102-44, 102-46, 102-47)

## 09 // MATERIALITY MATRIX



# Conclusions for the Sustainability Strategy

Wolford's sustainability strategy is continually developed on the basis of the materiality matrix created in 2017. This process also involves the definition and implementation of specific targets. These targets are based on the United Nation's SDGs, which focuses on the circular economy as one of the key components of the European Green Deal – Europe's agenda for achieving sustainable growth.



Our strategy focuses on the following topics:

- ❑ **Climate protection activities**
- ❑ **Sustainable consumption and production**
- ❑ **Health and well-being**
- ❑ **Reducing inequality**

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, while 90% of its suppliers are also based in Europe. All of Wolford's suppliers have to fulfill prevailing social and environmental standards. Wolford has employed environmentally friendly practices for many years. The importance that Wolford attributes to the issue of sustainability is not only demonstrated by its partnership with bluesign®, but also by its pioneering work in the development of recyclable products in line with the Cradle to Cradle® approach. In terms of material use, the main aim is the gradual switch-over of all Wolford products: The goal is for 50% of all Wolford products to be recyclable by 2025, i.e., either biodegradable or technologically recyclable.

Furthermore, Wolford is increasingly using environmentally friendly packaging materials. As of the 2020 financial year, the company has used FSC®-certified cardboard for half of all its packaging.

Highly motivated staff play a key role in achieving the goals set – they are the basis for Wolford's business success. Employees who assume responsibility and feel they are able to have a positive impact are the drivers of change toward a more sustainable society and economy. For this reason, Wolford gives its staff the relevant leeway for shaping processes and making decisions. This year, several employees will take part in sustainability training in order to build on the relevant expertise internally, and to pass it on. (404-2)

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 the sustainable use of materials. In the future, only sustainably manufactured or recycled materials are to be selected for use in new fabrics. Compliance with the Wolford Code of Conduct and externally audited environmental standards, such as the Standard 100 by OEKO-TEX.

A comprehensive survey of existing suppliers and the standards they meet was once again conducted in the 2021 financial year. As a result of the Covid-19 regulations and restrictions in place around the world, no comprehensive site visits could be conducted for suppliers. Ongoing dialogue was ensured via phone calls and video conferencing. To carry out the necessary checks abroad, suitably qualified service providers were

hired and their findings reviewed internally on the basis of the Wolford criteria before the supplier was commissioned. In the current financial year, the company is examining which additional certifications for suppliers are useful along its value chain. This will enable Wolford to also provide even greater quality assurance for its major clients and end consumers with respect to the products they buy.

The Wolford strategy is based on a comprehensive approach that uses the company's innovative prowess to ensure more sustainable manufacturing practices. We are always on top of the latest trends and pair the incomparable standard of Wolford design with the highest quality in order to bring to market durable and recyclable products that can satisfy our customers' increasing requirements for sustainable products.

# Disclosure according to EU Taxonomy (2021)

Based on Art. 8 Z 1 of the Delegated Regulation 2020/852, the Wolford Group (pursuant to Section 267a of the Austrian Commercial Code (UGB)) and Wolford AG (pursuant to Section 243b of the Austrian Commercial Code (UGB)) are required to apply the regulatory requirements of the EU taxonomy.

On June 18, 2020, the Delegated Regulation (2020/852) on the establishment of a Framework to facilitate Sustainable Investment (EU Taxonomy for short) entered into force as a single and legally binding classification system that defines which economic activities are considered "environmentally sustainable" in the EU. The content of the EU Taxonomy is a list of specific sectors, which will be progressively expanded to best achieve the following six environmental objectives:

- a) climate change mitigation,
- b) climate change adaptation,
- c) the sustainable use and protection of water and marine resources,
- d) the transition to a circular economy,
- e) pollution prevention and control, and
- f) the protection and restoration of biodiversity and ecosystems.

Pursuant to Article 10 of the supplementary Delegated Regulation 2021/2178, non-financial companies shall disclose

for FY 2021 only the share of eligible and non-eligible economic activities in their total revenue and capital and operating expenditures and provide only the qualitative information relevant for this disclosure. In principle, all fully consolidated and proportionately consolidated Group companies are included in this analysis with regard to their turnover, capital expenditures and operating expenses.

The basic parameter for sales is the amounts reported under this item in the Profit and Loss statement. The basis of capital expenditure is the additions to property, plant and equipment and intangible assets during the financial year under review, before depreciation, amortization and any revaluations for the financial year in question and excluding changes in fair value. It also includes additions to property, plant and equipment and intangible assets resulting from business combinations (application of IFRS (IAS 16, 38, 40, 41, IFRS 16); and national accounting policies if IFRS are not applied). Acquired goodwill is not taken into account. Investments in non-current assets classified as held for sale or held for distribution are only taken into account up to the initial date of the corresponding classification. The basis for operating expenses is represented by the direct, non-capitalized costs of research and development, building refurbishment measures, short-term leases (Short-Term-Leases), maintenance and repair, and all other direct expenses for the ongoing maintenance of property, plant and equipment by the

company or by third parties that are necessary to ensure the continued and effective functioning of these assets.

Pursuant to Section 245a (1) of the Austrian Commercial Code (UGB), the consolidated financial statements have been prepared as of the closing date in accordance with IFRS. The amounts used for the calculation of the turnover, CapEx and OpEx KPIs are accordingly based on the figures reported in the consolidated financial statements.

In view of current legislation, not all economic activities and sectors are covered by the two environmental objectives currently in force. Consequently, the core business activities of the Wolford Group (manufacture of hosiery and underwear) are not currently covered by the EU taxonomy. The information on environmentally sustainable business activities for 2021 therefore only covers a very small part of the Wolford Group's business activities (transport and real estate). Due to further development of the legislation, the scope of economic activities classified as taxonomy-eligible may change in the future.

## KPIS

### Turnover KPI

The turnover of the Wolford Group of € 108,945 thousand reported in the consolidated income statement (see Note (1) in the notes to the consolidated financial statements) were examined across all Group companies to determine whether they were generated with taxonomy-eligible economic activities in accordance with Annex I (Significant contribution to climate change mitigation) and Annex II (Significant contribu-

tion to climate change adaptation) of the Delegated Regulation of (EU) 2021/2139. For the Wolford Group, no relevant economic activities could be identified in the Delegated Acts at the current regulatory status. Therefore, no taxonomy-eligible sales were identified. Currently, revenues from taxonomy-eligible economic activities of the Wolford Group amount to 0% and from non-taxonomy-eligible economic activities to 100% of total revenues in 2021 (€ 108,945 thousand, see notes to the consolidated financial statements p. 51).

### CapEx KPI

The CapEx KPI indicates the share of capital expenditure (CapEx) that relates to the acquisition of products and services from a taxonomy-eligible economic activity.

Total capital expenditures for taxonomy-eligible economic activities amount to 91% (EUR 9,767 thousand) and for non-taxonomy-eligible economic activities to 8% (EUR 900 thousand) correspond to additions to property, plant and equipment and intangible assets (incl. IFRS 16 rights of use according to IFRS consolidated financial statements) (EUR 10,667 thousand, see notes to the consolidated financial statements p. 78).

Based on the project description of the additions, an analysis was carried out with regard to taxonomy eligibility and a comparison with Annex I (Significant contribution to climate protection) and Annex II (Significant contribution to adaptation to climate change) of the Delegated Regulation of (EU) 2021/2139. The following economic activities were identified in this context:



- ▣ 6.5. transport by motorcycles, passenger cars and light commercial vehicles.
- ▣ 7.7. acquisition and ownership of buildings.

The sum of additions reflecting a taxonomy-eligible investment forms the numerator of the CapEx KPI.

#### OpEx- KPI

The OpEx KPI indicates the share of operating expenses within the meaning of the EU taxonomy associated with taxonomy-eligible economic activities, with the acquisition of products from a taxonomy-eligible economic activity.

Since no turnover-related taxonomy-eligible economic activities were identified and the taxonomy-eligible operating expenses of category (c) iSd Annex I of the Delegated Act on Art. 8 are insignificant in terms of amount, the operating expenses are classified as not taxonomy-eligible in their entirety. Due to the insignificance, OpEx were not determined.

From fiscal year 2022 onwards, further analysis will be required to meet certain criteria in relation to the identified economic activities. Only taxonomy-eligible economic activities can be considered “environmentally sustainable” (Taxonomy-aligned) if certain criteria are met. Accordingly, beginning in FY 2022, it is necessary to evaluate whether the aforementioned technical evaluation criteria are met in order to be classified as Taxonomy-aligned. In addition, compliance with minimum social standards in accordance with the OECD Guidelines for Multinational Enterprises, UN Guiding

Principles on Business and Human Rights, ILO Core Labor Standards and the International Bill of Human Rights must be ensured.





# 03

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# Responsibility for Our Environment

## MINIMIZING EMISSIONS AND ENERGY CONSUMPTION

To mitigate 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 subject to continuous monitoring and evaluation. The largest single producer of emissions is the Bregenz site due to the two steam boilers it uses for production purposes. The boilers at the Bregenz site, 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.

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, in MJ	WOLFORD AG		GROUP	
	2020	2021	2020	2021
Fuel consumption from non-renewable sources <sup>1</sup>	540,324	344,339	540,324	344,339
Fuel consumption from renewable sources	-	-	-	-
Electricity consumption	16,159,968	23,238,432	18,193,396	26,452,462
Steam consumption <sup>2</sup>	25,899,581	44,152,348	25,899,581	44,152,348
<b>Total energy consumption<sup>3</sup></b>	<b>42,599,873</b>	<b>67,735,119</b>	<b>44,633,301</b>	<b>70,949,149</b>

1) At present, the company's fuel requirements are completely met by non-renewable sources. Fuel consumption includes all company vehicles (company vehicles in Murska Sobota are centrally managed in Bregenz).

2) In Murska Sobota, a groundwater heat pump is used instead of steam boilers. Steam consumption also includes gas consumption in production.

3) The figures for fuel and energy consumption are derived from monthly billing. No data is currently available on energy consumption for heating and cooling. Preparations are being made for data capture in the future.

(302-1)



GREENHOUSE GAS EMISSIONS, in t CO <sub>2</sub> e	WOLFORD AG		GROUP	
	2020	2021	2020	2021
Direct greenhouse gas (GHG) emissions, i.e. Scope 1 <sup>1</sup>	1,788	3,004	1,788	3,004
Indirect greenhouse gas (GHG) emissions, i.e. Scope 2 <sup>2</sup>	431	154	648	344
<b>Total greenhouse gas emissions</b>	<b>2,219</b>	<b>3,158</b>	<b>2,436</b>	<b>3,333</b>

1) Includes emissions from gas-fired steam boilers and emissions from the company's own vehicles at both production sites (emissions in Bregenz recorded and allocated centrally), emission factors pursuant to the Austrian Federal Environment Agency.

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

3) For simplicity, the individual emissions of pollutants are calculated as "CO<sub>2</sub> equivalents" and stated in tons of CO<sub>2</sub> equivalents (t CO<sub>2</sub>e).

(305-1, 305-2)

Concept and Implementation

The 2019 energy audit highlighted several long-term measures, such as switching over to LEDs in warehouses and manufacturing facilities. This has already been implemented in part. 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. To reach these goals over the long term, an external energy consultant was brought on board with whom we regularly engage in dialogue. Wolford also galvanizes its employees with regard 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. Taking into account the economic aspects, potential optimizations are implemented either during operations or as part of maintenance and repairs. The company also has an economic interest in sustainably reducing energy and maintenance costs.

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 that is used to heat and cool the production area and offices all year long by means of a geothermal heat pump. This means that no fossil fuels are used at these sites at all, thus fundamentally reducing the impact 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, alongside other low-emission forms of power generation. When it comes to business trips, the emphasis is on low-emission means of transport, such as traveling by train, or, if possible, holding video conferences instead of in-person meetings, especially between employees of the two production sites. Besides that, alternative drive systems, such as electric and hybrid technology, are gradually being introduced to the vehicle fleet while keeping economic factors in mind. Em-

ployees also have the opportunity to borrow from the company's own fleet of about six conventional or electric bicycles for short distances. To raise awareness of the topic of climate-friendly mobility, we regularly hold events such as e-bike tests or a "mobility breakfast" for all employees who come to work on foot, by bike or using public transport.

The strategy of enhancing energy efficiency and avoiding harmful emissions in production also entails the increased use of waste heat recovery methods. In the past, Wolford specifically implemented measures at the Bregenz site to increase 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 coordinate with the external energy consultant as well as to manage the energy audit stipulated by the Austrian Energy Efficiency Act. Moreover, the officer regularly reports to the Management Board about progress made and any deviations from the requirements. If there is a deviation, the cause is quickly analyzed and the underlying issue resolved. 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. Penalties apply in the case of violations. However, no such infringements have been committed at Wolford AG to date. (103-1, 103-2, 103-3)

AVOIDING WASTEWATER AND WASTE

The issue of wastewater has been of central importance to Wolford for years, given that its production operations include a dye works that uses chemicals as well as dyes. The production site in Bregenz is located about 1,500 meters from Lake Constance, whose shores are a nature reserve. Furthermore, the premises of the company borders a water protection area that supplies drinking water to Bregenz.

This makes the topic of water of highly significant. As a result of the chemically and biologically safe wastewater it produces, Wolford is able to pump the wastewater from its dye works directly 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.

WASTEWATER in m³	WOLFORD AG		GROUP	
	FY2020	FY2021	FY2020	FY2021
Other (industrial water etc.)	3,292	21,596	4,479	23,745
Dyeing plant wastewater	58,946	89,040	58,946	89,040
<b>Total wastewater</b>	<b>62,238</b>	<b>110,636</b>	<b>63,425</b>	<b>112,785</b>

(306-1)

The manufacturing operations at Wolford generate 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 GENERATED in t	WOLFORD AG		GROUP	
	FY2020	FY2021	FY2020	FY2021
Total weight of hazardous waste	5	12	5	12
Total weight of non-hazardous waste	65	212	65	212
<b>Total waste <sup>1</sup></b>	<b>70</b>	<b>224</b>	<b>70</b>	<b>224</b>

1) Waste is classified as either hazardous or non-hazardous depending on the 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 their garbage. Residual materials are to be recycled if possible. Environmentally hazardous substances such as lubricants for knitting machines and coatings are properly stored and later disposed of by specialized companies in accordance with legal regulations. Wolford’s work in the Cradle to

Cradle® project also plays a decisive role in terms of recycling (page 20).

The dye works is continuously monitored internally and externally. Wolford began carrying out in-house wastewater inspections back in 1994. Important wastewater parameters include chromaticity, conductivity, pH value, proportion of heavy metals, chemical oxygen demand (COD), biochemical oxygen demand (BOD) after five days, the Zahn-Wellens test (biodegradability),

and the proportion of filterable substances. The standardized neutralization of the pH value in wastewater primarily avoids harmful impacts on the sewage system and subsequently on the environment. Furthermore, wastewater parameters that the company is unable to analyze by itself are regularly determined by an accredited environmental laboratory.

Wolford AG fulfills 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 the Bregenz wastewater treatment plant. Statutory obligations primarily relate to compliance with pollutant limits or staying below these thresholds to ensure effective wastewater treatment and thus safeguard local and regional conservation areas. As part of its partnership with bluesign® technologies ag, Wolford only uses chemicals and dyes that fulfill these high requirements.

Responsibilities and Monitoring

A wastewater manager at the Bregenz site regularly reports to the Management Board. Wolford ensures that sufficient human and financial resources are available for appropriate wastewater testing. Regular 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 issues reported to date.

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 minimizing its consumption.

Wolford uses groundwater at both of 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 fulfill the special quality requirements of the dyeing process and subsequently made available for various process steps.

WATER WITHDRAWAL BY SOURCE in m³	WOLFORD AG		GROUP	
	2020	2021	2020	2021
Groundwater¹	172,647	189,551	222,287	355,189
Municipal water supply	43,286	47,644	44,473	49,793
Total water consumption²	215,933	237,195	266,760	404,982

1) Groundwater consumption at the Murska Sobota site can only be documented per calendar year.  
2) No other sources of water are used other than the ones indicated here.

(303-1)

Concept and Implementation

Most of the water consumed by Wolford is used for dyeing the company’s own textiles. On average, Wolford needs about 500 m³ of treated process water each day. In the summer months, the production facility in Bregenz and the administrative offices are exclusively cooled using groundwater. Wolford has operated without energy-intensive electric 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 m³ annually and is subject to ongoing monitoring. The heat pump uses the temperature of the water throughout the year to heat or

cool the entire facility. Cooler temperatures at night are 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 m² heats the water in the break room, changing rooms, and restrooms. 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 issued annually to civil engineers and the responsible authorities (district administration). Wolford ensures there are sufficient human and financial resources available to monitor water use. (103-1, 103-2, 103-3)





# Responsibility for Our Employees

## PROTECTING AND SUPPORTING EMPLOYEES

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

At Wolfram, all governmental regulations relating to Covid-19 are implemented consistently in their respective areas. Last year, a central Coronavirus Task Force was set up to minimize the risks of possible infection within the company and to act quickly in the event of infections. As a result, a hygiene concept was developed that requires the use of face coverings indoors, especially where a minimum distance of 1.5 meters cannot be maintained. Teams were also formed to work in shifts in order to reduce social contact. There is also the option of working from home where operations allow. At 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 a suspected infection. Employees can also be vaccinated against Covid-19. An internal reporting system has been introduced at Wolfram to monitor Covid-19 cases worldwide.

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, Wolfram is built on the certified quality of the products it manufactures itself. This is, of course, closely linked to working conditions in manufacturing at its two sites in Austria and Slovenia. In addition to providing safe workplaces, the protection of employees also requires us to respect rest periods, avoid overtime, and optimize workplace design. This also includes specific training and education. In this way, Wolfram ensures it will have a sufficient pool of junior employees to draw upon. It also serves the purpose of increasing employee motivation. Wolfram's objective is to keep sick leave and staff turnover at a low level, position the company as an attractive employer brand and thus acquire and retain highly qualified employees.

## Concepts and Measures

Wolfram considers the training and education of its employees to be a supportive human resources method focusing on career development goals that 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 training. The range of possibilities is correspondingly diverse.

All required investments and, if necessary, the temporary release of employees from their normal duties require the individual to agree to a mutually defined career development path and to contribute the acquired qualifications to the benefit of the company.

Group guidelines as well as regular performance appraisals with employees provide the necessary guidance, 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.

Wolfram is a certified, state-approved training company which also promotes and further trains its instructors, 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 Wolfram sites through job rotation programs, especially in the retail segment.

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

Wolfram 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 such as yoga courses are offered. An occupational physician is available at both production sites, and all workplaces are regularly inspected, sometimes together with workplace safety specialists. At its headquarters in Bregenz, Wolfram also operates a newly renovated staff canteen and its own in-house restaurant, offering meals to employees at reduced prices.

Naturally, this is accompanied by compliance with 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 (VEXAT) or exposure to noise and vibrations.

## Responsibilities and Monitoring

The Human Resources department provides a framework for training and advanced training, the implementation of which falls under the responsibility of the management. The instructor in question is responsible for his or her respective trainees. In addition to that, a central coordination unit has been established in the Human Resources department. There is one instructor for each of the seven vocational qualifications offered at Wolfram. It is no accident that Wolfram has long been recognized as a training company by the Vorarlberg State Government, the Federal Economic Chamber and the Chamber of Labor.

The quality of working conditions is measured by the monthly absence rates and a regular staff turnover report. Working time management is continuously monitored, and salaries are reviewed using general salary benchmarking. Wolford steadily works to improve working conditions and con-

tinuously exchanges views with the members of the Works Council. Working conditions are also regularly discussed at meetings of the management team. All proposed improvements are communicated to the respective executives. (103-1, 103-2, 103-3)

NEW EMPLOYEES AND EMPLOYEE TURNOVER*	NEW EMPLOYEES		TURNOVER RATE	
	2020	2021	2020	2021
Wolford AG (Bregenz)	47	72	20%	16%
Wolford Slovenia	14	4	3%	2%
Subsidiaries (Distribution)	108	170	29%	29%
<b>Total</b>	<b>169</b>	<b>246</b>	<b>21%</b>	<b>19%</b>

\* Headcount as of December 31, 2021.

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)

## FOCUSING 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. To counteract this risk, appropriate systems to prevent accidents have been 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 conforms with the legal regulations in place 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 clear 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 provide sufficient special protection for pregnant employees, Wolford will transfer the employee to a substitute workplace as soon as the company is notified of the 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 Concept and Its Key Elements

Wolford combats such risks with 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 change substantially. 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 offices is designed to determine whether ergonomic requirements are fulfilled.

Workplace safety specialists work together 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 eleven safety officers for the production staff, 32 first-aiders and the plant's own fire department with an integrated team of first responders. This reflects the occupations of the staff in the various departments. Two occupational physicians carry out all the necessary occupational safety assessments and monitor all healthcare 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 conditions accidents more frequently occur. Special preventive measures are then implemented, e.g., special training 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)

In the 2021 financial year, the injury rate in the Wolford Group was 1.7% (previous year: 0.62%).



KEY FIGURES OCCUPATIONAL SAFETY	WOLFORD AG		GROUP	
	2020	2021	2020	2021
Lost work days*	57	4	57	4
Occupational illness 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 OPPORTUNITIES

Wolford believes that diverse teams have greater innovative strength and effectiveness, and thus achieve better results than homogeneous working groups. Thanks to the exchange of different 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 it is that new products will be successful on the marketplace. Last but not least, the culture of equal opportunities that exists at Wolford is an important factor contributing to employee satisfaction. The employer brand also benefits from this culture of equal opportunities.

Diversity in Practice at Wolford

The diverse composition of the workforce means not only a good gender balance but also the inclusion of differ-

ent nationalities and a balanced age structure. In this regard, diversity and equal opportunities have been embedded at Wolford for decades, even without the existence of a precisely formulated diversity concept. The Management Board duo consists of one male and one female member. The BCG Gender Diversity Index Austria 2021 confirms that Wolford is a trailblazer when it comes to diversity. The index analyzed the gender ratio 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 proportion of women in the workforce is also disproportionately high at 80%, given that the product portfolio caters mainly to women and that the sales staff at the point of sale are 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 achieve a positive balance between their professional and family lives. (103-1, 103-2, 103-3)

A total of 48 nationalities are represented in the Wolford Group. People of 29 different nationalities 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 manufacturing site are women between the ages of 40 and 50.

DIVERSITY IN GOVERNING BODIES* in percent	NUMBER OF EMPLOYEES	WOMEN	AGE <30 YEARS	AGE 30-50 YEARS	AGE >50 YEARS
Wolford AG (Bregenz)	14	55%	8.3%	60.5%	31.2%
Wolford Slovenia	1	0.0%	0.0%	0.0%	100.0%
Subsidiaries (Distribution)	10	50%	0.0%	83%	13%
Total	24	60%	4.3%	60.9%	34.8%

\* Employees in Director or Head-of positions as of December 31, 2021 (head count).

DIVERSITY OF EMPLOYEES* in percent	NUMBER OF EMPLOYEES	WOMEN	AGE <30 YEARS	AGE 30-50 YEARS	AGE >50 YEARS
Wolford AG (Bregenz)	440	59.6%	8.4%	29.31%	62.29%
Wolford Slovenia	245	94.29%	5.7%	59.18%	35.12%
Subsidiaries (Distribution)	603	96.8%	23.21%	40.63%	36.16%
Total	1,288	80.25%	14.83%	40.29%	44.88%

\* Headcount as of December 31, 2021, excluding long-term leave.

(405-1)





**Wolford**  
*setting  
the  
standards  
for the  
trends of  
today*

# Responsibility for Our Supply Chain

## ENSURING ECOLOGICAL AND SOCIAL STANDARDS OF SUPPLIERS

Wolford covers a large part of the supply chain and produces its own circular-knitted products. However, in some areas, the company also relies on external partners. To be able to manufacture products of the highest quality, the company requires equally reliable suppliers. Product defects pose a potential risk. They could massively and lastingly 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 that have the same standards of quality and innovation for their own products as Wolford. 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 that are made in Europe. More than 90% of its suppliers are based in Europe, for the most part in Germany, Italy, Austria, and France.

As a means of ensuring adherence to environmental and social standards above and beyond the respective statutory regulations, all 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.

## Supplier Screening Concept and Responsibilities

The screening of new suppliers is based on 25 to 30 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 issued 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 made during local visits. Furthermore, the suppliers of Cradle to Cradle® products are also audited by an independent institute.

In January 2021, a Supplier Performance Management Dashboard was introduced in direct procurement, with the aim of optimizing the strategic management of the procurement organization and its interfaces (adherence to delivery date, quantity, and quality). The measures are optimized and implemented with the recently introduced PDCA method (plan, do, check, act).

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, Product Development and Procurement (sourcing). It is tasked with the responsibility of selecting suppliers. Wolford also ensures there are sufficient personnel (three permanent employees for textile purchasing) and financial resources available for annual supplier audits. In the event of any deviations from the specified standards, 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 2021 financial year, there were no major changes at Wolford with regard to suppliers, which is why no suppliers were audited. For existing suppliers, continual dialogue was ensured with phone calls and video conferences. (308-1, 414-1)

### High Requirements for 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 methods. As a manufacturer of textile products, the quality and origin of the processed materials play a key role in Wolford's operations. Wolford only uses the highest quality materials in its products. These materials fulfill the high quality standards required by the brand in terms of comfort, fit, and durability. Social and environmental aspects also play a role, from the design and selection of the raw materials and material procurement to packaging.

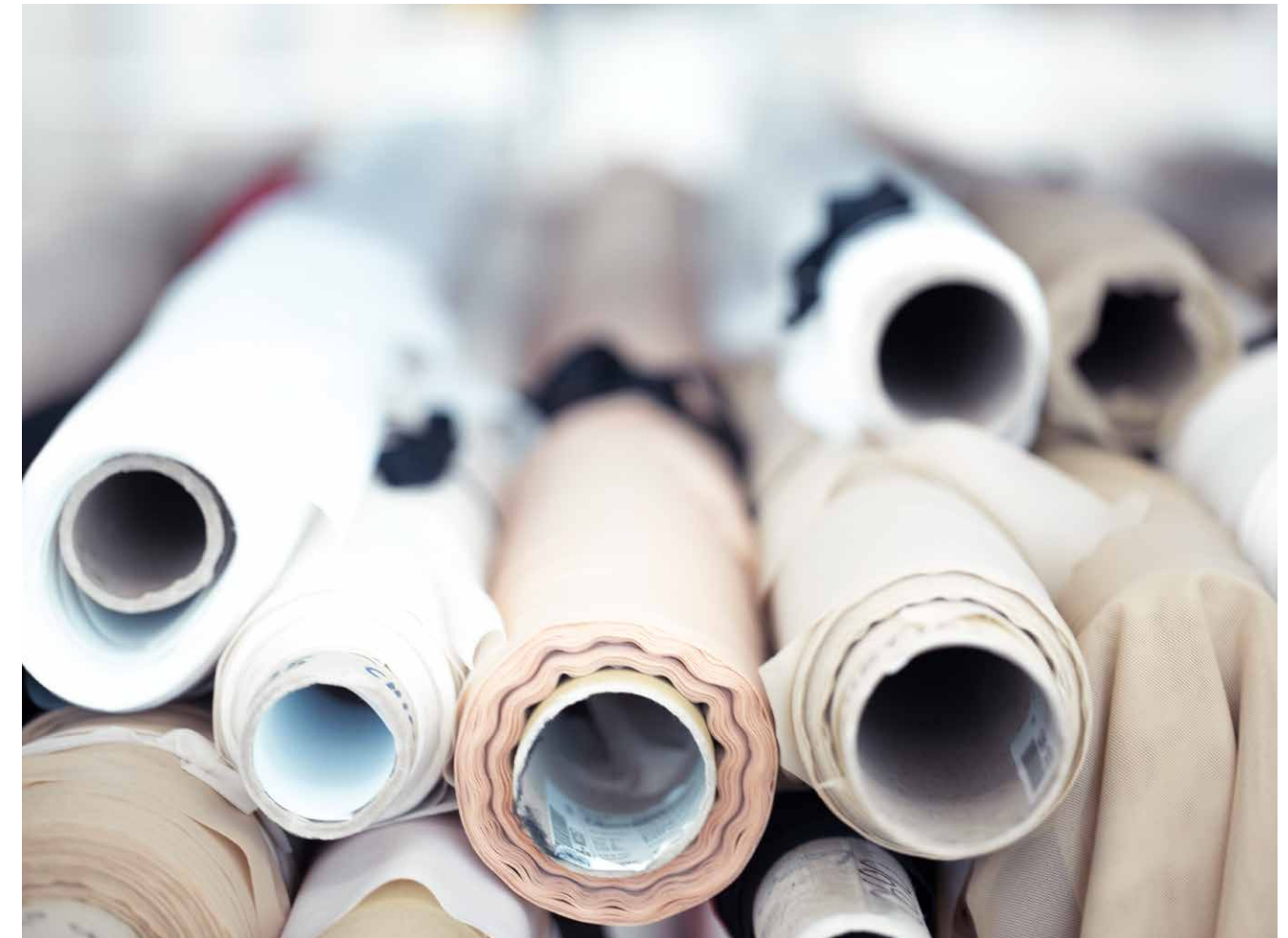
The use of renewable materials is playing an increasingly important role in design, given the growing customer demand for natural fibers. The majority of the yarns used in circular-knitted products (i.e., tights, stockings, bodies and shapewear) come from Europe. In addition, the company sources high-quality cotton from Peru, and several special yarns 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. To ensure transparency along the entire supply chain, Wolford demands relevant certifications from its suppliers, such as

the FSC® certification for cellulose 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. Sourcing is responsible for monitoring compliance with these requirements.

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 2014/2015 financial year, Wolford became the first hosiery producer in the world that is also 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)

A total of 40 metric tons of the yarn processed by Wolford are comprised of renewable materials such as cotton yarn and FSC®-certified cellulose fibers, as well as regenerated and recycled yarns. This corresponds to about 17% of its entire requirement of 235 metric tons of yarn in the 2021 financial year. (301-1)





# 04

## Further *INFORMATION*

GRI Content Index 2021

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# GRI Content Index 2021

## GENERAL DISCLOSURES

GRI STANDARDS DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE TO THE CHAPTER	PAGE	EXPLANATIONS
<b>Organizational Profile</b>				
102-1	Name of the organization	Company Profile and Business Model	9	
102-2	Activities, brands, products, and services	Company Profile and Business Model	9	
102-3	Location of headquarters	Company Profile and Business Model	9	
102-4	Location of operations	Company Profile and Business Model	9	
102-5	Ownership and legal form	Company Profile and Business Model	10	
102-6	Markes served	Company Profile and Business Model	13	
102-7	Scale of the organization	Company Profile and Business Model	10	
				Temporary employment contracts are only concluded in exceptional cases and account for less than 1% of Wolford Group contracts (employees and trainees). New hires are generally provided with contracts limited to a probationary period, which are converted into permanent contracts at the end of this probationary period. No differentiated reporting of permanent and temporary employees, as this does not apply to Wolford AG.
102-8	Information on employees and other workers	Company Profile and Business Model	11	
102-9	Supply chain	Company Profile and Business Model	10	
102-10	Significant changes to the organization and its supply chain	Company Profile and Business Model	21	
102-11	Precautionary Principle or approach	Responsible Corporate Governance and Compliance	21	
102-12	External initiatives	Responsible Corporate Governance and Compliance	21	
102-13	Membership of associations	Responsible Corporate Governance and Compliance	21	
<b>Strategy</b>				
102-14	Statement from senior decision-maker	Letter From the Management Board	6	
102-15	Key impacts, risks, and opportunities	Responsible Corporate Governance and Compliance	24	

GRI STANDARDS DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE TO THE CHAPTER	PAGE	EXPLANATIONS
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards and norms of behavior	Responsible Corporate Governance and Compliance	24	
<b>Governance</b>				
102-18	Governance structure	Responsible Corporate Governance and Compliance	23	
<b>Stakeholder Engagement</b>				
102-40	List of stakeholder groups	Material Sustainability Issues and Stakeholders Involved	27	
102-41	Collective bargaining agreements	Company Profile and Business Model	8	
102-42	Identifying and selecting stakeholders	Material Sustainability Issues and Stakeholders Involved	27	
102-43	Approach to stakeholder engagement	Material Sustainability Issues and Stakeholders Involved	27	
102-44	Key topics and concerns raised	Material Sustainability Issues and Stakeholders Involved	27	
<b>Reporting Practice</b>				
102-45	Entities included in the consolidated financial statements	Company Profile and Business Model	8	
102-46	Defining report content and topic boundaries	General Information About This Report, Material Sustainability Issues and Stakeholders Involved	28	
102-47	List of material topics	Material Sustainability Issues and Stakeholders Involved	27, 28	
102-48	Restatements of information	General Information About This Report		There is no relevant restatement of information in the sustainability report.
102-49	Changes in reporting	General Information About This Report		There are no changes in reporting.
102-50	Reporting period	General Information About This Report	8	
102-51	Date of most recent report	General Information About This Report	7	
102-52	Reporting cycle	General Information About This Report	8	
102-53	Contact point for questions regarding the report	General Information About This Report	5	
102-54	Claims of reporting in accordance with the GRI Standards	General Information About This Report	8	

GRI STANDARDS DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE TO THE CHAPTER	PAGE	EXPLANATIONS
102-55	GRI content index	Appendix	58	
102-56	External assurance	General Information About This Report	5	This report has not been subjected to an external audit.

SPECIFIC STANDARD DISCLOSURES

GRI STANDARDS DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE TO THE CHAPTER	PAGE	EXPLANATIONS
<b>Anti-Corruption</b>				
103-1 103-2 103-3	The management approach and its components	Compliance, compliance as a share issuer, Group Guideline with internal rules of conduct	22, 24	
205-3	Confirmed incidents of corruption and actions taken	Responsible Corporate Governance and Compliance	22, 24	There were no cases of corruption in the reporting period.
<b>Materials</b>				
103-1 103-2 103-3	The management approach and its components	High Requirements for Quality and Origin – Renewable Materials	41	
301-1	Materials used by weight or volume	Responsibility for Our Supply Chain	41	
<b>Energy</b>				
103-1 103-2 103-3	The management approach and its components	Minimizing Emissions and Energy Consumption	41	
302-1	Energy consumption within the organization	Responsibility for Our Environment	39	
<b>Water</b>				
103-1 103-2 103-3	The management approach and its components	Efficient Use of Water	44	
303-1	Water withdrawal by source	Responsibility for Our Environment	44	
<b>Emissions</b>				
103-1 103-2 103-3	The management approach and its components	Minimizing Emissions and Energy Consumption	39	
305-1	Direct (Scope 1) GHG emissions	Responsibility for Our Environment	40	

GRI STANDARDS DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE TO THE CHAPTER	PAGE	EXPLANATIONS
305-2	Energy indirect (Scope 2) GHG emissions	Responsibility for Our Environment	40	
<b>Effluents and Waste</b>				
103-1 103-2 103-3	The management approach and its components	Avoiding Wastewater and Waste	42	
306-1	Water discharge by quality and destination	Responsibility for Our Environment	42	
306-2	Waste by type and disposal method	Responsibility for Our Environment	42	
<b>Environmental Compliance</b>				
307-1	Non-compliance with environmental laws and regulations	Responsible Corporate Governance and Compliance	22	There were no violations of environmental laws and regulations in the reporting period.
<b>Supplier Environmental Assessment</b>				
103-1 103-2 103-3	The management approach and its components	Ensuring Ecological and Social Standards of Suppliers	55	
308-1	New suppliers that were screened using environmental criteria	Responsibility for Our Supply Chain	54	
<b>Employment</b>				
103-1 103-2 103-3	The management approach and its components	Protecting and Supporting Employees	48	
401-1	New employee hires and employee turnover	Responsibility for Our Employees	48	
<b>Occupational Health and Safety</b>				
103-1 103-2 103-3	The management approach and its components	Focusing on Occupational Health and Safety	49	
403-2	Hazard identification, risk assessment, and incident investigation	Responsibility for Our Employees	50	
<b>Training and Education</b>				
103-1 103-2 103-3	The management approach and its components	Focusing on Occupational Health and Safety	48	



# Contact & Imprint

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## IMPRINT

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## 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. This 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.

GRI STANDARDS DISCLOSURE NUMBER	DISCLOSURE TITLE	REFERENCE TO THE CHAPTER	PAGE	EXPLANATIONS
404-2	Programs for upgrading employee skills and transition assistance programs	Responsibility for Our Employees	31	
<b>Diversity and Equal Opportunity</b>				
103-1 103-2 103-3	The management approach and its components	Diversity and Equal Opportunities	50	
405-1	Diversity of governance bodies and employees	Responsibility for Our Employees	51	
<b>Customer Health and Safety</b>				
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Responsible Corporate Governance and Compliance	19	During the reporting period, there were no violations against the impact of products and services on customer health and safety.
<b>Marketing and Labeling</b>				
417-2	Incidents of non-compliance concerning product and service information and labeling	Responsible Corporate Governance and Compliance	19	In the reporting period, there were no violations of regulations and voluntary codes relating to product and service information and labeling.



An aerial photograph of a dense, lush green forest, likely a tropical rainforest, with sunlight filtering through the canopy. The text is overlaid on the center of the image.

# Looking **FORWARD**

**Sustainability Report 2021**

