



2022

OUR RESPONSIBILITY

AMANN SUSTAINABILITY REPORT



"A family business like AMANN stands for responsibility towards employees, customers, suppliers and society. It results from our values, which we have stood for since 1854.

Trust and reliability, cohesion and foresight, entrepreneurial spirit and innovative strength. When it comes to the future, it is associated with a clear mission."

Katja Pielenz

Ivo Herzog

Katja Pielenz

OUR MISSION

"The **expanded international perspective** of our company regarding sustainability should have **clear effects** for how we deal with our **customers**, our **employees**, our **suppliers and** our **environment** and stay **ahead of the applicable law at all times**.

For the company, this results in an **expanded responsibility** for the future, from development to production and sales, which finds its expression in a changing **work culture in sustainable interaction between nature, people and profitability.**"

Katja Pielenz

Director of the Hanns A. Pielenz Foundation and shareholder of Amann & Söhne GmbH & Co. KG

February 2023



CONTENT

03 MESSAGE FROM THE BOARD

04–05 5 QUESTIONS FOR IVO HERZOG

06–09 AMANN GROUP

10–17 SUSTAINABILITY

18–25 PEOPLE & COMMUNITY

26–33 CLIMATE & ENVIRONMENT

34–43 PRODUCT & ECONOMICS

44–45 APPENDIX

MESSAGE FROM THE BOARD

Dear readers,

Sustainability is a central component of our strategic corporate direction. The AMANN Group sets standards when it comes to acting ecologically, socially and fairly while at the same time meeting high quality standards for ourselves and our products.

Corporate management that is geared towards the future must recognise changes in the market environment at an early stage and take measures to meet these changes. In this sense, we see sustainability as an opportunity to do the right thing to secure the future of our company, but also to make a contribution to the future of our planet.

We are convinced that people are the most important lever for a sustainable transformation. Together with our stakeholders, we want to consistently act sustainably. We offer our customers a comprehensive service and are available as a competent contact partner offering everything from professional advice to the reliable delivery of products. In doing so, we minimise the environmental impact. We respond transparently to all customer enquiries. Likewise, we also bear responsibility for our upstream value chain on an economic, ecological and social level.

We look to the future with confidence and will constantly review our processes. In this way, we continuously improve the sustainable and resource-saving efficiency of our operational activities with a clear goal in mind. This is the only way we can live up to our high standards and combine ecological impact with our economic activities.

On behalf of all employees of the AMANN Group, we would like to thank you for your interest in our Sustainability Report 2022.



Wolfgang Findeis
CFO



Ivo Herzog
CSIO



Peter Morgalla
COO



Arved Westerkamp
CSO

5 QUESTIONS FOR IVO HERZOG

Ivo Herzog has been a member of the Board of Trustees of the Hanns A. Pielenz Foundation since 2005. The charitable foundation is the sole shareholder of the AMANN Group alongside the Pielenz family. Since 2013, Herzog has also been a member of the Advisory Board of the AMANN Group and moved from the Advisory Board to the company management in 2022. He took over the newly created "Sustainability & Innovation" division as Managing Director.



"It would be unthinkable today for a company to survive that pollutes waters as it did in the 1970s and 80s. Today, water protection is standard. It is equally inconceivable that in ten to 15 years a company can still exist that emits as much CO₂ as it does today. In this area, too, there will be a new standard that will become a matter of course. We all therefore need change quickly."

Ivo Herzog, Managing Director Sustainability & Innovation of the AMANN Group



Mr Herzog, you have been with the AMANN Group for a long time. Why the change to operational business?

In connection with our special responsibility for the company, Katja Pielenz and I have been concerned with the sustainable development of the AMANN Group for many years. Climate change is forcing us to rethink. Many things that were taken for granted for many years are being called into question. We have to act. And not tomorrow, but now. Considering this background, we have decided to address the topic of sustainability & innovation with a separate division in the management of the AMANN Group. This will enable us to implement the necessary change with even greater clout. I am delighted to have taken on the new task in this business area.

What tools do you have for the new task?

I am storm-proof and steady, bring innovation experience with me and, as a family member, I know the AMANN Group very well. For me, entrepreneurship means preserving and creating values that will benefit future generations. And so that you don't get the wrong impression of me: I am not a climate activist. As a child, I was allowed to live in freedom and grew up close to nature. My thoughts and actions are shaped by social, environmental and long-term issues. For me, it is a matter of the heart to make AMANN sustainable and thus fit for the future.



To what extent does the AMANN Group have to change in your opinion?

As an internationally active company, we must pragmatically and consistently adapt to new conditions, markets and global changes. We want to be pioneers for the development of sustainable business processes. What we create today will affect future generations. We need to be aware of this in everything we do. We only have one planet and we



have to protect it or, at the very least, not burden it. Economic performance, the protection of natural resources, and social responsibility go hand in hand. Ecological efficiency is of particular importance to us. Ambitious, self-explanatory solutions are required so that we operate environmentally soundly and not just act in an environmentally neutral way. We must show that it is possible to act ecologically, socially, and at the same time economically viably – if possible in large steps, but sometimes also by means of "salami tactics".

The necessary change calls for a rethink. But this has been part of our company's DNA since 1854. Without the willingness to change, the generations before us would not have been able to handle their challenges successfully. And that is how we will now proceed: not dogmatically, but consistently.

That means something has to change in order to keep it the way it is?

Yes, exactly. We are committed to change so that sustainable growth, innovation, and social benefits

will continue to shape our corporate destiny in the future. Many employees have been with us for a long time and our charitable foundation, as one of the AMANN shareholders, also provides us with a consistent orientation towards the common good. We have internalised this set of values. This is how we have always emerged stronger from challenging times.

How do you intend to drive sustainability in the AMANN Group?

Fortunately, there are already many measures that we can build on. AMANN is not starting from scratch. Sustainability issues have already been consistently implemented in recent years. An important milestone is the new plant in India, which will produce almost climate-neutrally thanks to state-of-the-art technologies¹. Now the next steps will follow. The CO₂ balance for the entire group has been kickstarted. It will be the basis for further effective measures for climate protection. We will systematically promote the sustainability of our products, our locations



and our technologies. Biopolymers, for example, are a topic for us. Overall, raw material management is of great importance to us in this context. This is also the reason for the consistent linking of "Sustainability & Innovation".

We will set clear, ambitious corporate goals. What we are counting on above all are our 2,600 employees. These are a lot of smart people who work every day to make the company a little bit better! We want to use this potential even more consciously in the future. This is how we bundle worldwide knowledge. I know that many of them want to work on the future of the company!

¹ Planned start of operation autumn 2023



CONTINUITY SINCE 1854 THE BASIS FOR SUSTAINABILITY

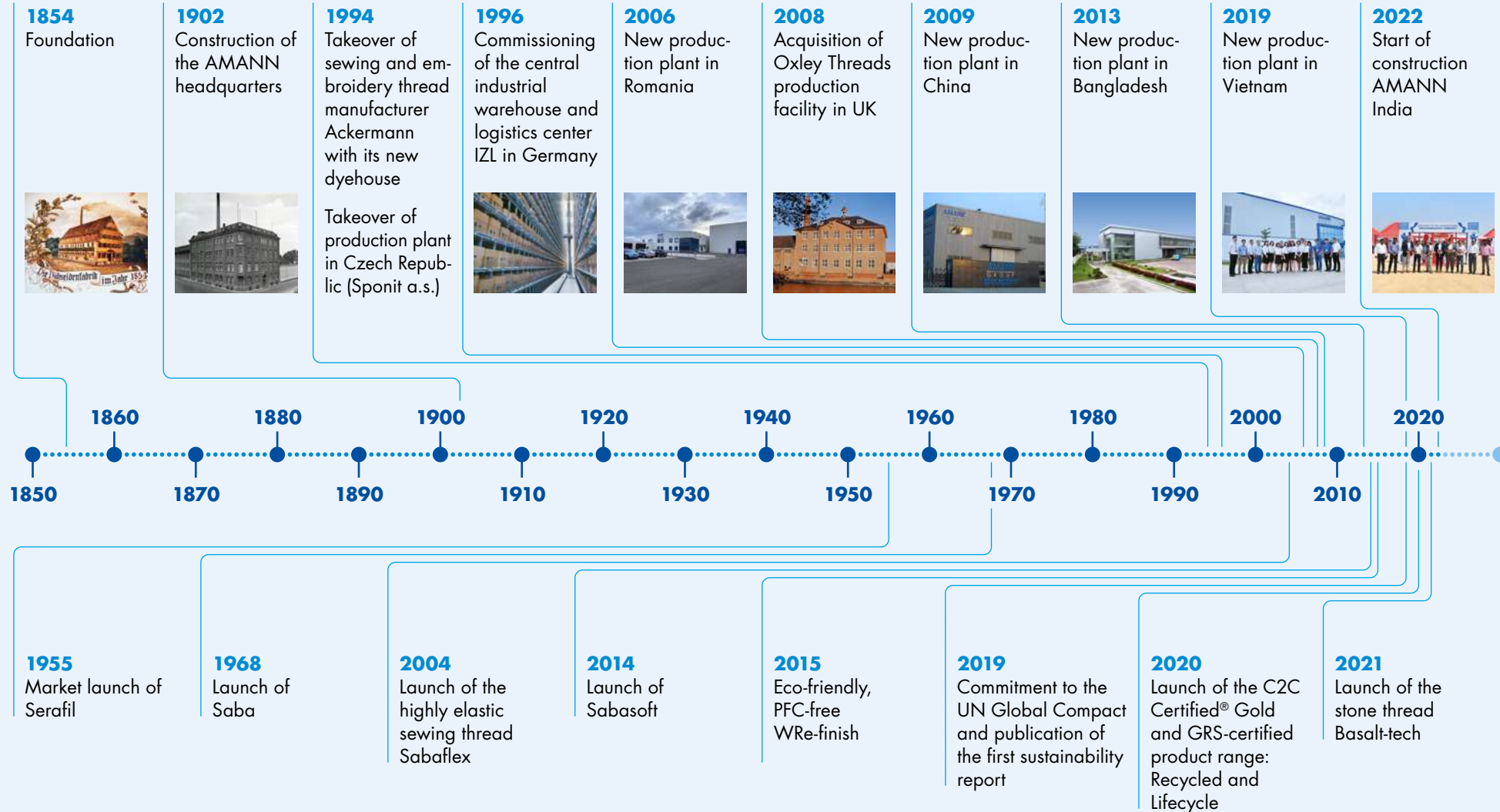
"For the purpose of manufacturing twisted and dyed silks", Alois Amann and Imanuel Böhringer founded the company Amann & Böhringer in 1854. Even then, the company was a pioneer in Europe. The professional processing of silk yarns was considered an elaborate art that hardly anyone had dared to try before.

Today, the AMANN Group is one of the world market leaders of sewing and embroidery threads. From universal sewing threads to highly technical special yarns, we offer a wide range of products for numerous different applications.

AMANN produces high-quality sewing threads and embroidery threads for Apparel, Shoes & Accessories, Home Interior, Automotive, Techtext as well as for consumers in its own production facilities in Europe and Asia.

The non-profit Hanns A. Pielenz Foundation is the shareholder of the AMANN Group alongside the Pielenz family and supports projects in the fields of arts and culture, science and research, as well as education. AMANN is committed to sustainable, fair and safe production processes worldwide.

AMANN GROUP TIMELINE



INTERNATIONAL PRESENCE OF THE AMANN GROUP



At all our locations, we rely on sustainable, fair and safe production processes and working conditions.

LEGEND:



PRODUCTION SITES

- Germany (Augsburg)
- Great Britain (Manchester)
- Romania (Brasov)
- Czech Republic (Chribska)
- China (Yancheng)
- Bangladesh (Dhaka)
- Vietnam (Đà Nẵng)
- India (Ranipet / Tamil Nadu, commissioning Q4/2023)

AMANN GROUP 2022 AT A GLANCE



*For a detailed list, see page 45



SUSTAINABILITY

The background of the slide is a vibrant green color. Overlaid on this are several abstract, flowing shapes that resemble thick, liquid ribbons or smoke. These shapes are rendered in various shades of green, from a bright, almost white-green to a deep forest green, creating a sense of depth and movement. The shapes are intertwined and layered, with some appearing more prominent than others.

For AMANN, sustainability is a vision for the future, a roadmap and an orientation framework for responsible action.

SUSTAINABILITY MILESTONES AT AMANN

2000

ISO 14001 Environmental management



2019

Joining UN Global Compact



2020

Participation in the UN Climate Leaders campaign

50 CLIMATE LEADERS
SUSTAINABILITY A RACE WE CAN WIN



2022



Expansion of the Management Board to include the area of "Sustainability & Innovation"

2000

2020

2010

2009

First Recycled product range



2020

First Cradle to Cradle Certified® Lifecycle product range



2022

The Circle is Blue® our overarching claim



SUSTAINABLE DEVELOPMENT GOALS

COMPASS OF SUSTAINABLE DEVELOPMENT

For the sustainable development of the AMANN Group worldwide, we align our actions with internationally applicable sustainability goals and principles:

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The SDGs of the United Nations set the framework for our corporate governance. The 17 goals with 169 corresponding sub-goals are the core of the

Agenda 2030 of the United Nations; the action plan for a liveable future worldwide

For AMANN, the SDGs are the international compass that guides our actions. They are an important basis for the strategic consideration and further development of our specific sustainability goals. AMANN has a very diverse impact on the UN's 17 SDGs. In particular, the focus is on 9 goals to which we as a company can make a relevant contribution.

UN GLOBAL COMPACT

AMANN already joined the UN Global Compact, the world's largest and most important initiative for responsible corporate governance, in 2019. The UN Global Compact Network Germany (UN GCD) with 1,050 participants from business, civil society and politics supports companies in strategically anchoring sustainability on the basis of 10 universal principles and contributing to the implementation of the Sustainable Development Goals.



WE SUPPORT



OUR SUSTAINABILITY STRATEGY

ECONOMIC. ECOLOGICAL. SOCIAL.

Sustainability is not just one of many to-do items for AMANN. Sustainability defines our roadmap and sets the orientation framework for our entrepreneurial actions. We harmonise economy, ecology, and social responsibility.

Our overarching claim **THE CIRCLE IS BLUE** expresses our understanding of a sustainable future. This is how we communicate in a clear message – both internally and externally – our central promise of sustainability:

- We are committed to combining economic success with ecological and social responsibility.
- We address the environmental and social impacts of our business activities.
- We anchor sustainability holistically in our products and processes.

With environmentally friendly products and efficient production processes, we want to achieve our ambitious sustainability goals in the areas of **"Climate & Environment"** and **"Product & Economics"**.

In the field of action **"People & Community"**, we are committed to safe working conditions, fair framework conditions and appreciative, respectful cooperation.



**THE CIRCLE
IS BLUE®**

**We together for
a sustainable future**



WE TOGETHER FOR A SUSTAINABLE FUTURE

Sustainability is a joint task that requires consistency and perseverance. Only together with all 2,600 employees world-wide can we meet this challenge and make an effective contribution to a more environmentally friendly, more socially responsible and better managed economy. Our products and solutions are aligned with this. In doing so we also support our partners along the value chain and our customers in their transformation.

OUR SUSTAINABILITY GOALS 2025



PEOPLE & COMMUNITY

EMPLOYEE DEVELOPMENT

Further development of the "AMANN Learning Hub" as an internal training and further education programme.

By 2024, regional training coordinators and technical trainers will be trained at all AMANN production sites worldwide. The foundation for this further development was laid in 2022.

ACCIDENTS

Vision: "zero accidents"

Status 2022: Continued positive development of the accident rate. The measures taken in 2021 are effective.

GENDER EQUALITY

The aim is to achieve a balanced gender quota, especially in the representation of women and men in management functions.

Status 2022: 45% of all employees are women.



CLIMATE & ENVIRONMENT

WASTE

No waste disposal to landfills.

Status 2022: Already over 87% of waste is recycled / thermally recovered, only 13% is disposed of in landfills.

CO₂ EMISSIONS

Reduction of CO₂ emissions by 30% per kg produced and switch to renewable energy sources.

Status 2022: Reduction of 33% compared to the previous year, among other things through the use of green electricity in Augsburg and Great Britain. Transport optimisation in the Czech Republic (saving of 80,000 km driven). The overall 2025 target was thus already exceeded by 8% in 2022.



CLIMATE & ENVIRONMENT

ENERGY / ELECTRICITY CONSUMPTION

Reduction of electricity consumption per kg produced by 25%.

Status 2022: Slightly negative development. For resilience reasons, the in-house production depth was increased, which led to a slight increase in specific electricity consumption.

The higher-quality wastewater treatment in the Romanian plant leads to a lower freshwater requirement, but unfortunately also to higher electricity consumption.

WATER CONSUMPTION

Reduction of water consumption by 25% per kg produced.

Status 2022: Significant reduction in water consumption per kilo produced due to the improvement in the wastewater treatment plant with reverse osmosis in Romania. Progress at the other sites through treatment of wastewater and its return to the process cycle. Further 12% reduction in the previous year's result. The 2025 target was thus already exceeded by 40% in 2022.



PRODUCT & ECONOMICS

SUSTAINABLE PRODUCTS

Expansion of sustainable product lines with increasing use of circular raw materials.

Status 2022: Initiation of a sustainable raw materials strategy.

SUPPLIER RESPONSIBILITY

Implementation of the rules set out in the Supplier Code of Conduct and implementation of corresponding supplier audits on site.

Status 2022: All strategic key suppliers have signed the code or were able to provide evidence of a comparable code. With the end of the pandemic situation, supplier audits were resumed. On-site compliance audits at two key suppliers' factories in India in Nov. 2022.



PEOPLE & COMMUNITY





**Social sustainability worldwide –
fair, safe, appreciative.**

OUR RESPONSIBILITY

TEXTILE INDUSTRY CONTEXT

Relevant social risks in the global textile industry are, for example, the violation of the right to freedom of association, the right to freedom from discrimination and the freedom from child and forced labour. The rights to health and safety at work, legally compliant working hours and living wages are also continuously violated.

Source: "Nachhaltigkeit ist nicht umsonst. Preisgestaltung nachhaltiger Textilien in der Beschaffung durch Großverbraucher." Hrsg: Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. Bonn 2021.

STANDARD AT AMANN

- Respect for ILO conventions (International Labour Organization)
- AMANN Code of Conduct
- High standard of occupational health and safety worldwide
- European standards in our production facilities worldwide

EMPLOYMENT AND SOCIAL ENGAGEMENT

Worldwide, more than 2,600 employees in 20 countries with 35 different nationalities ensure our mutual success every day

Regardless of age, gender, colour and race, religious belief and sexual orientation, we encourage and challenge our employees with the aim of developing our organisation over the long term. We take into account and accept local cultures and values and continuously work on improvements beyond the usual standards. We ensure compliance with ILO (International Labour Organization) conventions at all locations worldwide.

The basis for our cooperation is the "AMANN Code of Conduct". It describes our ethical expectations and defines the position of the AMANN Group worldwide. In times of fundamental change, managers bear a special responsibility for their team. They have to actively shape change and deal with risks and uncertainties in equal measure. A differentiated, worldwide training programme and the active exemplification of our values by our managers create a reliable environment for good, sustainable cooperation for our employees and partners.



**Understanding change as an opportunity.
People and community are at the centre.**

HUMAN RESOURCES DEVELOPMENT

By 2024, we will develop regional training coordinators and technical trainers at all AMANN production sites worldwide.

The competence model developed on the basis of our corporate strategy forms the foundation for our diverse personnel and organisational development measures. These include, in particular, career and personal development plans as essential building blocks. They support our organisation in the structured succession planning processes and the targeted promotion and further development of internal talents. Dual training models in cooperation with universities and schools, internal training and

familiarisation programmes as well as the "AMANN Education Programme" form the basis of professional personnel development. Time off from work for personal further education is supported both temporally and financially wherever operationally possible. Our established digital learning platform, the "AMANN Learning Hub", is available to many employees worldwide. The platform offers videos, presentations and online training for professional and personal development. Our leadership principles and our group-wide leadership development programme ensure that our high standards of employee leadership are implemented. Important principles of our corporate governance are open, transparent communication, a professional culture of error, professional conflict management and leaders acting as role models.

All employees worldwide receive online access to our digital learning platform, the "AMANN Learning Hub".

EMPLOYEE SURVEY 2022

Employee loyalty, identification and satisfaction are key objectives of our social sustainability strategy. We therefore regularly conduct global employee surveys to make these parameters measurable and to identify potential for improvement. In July 2022, we again surveyed employees via the external service provider Korn Ferry. With 51 questions in 16 languages, we sought feedback on the topics of respect & recognition, trust in leaders, development opportunities, performance management, available resources and collaboration. With a high participation rate of 88%, the responses revealed a representative, positive sentiment and measurable "engagement" and "enablement" scores.

EQUAL OPPORTUNITIES

As an industrial production company, the AMANN Group is proud of its almost balanced proportion of male (55%) and female (45%) employees. The proportion of women in management positions is also high by global standards, at 33%. We are particularly proud of our female engineers in a wide range of production areas worldwide.

To achieve our goal of equal opportunities, we support women entering management positions through personal career plans and special external training designed for female managers. In addition, our family-friendly working hours and working time models as well as flexible modern forms of work and mobile working programmes help many families to optimally combine career and private life. A modern culture that also enables fathers to engage in family work without disadvantages is becoming more and more prevalent in many country organisations and is specifically supported by AMANN. We ensure equal pay for women and men in comparable jobs.





HEALTH CARE

We strengthen the health and vitality of our employees as the basis for an agile and efficient organisation. To achieve this, we apply uniform global standards for health protection and offer targeted programmes for health promotion and prevention. In this way, we prevent workplace-related and general health risks that can lead to illness. AMANN cooperates with local doctors and clinics. By doing so, we ensure a high level of preventive health care in all countries.

We have introduced health days for our employees worldwide. Catering at AMANN locations is free of charge or heavily subsidised in many countries. We also offer nutritional advice and coaching for a healthy lifestyle. With our old-age and future pension systems, we generally secure our employees beyond the legal requirements and active working life.

MANAGEMENT BY WALKING ABOUT

Amann Threads UK revived the "Safety is our number one priority" guideline in early 2022. It introduced a new form of safety audit. Management by Walking About (MBWA) is a leadership style that encourages direct contact with team members. Open, natural and informal communication improves the relationships of all parties. All aspects of communication come into play, including, for example, non-verbal cues. With the introduction of MBWA, we have reduced the number of accidents and lo-

wered staff turnover and absenteeism. Each monthly safety audit was conducted in a different zone within the plant. Employees from other departments were invited to provide additional input. This measure was very successful and transferred to other AMANN plants.



CORPORATE CITIZENSHIP

Voluntary social commitment – also known as corporate citizenship – is an integral part of our corporate culture and is also reflected in our corporate purpose. The Hanns A. Pielenz Foundation, established in 2005, stands as a corporate foundation for the social responsibility of its founder and is part of the sustainability strategy of the AMANN Group. In the spirit of corporate citizenship, AMANN, as part of society together with its independent foundation, is committed to the community above and beyond its actual business activities.

FOUNDATION HIGHLIGHTS OF THE YEAR 2022

SCHOLARSHIP PROGRAMME

In cooperation with the Niederrhein University of Applied Sciences, the foundation has been supporting students from Bangladesh since 2018. The integration of the scholarship holders into the daily work routine at AMANN ensures practical relevance. The foundation also provides support for living away from home. The goal of the support is an academic career that many families would not be able to

make possible on their own without support. With the profound training, which is recognised on the international labour market, the scholarship holders contribute in the best case to the transformation to fair and sustainable working conditions in their home countries. Three scholarship holders were supported in 2022.

MOON

The MOON project, conducted by Gherzi Germany and funded by the Hanns A. Pielenz Foundation, provides companies in the textile industry with a toolkit to actively shape the transformation in the field of tension of current developments. The core of the project is the MOON study, which forms the basis for forward-looking options for action. It shows ways for the individual transformation of companies.

The study can be downloaded at:

www.afbw.eu/projekte/moon





CLIMATE & ENVIRONMENT





With circular products and environmentally friendly, resource-efficient production towards more sustainability.

OUR RESPONSIBILITY

TEXTILE INDUSTRY CONTEXT

The apparel industry uses 93 billion cubic metres of water every year, which is roughly equivalent to the water consumption of five million people. Almost 20% of the world's wastewater comes from textile dyeing and processing processes.

Source: "How Much Do Our Wardrobes Cost to the Environment?"
The World Bank 2019.

GUIDELINES AT AMANN

- Professional environmental management according to ISO 14001
- Focus on resource efficiency and solutions for circular economy
- Saving of fresh water as well as treatment of wastewater in cycles in the production process

KEY PERFORMANCE INDICATORS 2015 – 2022

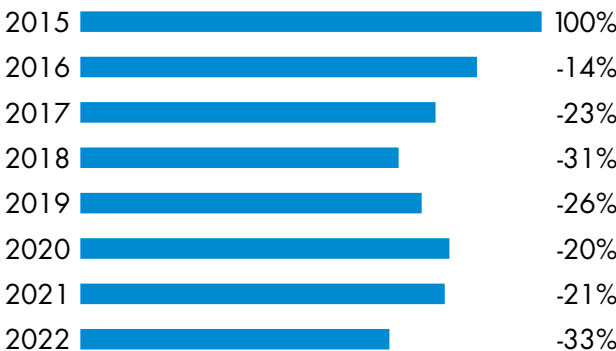
Significant savings were achieved compared to the base year 2015*:



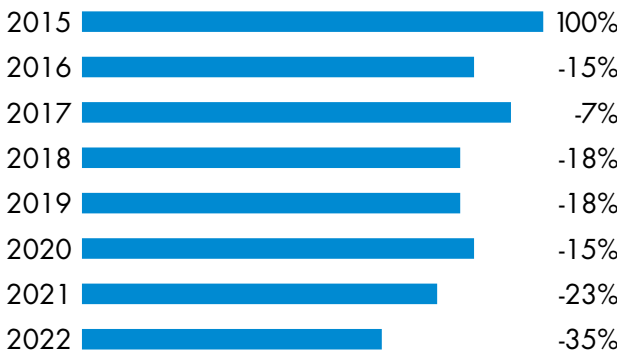
Reduction in power consumption per kg produced.



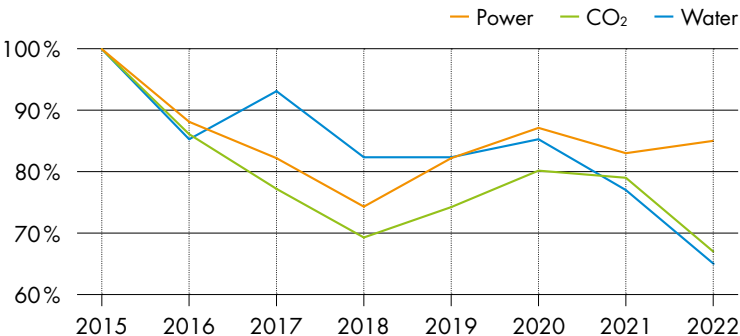
Reduction in CO₂ emissions per kg produced.



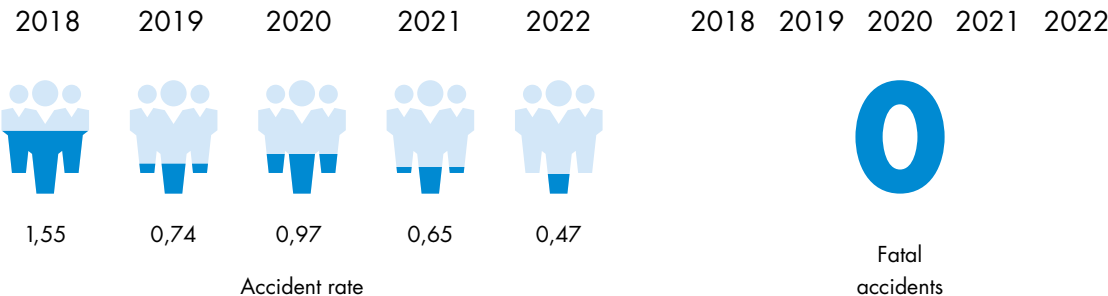
Reduction in water consumption per kg produced.



Development of KPIs 2015 – 2022



Accident rate per 100 employees 2018 – 2022



*For better comparability a uniform percentage form of presentation was chosen.

ENVIRONMENTAL AND CLIMATE MANAGEMENT

Active environmental, energy, water, chemical and waste management, which is constantly being improved, is an essential part of AMANN's sustainability strategy. For this, we rely on uniform environmentally and quality-oriented production processes worldwide. This ensures that the same standards apply everywhere - whether in the Czech Republic, Bangladesh, China or Germany.

With our uniform global standards for production processes, we can exceed the minimum standards set by local regulations on climate and environmental management in many places. Our environmental management system at the German production site has been certified according to ISO 14001 since 2000. In China, this was introduced in 2020. This means that we are at the forefront of managing waste, water, emissions, energy and raw materials.

WASTE PREVENTION BEFORE DISPOSAL

While the economical use of resources is a value that is being practised at all AMANN locations, waste disposal must be adapted to local conditions. The different regional concepts focus on the fact that thermal recycling and disposal via landfills must be avoided. For example, fibre-based production waste in Augsburg has been almost 100% recycled since March 2022 and is no longer thermally recycled. Intensive work is being carried out on new concepts

in order to continuously improve waste avoidance and increase the reused quota – particularly in regard to tubes. In Bangladesh, for example, the dyeing tubes are recycled and the recycled material is reused for the thread carrier for our sewing threads. In the production plant in China, the tubes are processed into granulate and find a second life in plastic pallets, umbrella handles or clothes racks. And the end consumer product Seracycle is delivered directly on a thread carrier made of 100% recycled polystyrene (PS), which can be disposed of directly via recycling bins.

In all plants there is continuous monitoring of all processes and consumption in the course of production in order to optimise them continuously and sustainably.

WATER – OUR KEY RESOURCE

The production of our sewing threads and embroidery threads consumes a lot of water - especially in the dyeing process. We therefore have a special responsibility to reduce our water consumption and the environmental impact of our wastewater as much as possible.

We achieve this by optimising processes so that we need less fresh water and can minimise the extraction of groundwater.

By redesigning the processes, we also focus on a reduction of chemicals. At the same time, we are working intensively on the further development of water-free dyeing technologies.

SPECIFICALLY IN 2022:

- The production site in Vietnam obtains process water from a wastewater recycling plant, and a reverse osmosis system is operated at our plant in Romania. In the long term, up to 50% of the dyeing wastewater can be treated here and used again for dyeing.

- By shifting the sewing thread finishing from the dyeing process to the final make-up winding process, it was possible to achieve a saving of around 20% in process water while improving quality at the same time.
- Additional saving potentials were achieved through water optimisation in boiler cleaning and cleaning cycles. Additionally, the reuse of cold rinse water has led to significant savings.
- In the Czech Republic, technical improvements to the wastewater treatment plant led to a reduction in wastewater volumes of up to 50%. The technical expansion of the wastewater treatment plant in Bangladesh is being planned and will lead to a halving of freshwater consumption.
- The new plant in India will be equipped with a full-stage wastewater treatment plant for complete water treatment. This will allow all production wastewater to be fully treated and reused in production (zero liquid discharge).

In the 2021 Sustainability Report, we reported on the planned measures at our plant in Romania. In 2022, these were implemented, and the so-called ETP plant (Effluent Treatment Plant) was commissioned in May.

By using membrane units such as ultrafiltration and reverse osmosis it is planned to reuse up to 50% of the wastewater in the production cycle. In 2022, 12% on average, and at peak time up to 80%, of the wastewater could be recycled. These fluctuations occurred for a number of reasons associated with the introduction phase. At the beginning of 2023, a constant 30% could already be achieved. We noticed that, compared to conventional methods, the ETP system produces more stable dyeing results, and a much better water quality can be achieved. However, the ETP system requires more chemicals and energy (approx. 35% additional expenditure).

Water is essential for our production and has been required in large quantities up to now. This is why we are targeting this area and continuously reducing our fresh water consumption.

SAVE ENERGY, REDUCE EMISSIONS

We aim to continuously make our energy mix more sustainable and pay particular attention to energy efficiency. Wherever possible, green electricity is to be used.

One path we have already taken in production is the conversion of the steam boilers in our dyeing plants to efficient low-temperature processes. Energy consumption and carbon dioxide emissions have been reduced as a result. Last year, we already reported on the potential savings in gas consumption of up to 20%. In 2022, optimisation measures enabled us to additionally reduce gas consumption by up to 13% (Romania and Bangladesh).

At the same time, the issue of compressed air consumption was effectively addressed. New machines in the twisting mill offer the possibility of reducing

energy consumption by up to 15%. Through these various measures we were able to almost compensate for the increased energy due to the ETP in Romania.

ENERGY FROM THE SUN

In order to make our production more climate-friendly, we also rely on solar energy from our own photovoltaic systems. The Erligheim site already has a photovoltaic system that covers 70% of the daily electricity demand on site. The electric charging infrastructure, which promotes the e-mobility of our employees, is also achieved in a sustainable manner.

HEAD START THROUGH DIGITALISATION

Digitalisation across the textile value chain is steadily gaining momentum. The textile industry is increasingly beginning to understand the advantages of digitalisation. AMANN has been pioneering in the area of digital colour matching since we started our collaboration with ColorDigital back in 2020. The DMIX cloud of the ColorDigital company transforms workflows along the textile value chain and allows fashion brands and suppliers to utilise relevant assets in all phases of the value chain: from raw material sourcing to the design, sample process and production. Using the DMIX cloud for the digital colour matching of AMANN threads is a fast and easy process with a big impact on processing speed and process sustainability as it helps avoiding both physical lab dyes and sample shipments.

Digitalisation transforms workflows and contributes to the conservation of resources.

INCREDIBLE AMANN INDIA BLUEPRINT FOR SUSTAINABLE PRODUCTION

AMANN has been present in India for more than 15 years and serves the flourishing Indian fashion and technical textiles market with high-quality sewing and embroidery threads. Now we are taking the next step with a new, sustainable and state-of-the-art sewing thread production in Ranipet/Tamil Nadu. AMANN India will thus set a milestone in the history of the local market. In April 2022, the foundation stone was laid with a groundbreaking ceremony for the new production plant.

Completion is planned for autumn 2023. The initial production target is 800 tons of sewing threads per year. An area of 32,000 square metres is planned for this purpose.

In Ranipet, a complete closed-loop system (Zero Liquid Discharge / ZLD) will be implemented for the production water. "Not a single drop of wastewater into the ground" - this is the ambitious goal.

A comprehensive photovoltaic system is also planned to cover the entire electricity requirement as well as a boiler house that is heated with biomass. The latest production technologies will also reduce the amount of waste to a minimum.

By using ZLD, wastewater-free production is possible, since the focus of this technology is on reduction of the economic wastewater and the production of clean water which is suitable for reuse. With this technology, 100% of the extracted water used gets purified and remains in the cycle. Only 9% of fresh water has to be replenished due to evaporation.

Particularly with regard to sustainability, the plant sets new standards:

- higher efficiency through the use of the latest technologies
- lower operating costs
- minimal emissions
- avoidance of environmental pollution

India is thus becoming a blueprint for future plans.





PRODUCT & ECONOMICS





**When sustainability
meets profitability.**

OUR RESPONSIBILITY

TEXTILE INDUSTRY CONTEXT

The Intergovernmental Panel on Climate Change (IPCC) clearly identifies the necessary measures for climate-resilient and sustainable development. Implementation often fails to materialise due to the economic assessment. We must learn to think of the three sustainability goals - economic, ecological and social - together and to see sustainability as an opportunity for the economy.

Global Climate Report 2023
<https://www.lpb-bw.de/ipcc>

GUIDELINES AT AMANN

- Contribute to circular solutions and sustainable product innovations in the textile industry
- Resource-saving product line and cradle to cradle approach
- Supplier Code of Conduct and verification through our own audits of suppliers on site

CRADLE TO CRADLE CONSISTENT CIRCULAR ECONOMY

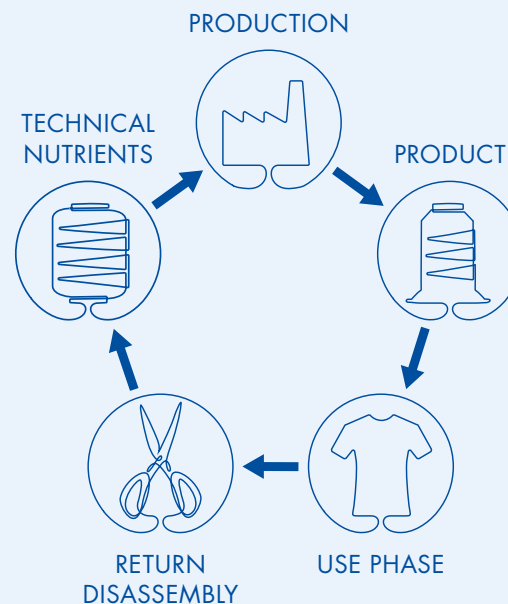
Cradle to Cradle is an approach modelled on nature: Raw materials are used in closed cycles and are reused.

In contrast to the linear economy, in which new resources have to be continuously added, the raw materials circulate in biological and technical cycles. This allows for the most resource-efficient and innovative production processes and products for the benefit of people and the environment. With our Cradle to Cradle Certified® Gold product line Lifecycle, we are the first sewing thread manufacturer worldwide to cover both the technical and the biological cycle. Therefore our sewing threads meet the highest requirements for a resource-efficient and closed circular economy.

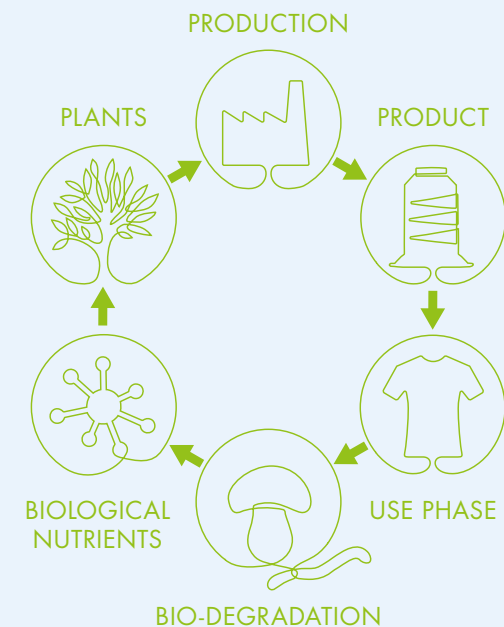


Cradle to Cradle Certified® is a registered trademark of the Cradle to Cradle Products Innovation Institute.

TECHNICAL CYCLE



BIOLOGICAL CYCLE



SUSTAINABILITY NEEDS INNOVATION



With circular products and environmentally friendly, resource-efficient production, we are continuously working towards a sustainable future worldwide. We can draw on a long tradition for the innovation processes required for this: Innovation is part of our DNA, driving us every day to achieve our ambitious sustainability goals. Certifications from "third parties" confirm our claim to compliance with globally recognised standards.

TRANSPARENT STANDARDS THROUGH OWN PRODUCTION

AMANN manufactures exclusively in its own production facilities. Transparent and controlled processes are thus firmly anchored as standard at all sites. This is reflected in the certification of our quality management system according to ISO 9001 and the environmental management system according to ISO 14001 for the Augsburg and China sites.

CERTIFIED ACCORDING TO THE GLOBAL RECYCLED STANDARD

Another milestone is the certification of our production sites according to the Global Recycled Standard - GRS for short. The certification took place at the sites where we manufacture the Recycled product line. The Global Recycled Standard includes full traceability of the recycled material used throughout the entire production chain. In addition, the GRS certificate documents that AMANN meets the requirements for social and environmental practices as well as chemical restrictions.

Five of our seven production sites are now GRS certified and more are to follow.

With the Higg Facility Environmental Module (Higg FEM) and the Higg Factory Social & Labour Module (Higg FSLM) the environmental performance and social labour performance of individual factories can be measured in a standardised way. We at

AMANN are proud that we already use Higg tools at two of our sites: AMANN Sewing Threads China - Higg FEM and Higg FSLM, AMANN Bangladesh - Higg FEM. The reports are on the website of the Sustainable Apparel Coalition.



SUSTAINABLE PACKAGING SOLUTIONS

As part of the circular economy, we are working to continuously increase the recycled content for thread carriers and packaging materials and to reduce the use of outer packaging as much as possible. The bobbins for our recycled product line are already made exclusively from recycled granulate. When it comes to packaging, we dispense with colour-printed cardboard packaging and use only recycled material. By optimising the dimensions of the sales cartons, sustainable successes were achieved at the Bangladesh production plant. Or another example: at the production site in the Czech Republic, packaging films for consumer articles are no longer in use.

PROOF OF HIGHEST STANDARDS

With regard to substances of very high concern, our sewing and embroidery threads comply with the requirements of the REACH regulation of the European Union. The current candidate list (SVHC) of the ECHA as well as the requirements according to Annex XVII are to be emphasised. As proof and for reasons of occupational safety and environmental protection, all dyes and auxiliaries used in our production are listed internally and subjected to a risk assessment. In addition, our products are tested for harmful substances and certified according to STANDARD 100 by OEKO-TEX® - a large part of them even according to the stricter criteria of Annex 6, which are based on the Detox campaign by Greenpeace.

ZERO DISCHARGE OF HAZARDOUS CHEMICALS

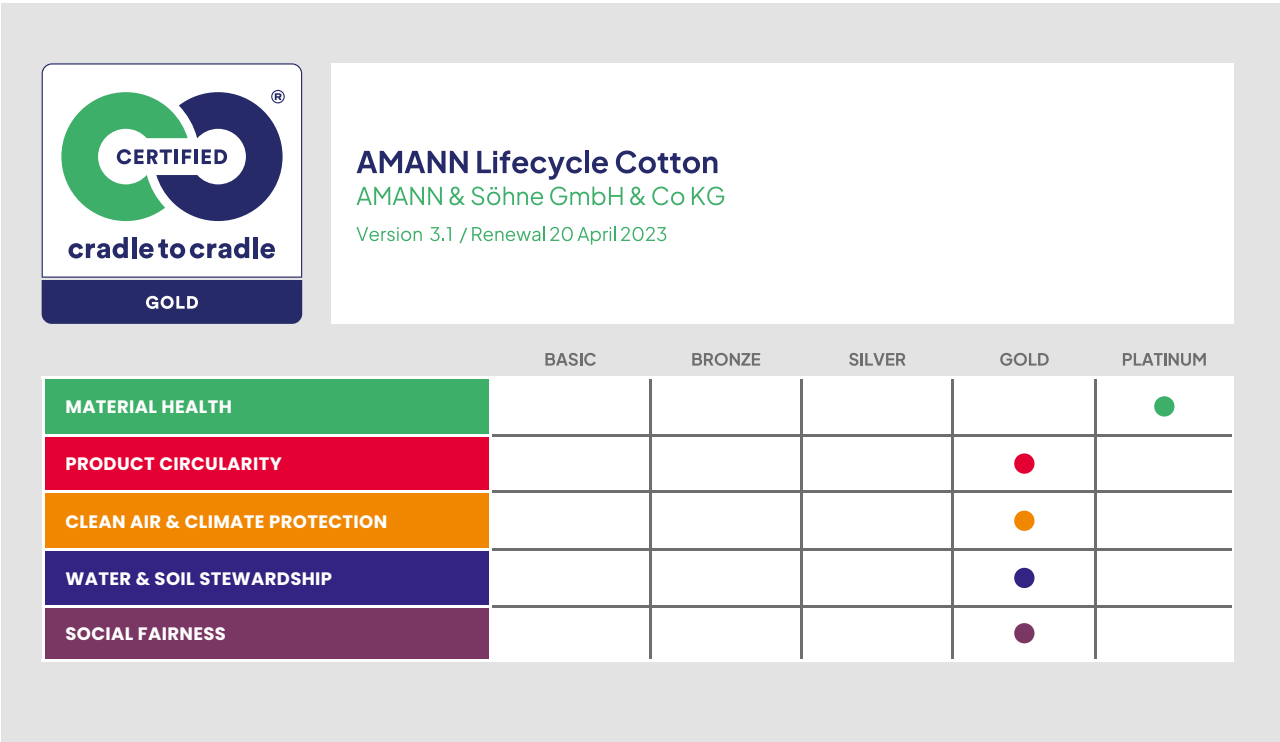
Our production is aligned with the "Zero Discharge of Hazardous Chemicals Manufacturing Restricted Substances List, ZDHC MRSL", which is derived from the original Detox campaign. The ZDHC (Zero Discharge of Hazardous Chemicals), an alliance of more than 160 international textile companies and organisations, aims to banish hazardous chemicals from the global fashion value chain with the Roadmap to Zero programme. We follow this step with the AMANN Road to Zero and thus continue to take proactive action against potential pollutants in order to achieve the highest standards for sustainable chemical management.

OUR LIFECYCLE AND RECYCLED LINES

The products from our Lifecycle line are circular and Cradle to Cradle Certified® Gold. Cradle to Cradle stands for a continuous and consistent circular economy in which no more waste is produced. After the use phase, products are either returned to biological cycles as biological nutrients or kept in their technical cycles as technical raw materials. Cradle to Cradle Certified® products are tested and certified in five critical areas of sustainability: Material Health, Product Circularity, Clean Air and Climate Protection, Water and Soil Stewardship, and Social Fairness. The certificate is awarded in levels: Basic, Bronze, Silver, Gold and Platinum.

The AMANN Group is the first sewing thread manufacturer in the world to be able to offer sewing threads for both the biological and the technical cycle with its Lifecycle range.

Lifecycle Polyamide, a sewing thread made from recycled polyamide 6, has been specially developed for the technical cycle. It is made from textile waste and has excellent strength and colour fastness properties.



Lifecycle Cotton, the new sewing thread for the biological cycle, is made from extra long-staple organic cotton and dyed exclusively with compostable dyes. Our purchased cotton is also certified according to the Global Organic Textile Standard (GOTS), but we do not list this certification, as our Cradle to Cradle certification meets an even higher standard.

The AMANN sewing and embroidery threads from the Recycled line are made entirely from recycled materials. In order to guarantee the high strength and corresponding elongation required for the sewing thread, only raw threads are utilised that have been produced 100% from used and recycled transparent PET bottles. Naturally, we only purchase GRS-certified recycled raw threads.

SUPPLIER RESPONSIBILITY AT A GLANCE

AMANN stands for transparency, partnership and social and ecological responsibility in the supply chain.

We therefore select our sales partners and suppliers very carefully. In addition to the legal requirements, we also ensure compliance with our own ethical principles of conduct as well as the environmental standards and criteria of our Supplier Code of Conduct and check these in the course of on-site audits at suppliers.



SUSTAINABLE PROCUREMENT

As a globally active family business, we take responsibility in our supply chain and select our sales partners and suppliers with special care. To this end, we ensure that our own ethical principles of conduct as well as environmental standards are complied with in addition to legal requirements. In accordance with our cluster strategy, supply chains are kept as short as possible by selecting local suppliers in order to minimise CO₂ emissions.

Our goal is to do business ethically in the sense of the United Nations Global Compact. Integrity is an indispensable prerequisite for this, and in this context it means above all compliance with the law, honesty, reliability and fairness.

PARTNERSHIP FOR MORE ENVIRONMENTALLY FRIENDLY RAW MATERIALS

We also expect integrity from our sales partners and suppliers, whom we treat with courtesy and respect. Furthermore, we attach great importance to ensuring that decisions are made and passed on transparently and comprehensibly in our exchanges with these partners.

We base our production on the "Zero Discharge of Hazardous Chemicals Manufacturing Restricted Substances List". This list, provided by the "Zero Discharge of Hazardous Chemicals" initiative of the same name, currently lists more than 20 groups of substances that are to be banned from the textile industry. Accordingly, we only purchase our raw

We only procure from suppliers with an ecologically progressive portfolio and have a clear focus on shortening the delivery routes from the supplier to our plants (local sourcing).

materials from ecologically progressive and approved suppliers and have managed to eliminate almost all listed substances since 2020.

A final focus here is on per- and polyfluorinated alkyl compounds (PFAS), which are used in many products because of their water- and dirt-repellent properties. These persistent substances, once released, remain in the environment for a long time and lead to irreversible environmental exposure and accumulation, which is a cause for great concern. We already comply with the impending restrictions or ban on PFAS, and by the end of 2023 all water-repellent articles will be converted to a completely PFAS-free finish.

We will therefore continue our AMANN Road to Zero mission in 2023 and drive towards zero pollutants in the future.



THE AMANN SUPPLIER CODE OF CONDUCT

The basis for our day-to-day work is our AMANN Supplier Code of Conduct, which must be signed by all suppliers. It includes the following key points:

- Conformity with applicable laws and regulations
- Anti-corruption
- Fair competition
- Foreign trade restrictions
- Protection of data and business information
- Avoidance of conflicts of interest
- Environmental protection and economical use of natural resources
- Fair working conditions

- Responsible sourcing of raw materials
- Anti-discrimination and a respectful working environment
- Occupational safety and health protection
- Respect for workers' rights
- Exclusion of forced labour and child labour
- Complaints mechanism and protection of whistleblowers

Since 2020, all of AMANN's strategic key suppliers, without exception, have signed the code or were able to provide evidence of their own comparable code.

The AMANN Supplier Code of Conduct was revised in 2022 and will be published in 2023. In particular, new regulations on the German LKSG (Supply Chain Due Diligence Act) and on whistleblower protection were included.

To monitor compliance with the standards set out in our Supplier Code of Conduct, we regularly conduct compliance audits on site at our suppliers. We expect an open-minded attitude from our partners in this regard. We reserve the right to take legal action if violations are discovered. In the event of serious violations, ongoing contractual relationships may be terminated without notice. On-site compliance audits were conducted at two main supplier factories in India in November 2022. Two on-site compliance audits at third-party suppliers were included in the AMANN internal audit plan for 2023. In addition, the implementation status of the action plans agreed after the two supplier compliance audits will be monitored in follow-up audits during the first half of 2023.

We regularly check compliance with our Supplier Code of Conduct by auditing our suppliers on site.

TEN PRINCIPLES OF THE UN GLOBAL COMPACT AND PAGE REFERENCES

The AMANN Group is a signatory of the United Nations Global Compact. The table explains the assignment of the ten principles.

WE SUPPORT



Principle		Page
HUMAN RIGHTS		
1	Respect for international human rights	20-25, 41-43
2	Avoidance of human rights violations	41-43
WORK STANDARDS		
3	Upholding freedom of association and collective bargaining	41-43
4	Elimination of forced labour	41-43
5	Abolition of child labour	41-43
6	Elimination of discrimination	20-23, 25
ENVIRONMENT AND CLIMATE		
7	Precautionary principle in dealing with environmental problems	28-33, 36-40
8	Promotion of environmental awareness	28-33
9	Environmentally friendly technologies	28-33, 36-40
PREVENTION OF CORRUPTION		
10	Fight against corruption	41, 43

KEY FIGURES FROM THE SUSTAINABILITY MANAGEMENT 2022

Company profile

Legal form: Limited partnership

Ownership: 47% Verwaltungsgesellschaft Amann & Söhne mbH 53% Family ownership

Sectors: Automotive, Apparel industry, Techtext and consumer

Central company data

Group turnover: approx. 240 million EUR

Subsidiaries in 19 countries

Production facilities in 8 countries

Produced quantity approx. 10,500 tons

Central employee data

Employees approx. 2,600 worldwide

Distribution women/men with a ratio of 45% to 55% worldwide.

33% of all management positions are held by female colleagues.

AMANN Code of Conduct - complied with by all employees worldwide.

Product certifications:

AMANN products are certified according to STANDARD 100 by OEKO-TEX®. A large number of them are in fact certified according to the even stricter criteria of Annex 6. The technical products Serabond, Zyex and PP-tech are exempt from certification.

Additionally: GRS Global Recycled Standard and Cradle to Cradle Certified®. Our purchased cotton is also certified according to the Global Organic Textile Standard (GOTS).

Quality and environmental management

DIN EN ISO 9001 – all production plants

IATF 16949 – all production plants except Czech Republic, Vietnam and Bangladesh

DIN EN ISO 14001 – production sites in Augsburg and China are already certified. The certifications for the remaining sites are in the planning stage.

Higg FEM is already being used at the production sites AMANN Sewing Threads China and AMANN Bangladesh. Bangladesh is additionally assessed according to Higg FSLM.

Hazardous Substances

Product alignment according to Zero Discharge of Hazardous Chemicals Manufacturing Restricted Substances: We purchase our raw materials only from ecologically progressive and approved suppliers, and have managed to eliminate almost all listed substances since 2020.

The REACH regulation (Annexes XIV and XVII) of the European Union is complied with.

PFAS / PFC containing finishes (water-repellent finish) have been replaced by a PFAS-free finish.

Key figures on supplier / supply chain management

AMANN Supplier Code of Conduct: Since 2020, all of AMANN's strategic key suppliers have signed the code without exception or have been able to demonstrate their own and comparable code. The code was revised in 2022 and will be published in 2023. In particular, new regulations on the German LKSG (Supply Chain Sourcing Obligations Act) and on whistleblower protection were included.

Audits: after the end of the pandemic situation, we were able to conduct on-site compliance audits at two main supplier factories in India in November 2022.

AMANN & Söhne GmbH & Co. KG
Hauptstrasse 1 | 74357 Bönningheim, Germany
Telephone +49 7143 2770
E-mail: service@amann.com
www.amann.com