



Responsibility Report 2024

Content



Hi, we are
FOND OF

→ page 4



Sustainability
Strategy

→ page 18

→ page 29

Corporate
Responsibility



Welcome
to our world

→ page 41

Foreword

The uncertainties in all areas of economic life continued over the past year. Whether it was supply chains, decreasing demand or increasing legislation, every aspect of our company faced significant changes last year.

To develop resilience in such an environment, it is important to have a solid framework of values that employees and partners can rely on. Sustainability is one of the FOND OF values that provides guidance, regardless of the current conditions. In this context, guidance includes the ambition to continue advancing both social and environmental sustainability, as well as a clear vision that FOND OF aims for across business areas.

We are pleased that we have been able to consistently advance in the area of sustainability, regardless of all (geo)political, economic, and legal conditions, and we are proud of the successes we achieved in this area over the past year. Last year, we set significant milestones:

We significantly enhanced our collaboration with our suppliers by introducing an institutional 360-degree feedback system during our annual Supplier Days in Cologne. This exchange enables us to work together on long-term, sustainable solutions.

In addition to collaborating with partners, we are making a measurable positive contribution to climate protection. We joined the Science Based Targets initiative and advanced our product portfolio towards more environmentally friendly production by introducing innovative textile-to-textile materials for the first time. Our partnership with Carbonfact, a carbon management platform, has paved the way for targeted CO₂ reduction measures, enabling us to create product-level life cycle assessments together in the future.

Since sustainability can only provide guidance when actively practiced, we place great importance on evaluating our progress honestly and transparently.

We are especially pleased to announce that we have been awarded with the Leader status by Fair Wear Foundation for the 6th consecutive year. A crucial prerequisite for successfully continuing this journey in the coming years is having a clear strategic direction. To this end, we have developed a company-wide sustainability strategy for 2030. Within this framework, we define measurable goals and support them with initiatives to sharpen our focus for the years ahead.

In addition to all our internal efforts, we are pleased that sustainability is gaining international and cross-industry significance due to new European legislation. We see these changes as a clear opportunity for FOND OF. Of course, they also present challenges – both operational and economical. However, we are well-prepared. Sustainability has always been of utmost importance in our cosmos, and we look optimistically towards the future.



Mathias Lievenbrück
Managing Director FOND OF

A handwritten signature in black ink, consisting of a stylized 'M' followed by a long, flowing horizontal line.



Hi, we are FOND OF

Our values → **page 5**
Our brands → **page 8**
Our partnerships → **page 11**

Hi, we are FOND OF



For over 14 years, FOND OF and our brands Affenzahn, ergobag, and satch have been about enthusiasm. Enthusiasm for products, brands, design, sustainability, and above all, people. We aim to be a companion as little worlds grow bigger – in kindergarten and school, with moms and dads, aunts and uncles, and also within our FOND OF team.

At FOND OF, we place special emphasis on our corporate culture. What does this mean? We see our team players and their needs holistically. Therefore, on one hand, we strive to provide space for personal development in our innovative office building, »the Ship,« through offerings like sports activities, modern workplaces in an open office concept, and healthy lunch options in our restaurant, Em Bügche. On the other hand, we aim to promote each person's personality. Initiatives such as likeminded – a tool for mental health in the workplace – our Academy with development opportunities, or looky looky, to explore other job roles, are some examples. Our goal is to harmonize the needs of children and parents, as well as our entrepreneurial actions, with the resources of the environment.

Our values

After significant transformation, by the end of 2022, we asked ourselves what defines FOND OF. Which values do we carry from our history, and which ones describe us presently? See for yourself on a journey through our world of values:

Authenticity

In our organizational culture, we view our team players and their needs holistically. It's all about »Come as you are.« The foundation of our organizational development and cultural work is the AQAL model (all quadrants, all levels). To enable everyone to show up as they are, the Mindset quadrant is particularly important, focusing on thinking, feeling, and attitude. To foster this, we offer programs like the Hero's Journey, Personal Mastery, and likeminded. We firmly believe that the more each person engages with their own personality, the better they unfold not only their own potential but also enhance the potential and performance of the team. We love it!

Curiosity

We are open to new ideas and embrace change with an attitude of open mind, open heart, open will. We strive to be empathetic and consider multiple perspectives. There are many great ideas; let's choose the best one.

Cohesion

To nurture the FOND OF culture, we prioritize values, relationships, and community. Every team player should understand that each individual, whether consciously or unconsciously, shapes our organizational culture because participating is queen. We provide opportunities for collective involvement that permeates throughout FOND OF. For instance, our teams get a stage once a quarter to review their OKR episodes. This allows teams to learn from each other, discuss missteps, celebrate successes, and find their place within the larger whole.

Responsibility

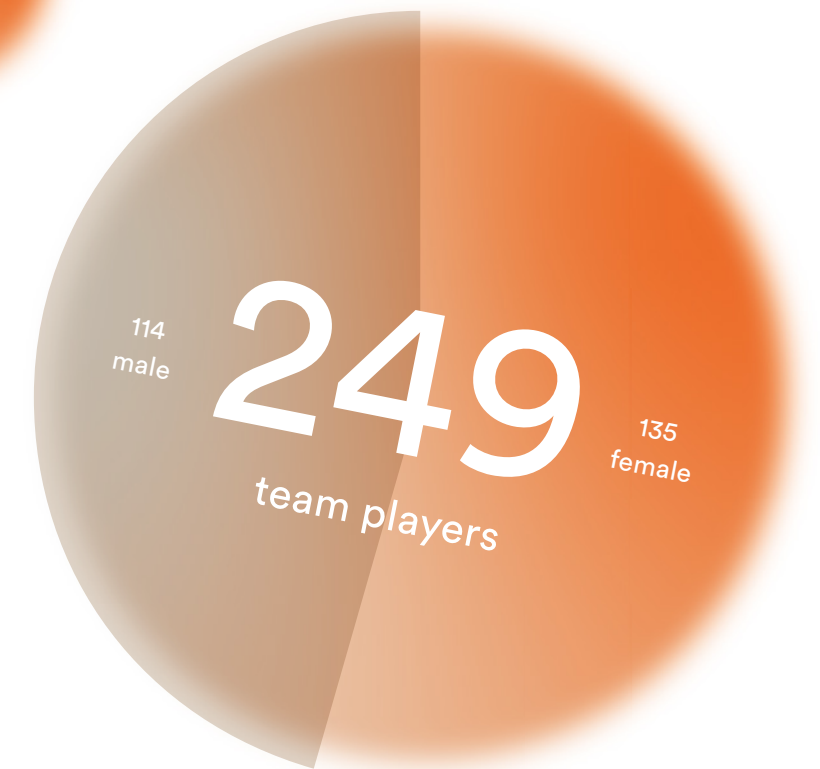
We are aware that we are a small part of something larger – part of something bigger. Accordingly, we collectively take responsibility for our actions and consider their impact on our environment. This means we are willing to take risks and depart from familiar paths in order to think holistically.

Ambition

We aim to create an environment where everyone can work passionately on their individual interests. We believe that when you enjoy what you do, you do it well. When our hearts are truly invested, we share our energy and can achieve great things together. This is playful performance. During our annual team retreat, the focus is primarily on enjoyable performance. However, what would a camping trip in the Eifel be without a carnival singing organized by team players, bursts of laughter, or bracelet-making sessions?



1 apprentices
21
20 students



177
job tickets

7
nationalities

34
average age

Our brands

Best friends!

Comfort, freedom, and joy are the essential ingredients for a happy childhood, according to Affenzahn. Building on this foundation of values, Affenzahn accompanies parents and children through their developmental milestones. Together, they embark on life's adventure with curiosity and optimism.

Children discover togetherness, nature, and their own personalities. Our animal characters are always there to support them and come to life in various product forms: from barefoot shoes and kindergarten backpacks with playful pull-out tongues to balance bikes and the new children's bicycles. With child-friendly design, resource-efficient manufacturing, and many playful features, Affenzahn makes little worlds a bit bigger every day.

In our new backpacks, the Creative Animals, not only the colors are a highlight: their outer material is also made entirely from recycled textiles. This means we recycle old clothes and give them a new purpose as your companion.





ergobag

Discover new things and grow together!

Always by the kids' side: ergobag!
Because we believe that school
backpacks should adapt to children –
not the other way around.

Therefore, in 2010, we developed the first ergonomic school backpack for children. Running, playing, climbing, and jumping freely – thanks to our sophisticated back system, even with a backpack, it's no problem! Full freedom of movement with full functionality is our daily mission, ensuring great trust on little backs.

The outer fabrics of the Nature Explorer Special Edition consist of 35 % bioPET, with the remaining 65 % made from recycled PET bottles. Both products are bluesign® certified.

It's up to you!

At satch, everything revolves around kids and teens in secondary schools and their individual needs. From smart school backpacks in trendy designs, to interchangeable SWAPS & TAGs for trading, collecting, and gifting, to creating their own unique graffiti look.

We understand the importance of everyday school life and strive to design our products as functional, sustainable, and customizable as possible. And because school is only half of life, satch offers not only school backpacks and accessories but also cool bags and backpacks for leisure and travel.

The outer material of our Skandi Styles is made entirely from recycled textiles.



Our partnerships

Fair Wear

Leader Status → Since 2018
Focus → Social responsibility in the supply chain



The FAIR WEAR FOUNDATION (FWF) is a European multi-stakeholder organization composed of NGOs, business associations, trade unions, and companies like ours. Together, we aim to improve working conditions in the textile industry. This is facilitated by the »shared responsibility« approach, where responsibility is not solely placed on suppliers but also on us as a company.

We contribute to upholding labor standards and improving working conditions through our business practices. For example, besides conducting on-site audits, we undergo an annual »Brand Performance Check« to assess our implementation of human rights due diligence obligations.

Do we conduct a comprehensive risk analysis that impacts our purchasing decisions? Do the results influence measures aimed at improving and preventing human rights violations? Are we aware of the connection between our purchasing prices and the wages paid locally? Are there effective grievance mechanisms in place in the factories? These and many other questions must be addressed annually. This year, once again, we underwent rigorous scrutiny and have been awarded the Leader status for the 6th consecutive time – the highest possible rating from Fair Wear.





Green Button

Licensed → Since 2020
Focus → Corporate duty of care & sustainable production processes



The Green Button is a government certification for sustainable textiles, established in 2019 on the initiative of the Federal Ministry for Economic Cooperation and Development. Since then, it has been continuously developed. In order for our products to bear the Grüner Knopf seal, independent certification bodies verify whether our company fundamentally fulfills our responsibility towards people and the environment in our supply chain, and thus meets our corporate due diligence. This includes assessing whether we are aware of the ecological and social risks in our supply chain and what measures we are taking to prevent them. Are we transparent in reporting on these matters, and do we have complaint mechanisms in place?

Furthermore, it must be proven that the specific product was produced sustainably. Here, the Green Button acts as a so-called meta-label. This means that the Green Button does not establish its own criteria here, but rather allows us to use other recognized certifications, such as the GOTS certification for ecological aspects and the Fair Wear Leader status for social aspects, to demonstrate requirements for production processes.

Leather Working Group

Member → Since 2022
Focus → Ecological & socially responsible
production of leather



Five years ago, when we expanded our product range to include shoes, we decided to become a member of the Leather Working Group (LWG). The production and processing of leather pose significant social and environmental risks, which we aim to address through our collaboration with LWG. The basis for this is the LWG Audit Standard, which leather suppliers undergo every two years. Key aspects of such audits include transparency in the supply chain, chemical management, waste management, and water consumption.

Based on the audit results, suppliers are categorized into four different categories. FOND OF regularly utilizes these audit findings and categories to evaluate new and existing relationships with suppliers, thereby excluding leather suppliers who do not meet the standards.





bluesign®

Systempartner → Since 2016

Focus → Chemical monitoring of the production process



The bluesign® system ensures the chemically clean production of a product. FOND OF is a system partner of bluesign®, as are many of our suppliers. As system partners, we adhere to the rigorous bluesign® principles and criteria. This primarily means that highly hazardous chemicals must not be used in the production of our materials, especially during dyeing processes. Additionally, bluesign® ensures that all other chemicals used are filtered in wastewater so that they cannot enter the environment uncontrollably. bluesign® sets strict rules that often exceed legal requirements.

Thus, the bluesign® system not only focuses on the chemical purity of the end product but also on the entire production process. In addition, all bluesign® system partners commit to following five principles: resource productivity, consumer safety, water protection, air emission protection, and occupational health and safety.

Science Based Targets Initiative

Systempartner → Since 2023
Focus → Climate protection through
CO₂ reduction goals

Last year, FOND OF decided to set specific goals for the first time to reduce its carbon footprint and have them externally verified. To achieve this, we joined one of the leading initiatives in fighting climate change. The Science Based Targets Initiative (SBTi) is a global coalition of associations, NGOs, and scientific organizations. The aim of the initiative is to guide companies on how much and by when they need to reduce their greenhouse gas emissions to mitigate the devastating impacts of climate change.

For this purpose, scientific-based targets define a precise plan to assist FOND OF in aligning its business activities with the 1.5°C goal. We will be annually assessed against the set reduction targets, as we are required to publicly disclose our carbon footprint on the SBTi website.





Carbonfact

Systempartner → Since 2023

Focus → Climate protection through CO₂ management

We have established a new partnership with Carbonfact, which perfectly complements our CO₂ strategy. It is the only tool specialized in measuring CO₂ emissions specifically for the textile industry. Carbonfact's mission is to help textile companies better understand where the majority of greenhouse gas emissions from their products originate and how these emissions can be most effectively reduced.

Carbonfact

Further features include a high degree of automation through integration with existing data systems and the modeling of potential scenarios for CO₂ reduction. Together with Carbonfact, we will henceforth collect our company's and product-related emissions. Additionally, we aim to provide comprehensive life cycle assessments for all our products.

retraced

Systempartner → Since 2021

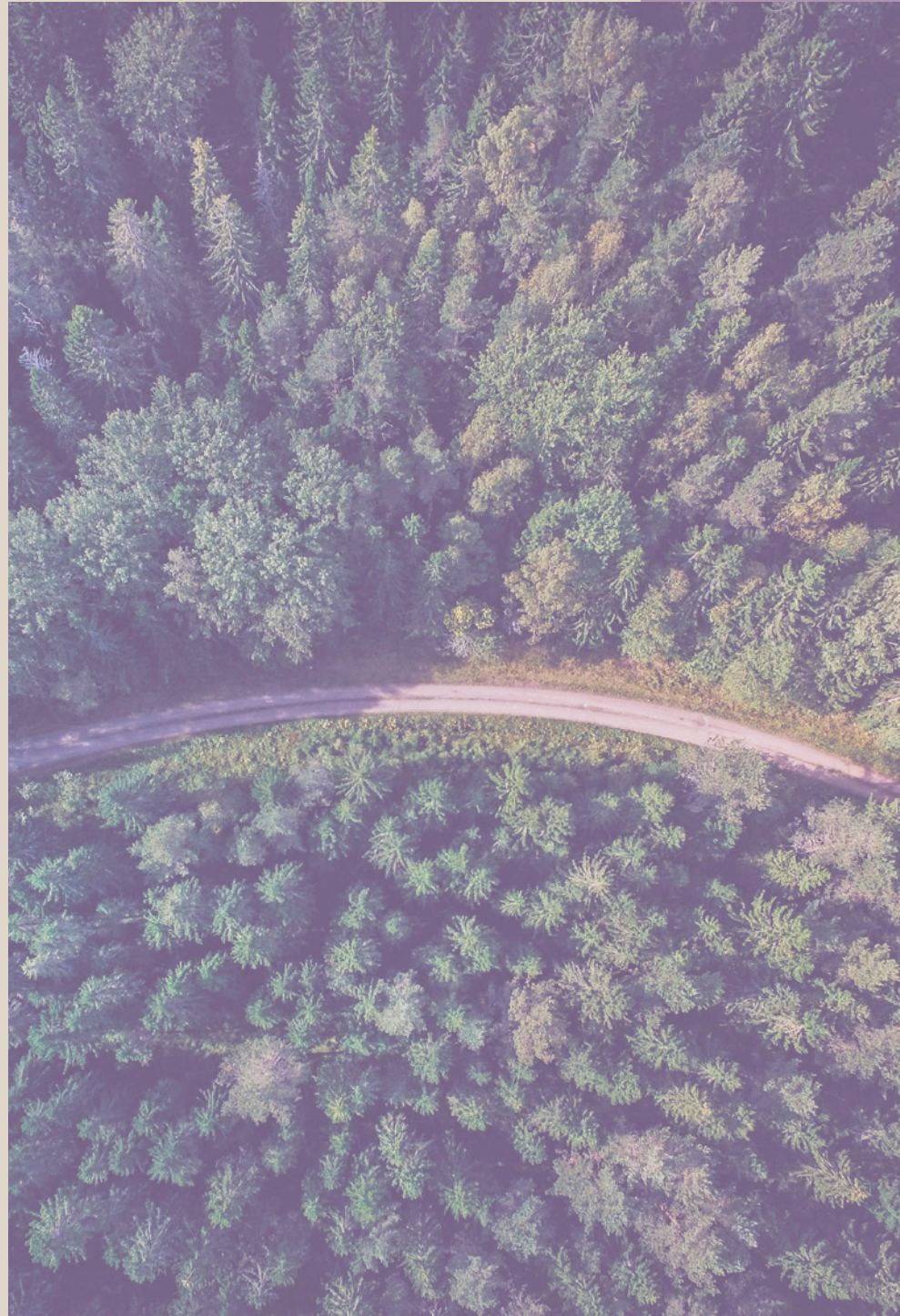
Focus → Transparency in the supply chain

Transparent supply chains form the foundation of environmentally and socially responsible production for us. Only by knowing where our products and their components are produced can we assess the associated social and environmental risks and work to mitigate or prevent them. However, in the textile industry, supply chains are often challenging to trace. For instance, the production of a backpack typically involves more than 50 different suppliers. To maintain oversight and ensure transparency, we collaborate with retraced. Together, our goal is to understand our entire supply chain thoroughly, enabling us to always be aware of all social and environmental risks involved.



Using a digital platform where both we and our suppliers collaborate, we gather data that helps us reduce risks in our supply chain. This approach consolidates all information in one central location, ideally creating a network effect that benefits other brands as well. In our view, »sharing is caring« should be the motto of the future textile industry, fostering transparency and collective responsibility across the supply chain.





Sustainability Strategy

Emergence of a new strategy → **page 20**

Our goals until 2030 → **page 23**

Our progress → **page 27**

FOND OF Sustainability Strategy 2030



In our last report, we announced our commitment to intensively develop our sustainability strategy further. We have done just that! In summary, we have successfully achieved the majority of our goals from previous years. Some goals required further refinement, while others were found to no longer be aligned with current standards.

Therefore, it was important for us to align the new strategy in a way that meets the rapidly growing demands of the future. Additionally, we aim to maintain our leadership in sustainability and continue setting new standards, shaping not only the school backpack and children's shoe markets but also, more recently, the market for children's bicycles.

As a result, we placed great emphasis on setting ambitious goals in our strategy. The outcome is a new sustainability strategy comprising four key focus areas and numerous goals that will certainly keep us busy until 2030. We are tremendously proud and excited to begin implementation.

Emergence of a new strategy

How does one actually further develop an existing sustainability strategy? And how can we ensure that we don't overlook anything?

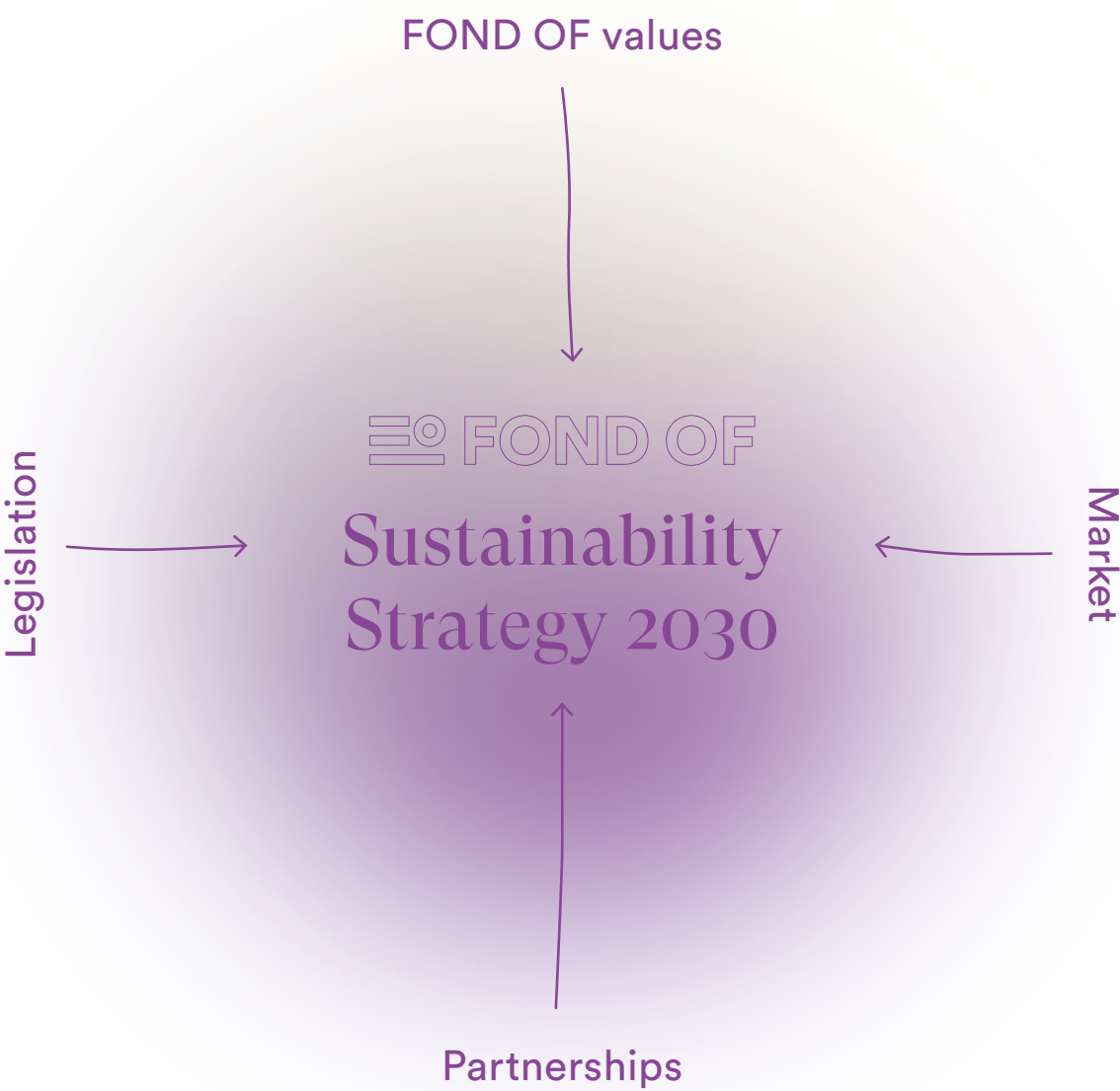
With these and many other questions, we had to engage intensively before we could start. The textile industry is undergoing transformation, and the requirements from legislation, partners, and the market are continuously increasing. This quickly leads to a feeling of being overwhelmed. To prevent this feeling from turning into resignation, it was important for us to conduct thorough foundational research as the starting point for strategy development.

Of course, our freshly revised FOND OF values framework should serve as the basis for our strategy. In addition, during our research, we focused mainly on the following three topics:

- ① Upcoming legislation
- ② Requirements of our partner organizations and seals
- ③ Customer needs and market requirements

To understand upcoming legislation, we initially had to navigate through mysterious abbreviations like CSRD, CSDDD, and ESPR. These are European legislative initiatives that are all part of the European Green Deal. The overarching goal is for the European Union to transform Europe into the first climate-neutral continent by 2050. To achieve this goal, 50 concrete measures have been proposed, aiming for societal and economic transformation in areas such as climate, energy, land use, transportation, and taxation. Among these measures are legislative initiatives that have the potential to reshape the textile industry and significantly influence FOND OF's direction.

Some of these initiatives have already been adopted by the EU Parliament, while others are still under discussion. One thing is clear: whether it's Corporate Sustainability Reporting Directive (CSRD), European Due Diligence Regulation (CSDDD), or Ecodesign Directive (ESPR), the legislation is becoming stricter, thereby setting an important framework for our sustainability strategy. For us, the goal is to be as well-prepared as possible!



Alongside legislation, the requirements of our partner organizations and certifications are also increasing.

For instance, this year we were audited for the first time according to the Green Button 2.0 standard and assessed by the Fair Wear Foundation. We successfully achieved certification according to the Green Button 2.0 standard and maintained Leader status in the Fair Wear Foundation’s Brand Performance Check. However, we identified areas where we need to continue improving in the coming years to maintain these standards. One significant focus for FOND OF is ensuring living wages for our producers, which has accordingly been integrated into the development of our sustainability strategy.

Another crucial factor in shaping our strategy was to further satisfy the needs of our customers and maintain our leadership position in the market.

Sustainability and responsibility have been deeply embedded in FOND OF’s values since its inception. Consequently, our customers rightly expect consistently high standards from us. It is essential for us to meet these expectations in our strategy to continue advancing in the market and shaping sustainability, rather than merely catching up.

During our research, four key focus areas quickly emerged, which we intend to prioritize in the coming years. Fortunately, much of these topics are not entirely new to us. Our existing strategy, aligned with the Sustainable Development Goals (SDGs), has already laid the foundation for many of these issues. Therefore, we will continue to orient ourselves around the SDGs as we move forward.

Sustainable Development Goals	?
The 17 Sustainable Development Goals (SDGs) are political objectives set by the United Nations (UN), aimed at ensuring sustainable development globally across economic, social, and environmental dimensions.	

Focus topics of the sustainability strategy

Supply chain
transparency



Human rights &
due diligence

CO₂ reduction



Circular
economy

Our goals until 2030



Supply chain transparency

We are always aware of the actors in our supply chains and the associated social and environmental risks, and we take these into account in our sourcing decisions.



All direct suppliers (Tier 1) and their subcontractors are known at all times, and a risk analysis is conducted for each supplier, specifically tailored and updated at least once a year.



All direct suppliers (Tier 1) and their subcontractors are visited and externally audited regularly, but at least every three years, by the CR-team.



All indirect suppliers (Tier 2), as well as the entire supply chains of all fabric suppliers (Tier 2+ \times), are known at all times. Clusters are formed for which a risk analysis is conducted specifically tailored to them, but updated at least once a year.



FOND OF organizes an annual meeting with suppliers to further develop our partnerships based on mutual feedback. We incentivize good Corporate Responsibility (CR) performance through allocation of volumes and awarding new developments.

Our goals until 2030



Human rights & due diligence

Ensuring compliance with our human rights due diligence obligations across our supply chains is fundamental to fostering a collaborative partnership.



Based on the risk analyses conducted, we continuously manage our actions to prevent and minimize negative impacts on human rights within our supply chains.



We have full transparency regarding the wage costs of our direct suppliers (Tier 1), and our purchasing prices ensure the payment of a living wage according to the Anker Wage Methodology for all direct suppliers (Tier 1).



We promote freedom of association and social dialogue as empowering rights for workers.

Our goals until 2030



CO₂ reduction

We are reducing our CO₂ emissions in line with Science Based Targets, aiming to achieve carbon neutrality by 2050.



Annually, all corporate and product emissions (Scope 1–3) are calculated and publicly reported.

- Scope 1 and 2 emissions will be reduced by 42 % by 2030*, and Scope 3 emissions will also be significantly reduced
- Scope 1–3 emissions will be reduced by 90 % by 2042*
- By 2050, FOND OF will no longer contribute to the atmospheric burden of greenhouse gases



FOND OF has Life Cycle Assessments for the entire product range, which can be accessed in real-time and serve as the basis for CO₂ reduction measures.


*Compared to the base year 2022


Our goals until 2030


4


Circular economy


When developing our products, we think in terms of circularity and promote the use of forward-looking, resource-efficient materials.

- 


Each brand has at least one circular product in its product portfolio.
- 

For all new product developments and facelifts, a recyclability rate of at least 80 % should be achieved.
- 

FOND OF has a functioning take-back system for its products and works with appropriate recycling partners.
- 

All textiles made from crude oil or recycled PET bottles are being replaced with forward-looking alternatives such as textile-to-textile recycling, bio-based PET, etc.
- 

Each brand has an annual special drop to test forward-looking materials and strengthen brand images.



A concrete objective is important to provide a clear plan for the involved areas. However, setting goals alone is not enough to bring about ecological and social improvements.

Therefore, it is very important for us to present our progress towards achieving our goals as transparently as possible. This way, we can measure ourselves and show our customers and other stakeholders the concrete measures we are implementing to reach our goals and how successful these measures are.

However, the data foundation is not yet sufficiently developed for all goals to allow us to report on them. We are working intensively on capturing the current status to develop key performance indicators for all goals, which we will share with you in this chapter starting next year.



Corporate Responsibility



Our production partners → **page 31**

Importance of a grievance mechanism → **page 38**

Our risks & improvement measures → **page 39**

Human rights due diligence



How does a company
act responsibly?



Human rights due diligence	?
Human rights due diligence encompasses the measures a company takes to identify and address current and potential human rights risks to its employees within its business operations, supply chains, and services utilized.	

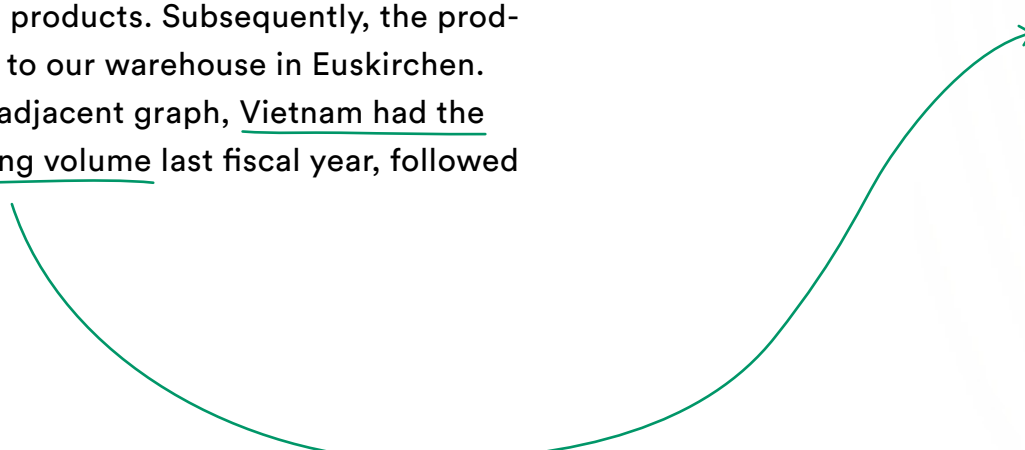
Our production partners

To fulfill our due diligence obligations, it is essential to know our supply chain. Ideally, we have an overview of the entire supply chain, all the way back to the cultivation or extraction of the raw material.

So far, we can trace our supply chain back to the second tier (Tier 2), meaning up to our material suppliers. We already work with over 300 suppliers at levels one and two. As the depth of the supply chain increases, so does the number of different suppliers involved. This complexity is partly due to the nature of our products; for instance, a backpack can consist of up to 200 individual parts. The challenges vary depending on the product group. Transparency is still in its early stages for running and cycling products, thus requiring significantly more effort compared to other products.

Despite these complexities and the extensive network of suppliers, we are committed to continuously expanding transparency in our supply chain. Currently, we inquire at least annually with our direct suppliers (Tier 1) about their material suppliers (Tier 2) and subcontractors. Next, we plan to extend this inquiry to their suppliers and subcontractors, our Tier 3 suppliers.

In the last fiscal year, we had direct business relationships in Vietnam and China. A direct business relationship means that these partners perform the final production steps, including assembly and packaging of the products. Subsequently, the products are shipped to our warehouse in Euskirchen. As shown in the adjacent graph, Vietnam had the highest purchasing volume last fiscal year, followed by China.



	Vietnam	China
Tier 1	6	2
Subcontractors	7	4
Purchasing volume	74 %	26 %

We audit 100 % of our direct business partners and, where applicable, their subcontractors for outsourced production processes such as embroidery, washing, or printing. A trusting collaboration with our partners is the foundation of our work.

For more information on the risks in our supply chain and how we manage them, please refer to the chapter **Our risks & improvement management.**

ASG Global

Long An, Vietnam

Number of workers	1.875 (89 % women; 11% men)
Business relationship since	2011
FOND OF purchasing volume in %	30,4
Products	<ul style="list-style-type: none">· ergobag Elementary school backpacks and school supplies· satch school bags and accessories
Last audit	Fair Wear, May 2022
Energy source	73 % solar energy, 27 % Vietnam energy mix
Identified risk areas	Working hours; Freedom of association and the right to collective bargaining
Specialities	<ul style="list-style-type: none">· Payment of living wages (significantly above industry standards)· Payment of voluntary bonuses· Training participation for enhanced dialogue between workers and management



Haksan

Binh Duong, Vietnam

Number of workers	1.736 (90 % women; 10 % men)
Business relationship since	2019
FOND OF purchasing volume in %	13,6
Products	Affenzahn children’s shoes
Last audit	Fair Wear, July 2022
Energy source	100 % Vietnam energy mix (solar energy in planning)
Identified risk areas	Working hours; Freedom of association and the right to collective bargaining; Payment of living wages
Specialities	<ul style="list-style-type: none">· Free meals· Excellent cooperation to improve working conditions



Starry

Shenzhen, China

Number of workers	615 (66 % women; 34 % men)
Business relationship since	2013
FOND OF purchasing volume in %	13
Products	<ul style="list-style-type: none">· Affenzahn backpacks, small bags & travel bags· ergobag elementary school backpacks & school supplies· satch accessories
Last audit	Fair Wear, May 2021
Energy source	100 % China energy mix
Identified risk areas	Working hours; Freedom of association and the right to collective bargaining; Occupational safety; Payment of living wages
Specialities	<ul style="list-style-type: none">· Extra payments for social security· Extra payments as housing allowance



Viva

Ho Chi Minh, Vietnam

Number of workers	489 (84 % women; 16 % men)
Business relationship since	2011
FOND OF purchasing volume in %	12,8
Products	satch bags
Last audit	Fair Wear, March 2023
Energy source	100 % Vietnam energy mix
Identified risk areas	Working hours; Freedom of association and the right to collective bargaining; Payment of living wages
Specialities	<ul style="list-style-type: none">• Free meals• Payment of voluntary bonuses• Training participation for enhanced dialogue between workers and management



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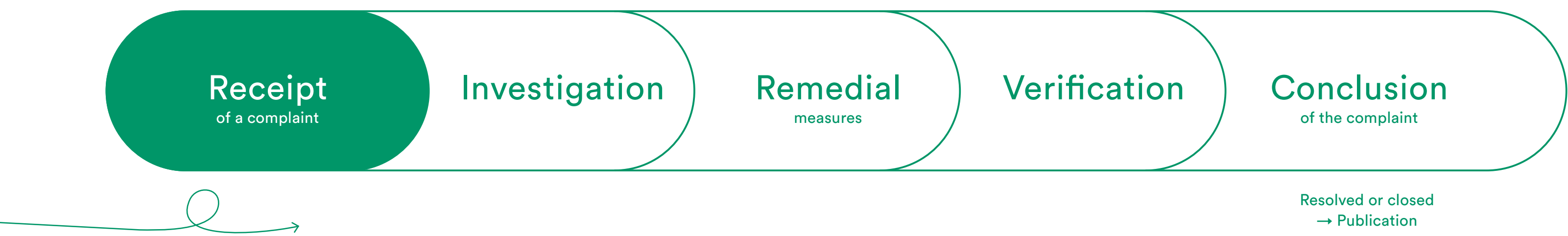
Ho Chi Minh, Vietnam

Number of workers	332 (76 % women; 24 % men)
Business relationship since	2012
FOND OF purchasing volume in %	5,7
Products	<div><div>· Affenzahn backpacks, small bags, & travel bags</div><div>· ergobag leisure and children’s backpacks</div><div>· satch accessories</div></div>
Last audit	Fair Wear, March 2023
Energy source	33 % solar energy; 67 % Vietnam energy mix
Identified risk areas	Working hours; Freedom of association and the right to collective bargaining; Occupational safety
Specialities	<div><div>· Free meals</div><div>· Free training workshops (e.g., to improve sewing skills for placement in higher wage grades)</div><div>· Free language training opportunities</div><div>· Additional days off</div><div>· Training participation for enhanced dialogue between workers and management</div></div>





Importance of a grievance mechanism



As part of the Fair Wear’s »shared responsibility« approach, it also involves ensuring as a brand that workers in production facilities can file a complaint in case of any violation of labor norms (also known as Code of Labor Practices). But what does this look like in practice?

Firstly, we support internal grievance mechanisms in the production facilities to strengthen dialogue between management and workers. This may include options such as suggestion boxes or anonymous suggestion boxes, or an open-door policy where HR or management personnel are available as points of contact at all times. Some production facilities also

allow workers to submit complaints or suggestions anonymously via smartphones. Internal grievance mechanisms should always be the first avenue for workers. If these mechanisms do not lead to resolution, the Fair Wear Complaints Hotline serves as a last resort. As part of our collaborative approach, it is a requirement for our partners in the production facilities to display a Worker Information Sheet poster in the local language. This sheet outlines the essential rights of workers and provides contact information for the Fair Wear hotline and/or email address.

Workers can make anonymous reports via this hotline or email and contact a local Fair Wear team to file a

complaint. Fair Wear reviews these complaints and, if deemed valid, forwards them to us. Subsequently, we collaborate with the supplier and potentially other Fair Wear member brands producing at the same facility to develop and implement a plan to address the issue. To ensure the complaint is satisfactorily resolved for the complainant, the local Fair Wear complaint officer monitors and verifies the corrective actions taken by communicating with the complainant until the issue is resolved. Additionally, Fair Wear regularly reports on each complaint update. As part of our annual corporate updates, we request our suppliers and their subcontractors to send us a new photo of the poster in their factory each time.

Furthermore, during our site visits, we regularly verify if the information sheets for workers are displayed visibly and accessible to all. We also encourage our partners to include information about Fair Wear and the complaint hotline in orientation sessions for new workers

Detailed complaints received by us in the past year can be viewed on the Fair Wear Foundation’s website or in our [Social Report](#).

Our risks and improvement measures

Our risk analysis increasingly drives our sourcing decisions and will be more deeply integrated into existing processes and anchored long-term in the coming year. Specifically, this means that, for instance, when evaluating new suppliers, we conduct a comprehensive risk analysis, and our decision to engage in a partnership depends on this assessment. In addition to evaluating new suppliers, we update the risk analysis twice a year for our existing suppliers. Are there new audit or training reports, complaints, or new laws that reduce or increase risks? In case of unforeseen events in our production countries (e.g., a coup in Myanmar), we also update the risk analysis to potentially derive actions from it. These results will increasingly determine our order quantities and purchasing decisions in the future.



Based on the results, including those from Myanmar, we have already decided to terminate our operations there. The risks across all aspects have significantly escalated, and due to our low purchasing volume, we have minimal influence on successful preventive and mitigation measures.

For conducting the risk analysis, we have selected eleven key risk areas relevant to the textile industry, based on which we assess all our production countries in the initial phase. We use internationally recognized indices and risk assessments for this purpose. Building on the country evaluations, we take the risk analysis a step further by assessing risks for all our active suppliers. This involves reviewing current audit and training reports, complaints, as well as conducting on-site and email conversations. Through this process, we have identified that predominant social risks include issues related to freedom of association, discrimination, and health and safety in the workplace. In the environmental realm, the focus is

on chemical and wastewater management, as well as greenhouse gas emissions. The results of the risk analysis are consolidated in a risk matrix. Our goal for the coming years is to adopt a consistently risk-based approach, aligning with evolving requirements of our partnerships and international standards.

Risk matrix

China

Vietnam

Legend:

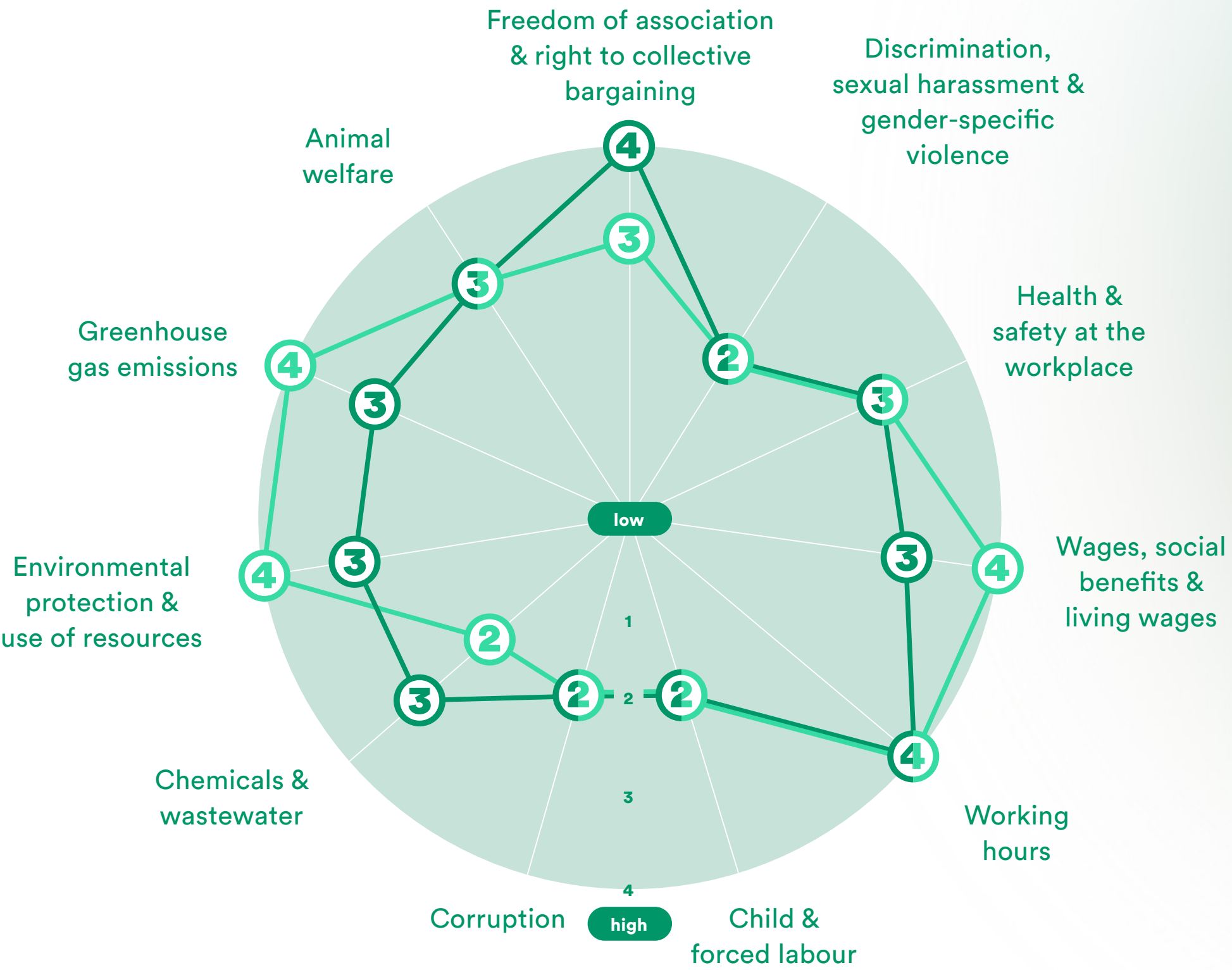
4 = very high

3 = high

2 = medium

1 = low

Probability of occurrence per country





Welcome to our world

Cooperation is key → **page 43**

Strengthening partnerships in the long term → **page 45**

Reducing CO₂, fighting climate change → **page 47**

Journey into a recyclable future → **page 54**

Insight into our daily work

In this section, we want to give you an insight into our daily work and report on projects that have kept us busy in the past year and that we are particularly proud of. Starting this year, and in all future reports, you will find in this chapter a story for each of our four focus areas defined in our sustainability strategy.



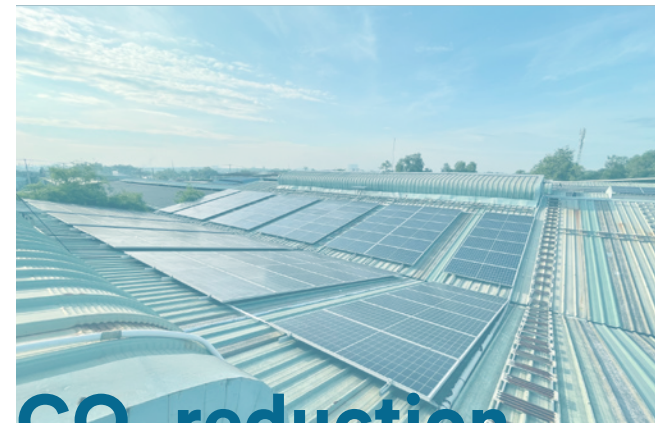
Human rights

Human rights and due diligence are crucial at FOND OF. Here, we will discuss how our participation in a specialized training program aims to enhance our procurement practices and the impact these practices can have on working conditions within our supply chain.



Supply chain transparency

Regarding supply chain transparency, we will report this time on our Supplier Days. We invited our suppliers to Cologne for two days. You'll learn about how these days unfolded and how we further fostered our relationships with our suppliers here.



CO₂ reduction

Climate change affects us all. The most effective lever to mitigate its impact is by reducing our CO₂ emissions. We will discuss how we calculate these emissions and our plans to decrease them in the future here.



Circular economy

Circular economy is a hot topic and one of the biggest challenges for the manufacturing industry in the future. That's why FOND OF is pioneering new paths by using materials from recycled textiles for the first time. Discover why this is a significant step and why many more steps are still needed in this area here.

Cooperation is key

How responsible purchasing practices positively influence working conditions

In 2022, we joined the Learning and Implementation Community (LIC). The LIC supports companies undertaking new steps to improve their purchasing practices, develop solutions, and engage with like-minded peers, experts, and partners in the supply chain.

It is led by the working group of multi-stakeholder initiatives (MSI) for responsible purchasing practices, which includes the Ethical Trading Initiative, Fair Wear, the Partnership for Sustainable Textiles, Ethical Trade Norway, the Danish Ethical Trading Initiative, and Solidaridad. Together, this working group has developed a Common Framework for Responsible Purchasing Practices (CFRPP).

5 principles of the CFRPP

Common Framework
for Responsible Purchasing Practices

- ① Integration & reporting
- ② Equal partnership
- ③ Collaborative production planning
- ④ Fair payment terms
- ⑤ Sustainable Costing

✓ Integration & Reporting

✓ Equal Partnership

✓ Joint production planning

For each principle, there is a workshop introducing the respective topic with contributions from industry experts. Subsequently, these topics can be explored further in what are known as sub-meetings.

These discussion rounds provide a safe space where manufacturers/suppliers can participate, present their practical perspectives, and actively contribute to shaping how purchasing practices could be improved to their benefit. Not only does our CR team participate, but each time, another team player from the purchasing department is also involved.

The respective MSIs, in our case Fair Wear, offer additional support and provide an opportunity for exchange in smaller group meetings with member companies.

The previous workshops and meetings have been very helpful in understanding where we currently stand, our existing strengths, and areas where we

↻ Reporting

↻ Evaluation process for suppliers

Successes & potential for improvement based on the previous workshops

✓ Base reached

↻ Potential for improvement

still have improvement potential. So far, we have covered approximately half of the principles and discussed Principles 1 to 3. From this, we have taken away that, in terms of Integration & Reporting, we already have many regular exchange sessions between relevant teams.

However, we have also identified that we have not done enough in the area of reporting and measuring our impact. This is something we need to address, especially as we prepare for the upcoming Corporate Sustainability Reporting Directive (CSRD). Therefore, we have placed the implementation of metrics on the agenda for the coming years.

In the area of Equal Partnership and Joint Production Planning, we have already established a solid foundation by maintaining long-term and trustworthy partnerships. In fact, 75 % of our purchasing volume comes from partners with a minimum five-year business relationship. We also maintain a manageable number of partners, a significant production share with strategic partnerships, and a Responsible Exit Strategy, all indicative of responsible purchasing practices.

However, we have identified gaps, particularly in our current evaluation process of suppliers. Once or twice a year, teams from CR, Purchasing, Logistics, Product Development, and Quality Management assess the performance of our partners. We have gathered several ideas for improvement in this regard. To learn more, simply turn the page and read the next story.

Strengthening partnerships in the long term

Insight into our Supplier Days 2023

As mentioned in the previous story, we identified in the LIC that our evaluation process has been quite one-sided thus far. Internally, we have only conducted assessments of our direct production partners – evaluating their performance across CR, Purchasing, Logistics, Development, and Quality Management. These evaluations have been carried out once or twice a year to gain an overview of our partners’ performance.

However, these evaluations were not transparently shared, so we could not determine if we had a share in any potentially negative ratings. Therefore, based on insights from best practices and discussions with Fair Wear and other member companies, we have decided to expand our evaluation process and implement a 360-degree feedback approach. This means that we will continue to assess our partners’ performance across the aforementioned areas, but they will also have the opportunity to evaluate our practices in these domains.



In joint feedback discussions, we aimed to discuss these results with our partners. So, we invited all our direct partners to Cologne at the end of November. Besides coming together for the year-end festivities, we discussed the outcomes of the new feedback process and collaboratively developed an action plan to enhance our partnership. This timing was convenient as many of our partners were already attending the ISPO outdoor trade fair in Munich, minimizing travel distances and benefiting the environment.

Furthermore, moving forward, the performance results will be factored into our purchasing decisions. Best practice partnerships, for example, will be rewarded with opportunities for new developments. Simultaneously, this approach aims to motivate all partners to implement agreed improvements to secure higher order volumes. This strategy enhances the process of improving working conditions. To strengthen the partnership on both sides, we also discussed feedback from our partners and defined various measures to maintain a reliable and strong partnership.

When we come together with our partners, it's not just about work; it's also about personal connections and strengthening our partnership with new experiences. It's a chance to simply say **THANK YOU** for another year of collaboration.



So we made a visit to our store at Brüsseler Platz among other activities. Naturally, during the pre-Christmas season, we also made a stop at the Christmas market for mulled wine and roasted almonds. We ended the evening together at our rooftop bar with delicious food and drinks. We are already looking forward to next year.

Reducing CO₂

As part of our newly defined sustainability strategy, we have also reconsidered our approach to CO₂ monitoring and reduction. We have concluded that to achieve our newly set reduction targets, we need to capture our emissions in a more granular manner. A significant insight from recent years is that over 90 % of FOND OF's total emissions are generated by the production of our products and their upstream supply chains. However, we have previously only collected this portion of emissions as a whole, making it nearly impossible to trace specific reduction measures.

So we needed to find a partnership that could help us take a step further: breaking down CO₂ data at the product level. After thorough research, we found this partnership with Carbonfact. Together, our goal is to conduct Life Cycle Assessments (LCA) for our entire product portfolio by the end of this year.

Life Cycle Assessment	?
A Life Cycle Assessment (LCA) is a systematic analysis of all potential environmental impacts of a product throughout its entire life cycle, including production, logistics, distribution, use, and disposal. This assessment also includes upstream stages (e.g., raw material suppliers) and downstream stages (e.g., waste management). A comprehensive LCA typically examines environmental impacts such as climate change, depletion of fossil resources, water use, etc.	
At FOND OF, we are initially focusing on the category of climate change, hence we are starting with the collection of CO₂ data. In this context, we often refer to the ecological footprint of a product.	

Fighting climate change

Ecological footprint

In the past few months, we have already calculated the ecological footprint for several products in our brands and gained insightful findings. For instance, we discovered that materials used in our backpacks account for approximately 75–80 % of the product's footprint. Within this, about 25 % is attributed to the raw materials themselves, while the remaining 50 % is due to processing these materials. This includes manufacturing the outer fabric, which involves numerous energy-intensive processes. Starting from raw materials (e.g., PET bottles), yarn is spun, woven into fabric, dyed, possibly printed, and sometimes undergoes various finishing treatments.

We have learned that we can significantly influence the footprint of our products by selecting the materials we use. We are excited to integrate these insights into upcoming collections soon. Carbonfact enables us to create specific scenarios and simulate how changing materials would affect the CO₂ footprint. In the future, this capability will allow us to identify concrete CO₂ reduction measures with the greatest potential impact and evaluate their feasibility.

Apart from materials, the production of the final product is another significant leverage point. For our backpacks, this accounts for approximately 17 % of emissions, while for our shoes, it's as high as 55 %. Therefore, it's crucial that our shoe supplier in Vietnam is currently installing a solar panel system to utilize renewable energy in the future. We will soon be able to see the impact of this on the ecological

footprint of our shoes using Carbonfact. You can see how such a CO₂ product footprint looks in practice on the following pages.

A detailed measurement of emissions forms the basis of our CO₂ strategy, but effective implementation of reduction measures is the core for achieving our goals. Last year, we verified our goals through the Science Based Targets Initiative (SBTI).

This means that with the help of the science-based targets set by SBTi, we have aligned our CO₂ reduction goals with the 1.5°C target of the Paris Climate Agreement. Through this step, we can now measure ourselves annually against our own goals, and it can be publicly tracked whether we achieve or miss these targets. We consider this level of transparency crucial as it allows us to engage credibly with the issue.

Speaking of transparency, in addition to our product emissions, we continue to monitor our company-related emissions. In the future, these emissions will be included in our product footprints, as our office and distribution activities contribute to the manufacturing and distribution of our products. However, this year, due to a change in partnerships, we were unable to integrate them into this report in time, so we collected them separately. Next year, you will find a comprehensive report on our emissions according to the Greenhouse Gas Protocol.

Furthermore, we have decided to no longer offset our company-related emissions. Instead, we believe it is more effective to allocate the budget previously used for offsetting towards concrete CO₂ reduction measures for our products.



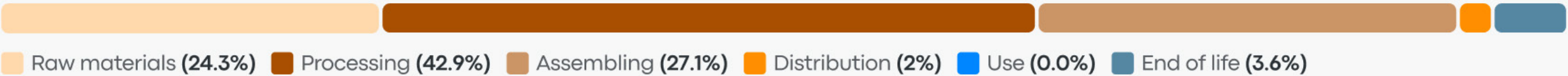
Affenzahn Großer Freund

Style: Tiger

12 ± 4.3 kg CO₂e

The more detailed the data foundation, the more accurate the product footprint. We are continually working on improving and collecting more data. Currently, there are still some uncertainties, which are represented by the ± signs.

390 grams | 12 ± 4.3 kg CO₂e



Backpacks and shoes are generally not washed in the washing machine, therefore using these products does not cause emissions.



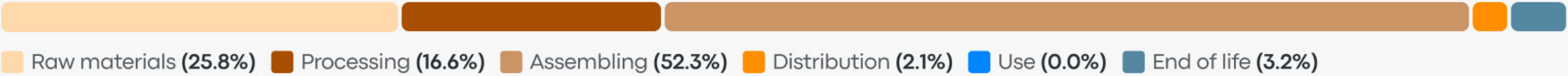
Affenzahn Barfußschuh Baumwolle Lucky

Style: Tiger

7.7 ± 1.4 kg CO₂e

The more detailed the data foundation, the more accurate the product footprint. We are continually working on improving and collecting more data. Currently, there are still some uncertainties, which are represented by the ± signs.

215 grams | 7.7 ± 1.4 kg CO₂e



Backpacks and shoes are generally not washed in the washing machine, therefore using these products does not cause emissions.



ergobag cubo

Style: BlütenzauBär

20 ± 7.3 kg CO₂e

The more detailed the data foundation, the more accurate the product footprint. We are continually working on improving and collecting more data. Currently, there are still some uncertainties, which are represented by the ± signs.

1,100 grams | 20 ± 7.3 kg CO₂e



Backpacks and shoes are generally not washed in the washing machine, therefore using these products does not cause emissions.



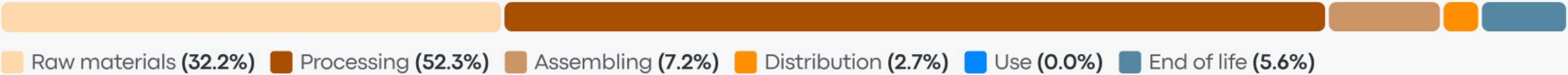
satch pack

Style: Coral Reef

25 ± 11 kg CO₂e

The more detailed the data foundation, the more accurate the product footprint. We are continually working on improving and collecting more data. Currently, there are still some uncertainties, which are represented by the ± signs.


1,200 grams | 25 ± 11 kg CO₂e



Backpacks and shoes are generally not washed in the washing machine, therefore using these products does not cause emissions.



How do we have to develop products further to become more recyclable?



This significant question was very prominent last year. Not only within the sustainability team, but also product development, material management, and design must collectively address this issue.

Circularity is multifaceted for us. Above all, we want our products to be usable for as long as possible. That's why we prioritize high-quality and durable materials. Should they eventually reach the end of their lifecycle after many years, we aim for their individual components to be reused and integrated into appropriate recycling loops. Additionally, we strive to minimize the use of new resources for our products and predominantly rely on textile recycling cycles. Therefore, our sustainability strategy aims to

completely eliminate the use of fabrics from crude oil or recycled PET bottles by 2030, replacing them with forward-thinking alternatives. A crucial initial step towards achieving this goal was taken this year, as we introduced fabrics made from recycled textiles for the first time with Affenzahn and satch.

Over 14 years ago, we started with recycled fabrics made from used PET bottles, laying the foundation for a transformation in the school bag market. This is what we hope to achieve

once again! Fabrics from recycled PET bottles have been and continue to be a very good interim solution for us, as they significantly reduce the consumption of resources such as crude oil, water, and energy compared to manufacturing from crude oil. However, in the long term, we see the necessity for a solution where textiles, rather than bottles, are recycled.

A true circular economy can only work if closed loops are established. Since FOND OF operates in the textile industry, not the beverage industry, we aim to explore recycling opportunities within our own sector.

Fabrics made from recycled textiles, known as Textile-to-Textile (T2T) fabrics, are currently a hot topic in the textile industry. The manufacturing process is relatively new, and there are only a few facilities worldwide capable of producing these fabrics. Therefore, it is crucial to scrutinize the production of these fabrics with particular care. Unlike mechanical recycling of bottles, where the starting material is sorted and uniform, textile recycling faces a great diversity of materials. Textiles often consist of various materials, including blends, and they are dyed and finished differently, making mechanical processes more complex and less repeatable. That's why we are focusing on chemically recycled textiles.

Chemical textile recycling



The process of chemical recycling is highly automated and takes place in sealed tanks and pipes, ensuring there is no contact between chemicals and on-site workers.

There are different types of chemical recycling with various advantages and disadvantages. We wanted to make sure which type would be used for our materials. Therefore, during a trip to Asia where we visited our material suppliers in Taiwan and China, we also visited the recycling facility in China that produces yarn for our fabrics. Here, we were shown the process from the collection and sorting of used textiles to chemical recycling and yarn production. This yarn can be used to produce a wide range of new textiles, which can be recycled again after extensive use. The process can be simplified as follows:

As usual, we rely on established standards and certifications to fulfill our due diligence. The T2T yarn is certified according to the OEKO-TEX® STANDARD 100. This certification confirms that the yarn is free from harmful substances as it has been tested for pollutants. Furthermore, ensuring traceability of the recycled raw materials is important to us. Textile Exchange, as an independent certifier, guarantees this through the Recycled Claim Standard (RCS).



We were convinced by the on-site process, which is why we are very excited to include the first products this year that use recycled textiles as their outer material in our collections.

At Affenzahn, the fabric is used for the creative animals (Toucan and Bear), and at satch, it is used for the new Skandi Editions. But this is just the beginning – stay tuned for what the future will bring.

About this report

We are not perfect! And neither is this report. Although as a company we do not (yet) have reporting obligations, we want to transparently inform our stakeholders about how we fulfill our social and environmental responsibilities and where we stand. We are proud of what we have already achieved, but we also want to communicate clearly and honestly where we need to improve.

In selecting the topics and content for this report, we have asked ourselves the following questions: Where does our production chain have the greatest impact on social and environmental conditions, and how do we contribute to improvement here? What was announced in the last report? What topics are of interest to our target audiences? How can we make our report visually more appealing? Additionally, this year we have extensively engaged with recognized reporting standards such as the Global Reporting Initiative (GRI) and the German Sustainability Code (DNK), partially aligning with their guidelines. We believe such standards are crucial to ensure that corporate sustainability reporting is transparent, credible, and comparable. Over the

coming years, we aim to gradually move towards full compliance with one of these standards for our future reporting.

Considering all these considerations, compared to last year, we are already providing additional information and presenting content in new ways in this report.

Our reports are published annually. The reporting period covers our last fiscal year, from August 1, 2022, to July 31, 2023. To conserve resources, this report is exclusively available in digital format.

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