

**IT'S ON US.
SUSTAINABILITY
SINCE 1967.**

Marc O'Polo
EST. IN STOCKHOLM

A WORD FROM OUR CEO

Dear Readers,

The 2021/22 reporting period was an outstanding year for Marc O’Polo in every respect, especially in terms of sustainability. There are quite a few things we have set in motion in our efforts to become a leading sustainable casual lifestyle brand in the global premium segment. The ‘GOOD’ rating from our first Fair Wear Foundation Brand Performance Check, our climate-neutral linen collection with linen certified as Masters of Linen® and our ‘IT’S ON US’ campaign, which was also climate-neutral with offsets in cooperation with ClimatePartner, are just some of our milestones. For the first time in the company’s history, we generated sales of more than half a billion euros and achieved above-average earnings growth despite significant capital expenditure. This is particularly significant in view of the ongoing pandemic, the war in Ukraine, rising commodity prices, supply difficulties and changing consumer behaviour. Our increased profitability gives us more scope to invest in our ‘01 Journey – 10 Pathways’ sustainability strategy despite these challenges. All of this would not have been possible without the great dedication of our Marc O’Polo team, whom I wish to take this opportunity to thank once again. Our top position in the renowned employer ranking Working in Fashion, published by the industry magazine TextilWirtschaft last autumn, is outstanding confirmation of our extraordinary team spirit. The events in Ukraine have left us speechless and touched us deeply. Accordingly, we considered it essential to make the proceeds of our ‘Peace Sweater’ campaign available directly to those affected. We were able to send two trucks there with relief supplies, which was not least thanks to the support of our employees. Sustainability has been and will always remain a central tenet of our thinking and conduct. This report documents all of our activities for you. We hope you enjoy reading it.

Ihr Maximilian Böck
CEO Marc O’Polo AG



MAXIMILIAN BÖCK
CHIEF EXECUTIVE OFFICER OF MARC O’POLO AG

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1 COMPANY



Marc O’Polo has a long history to its name. Founded in 1967 as a small company in Stockholm, Marc O’Polo is now based in Germany and active in over 40 countries. We are a leading premium modern casual brand and have extremely high standards for the quality of our products, from the materials and design to their construction.

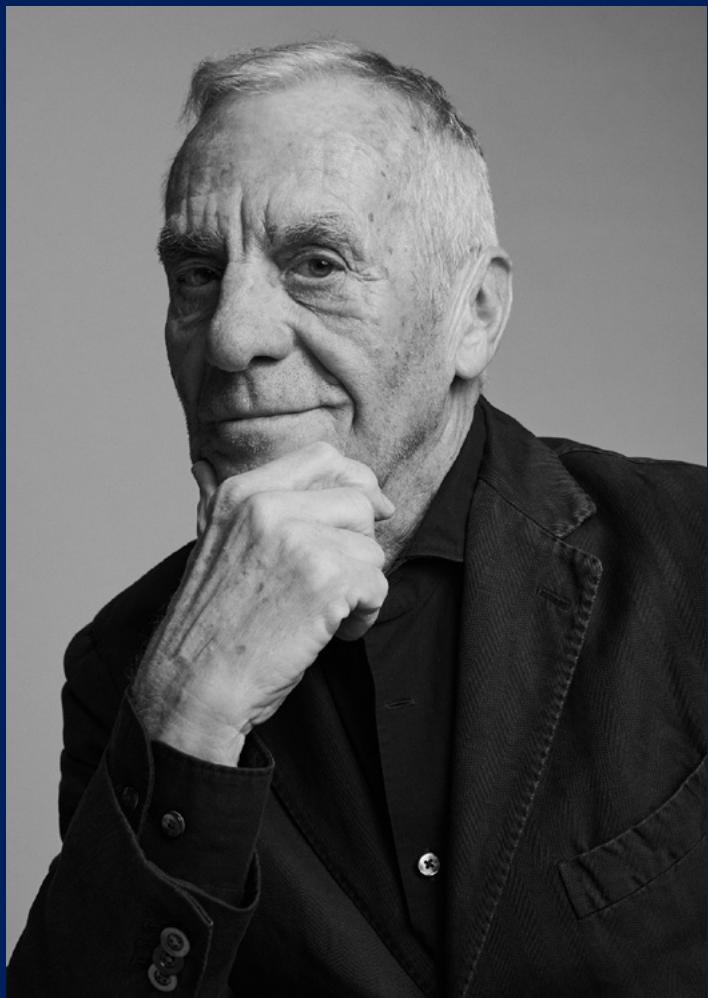
1.1 MANAGEMENT & CORPORATE STRUCTURE

Marc O’Polo is an international fashion company based in Stephanskirchen, Germany. The Supervisory Board is the top-level body controlling Marc O’Polo AG. The Supervisory Board is chaired by the majority shareholder, Werner Böck. As an owner-operated family company, the Supervisory Board also includes other representatives of the owner family. Its individual members are:

- Werner Böck (businessman, Stephanskirchen, member since 2012), Chairman
- Helmut Werner Fuchs (advanced-degree-holding businessman/auditor/tax agent, Vaihingen, member since 2009), Deputy Chairman
- Elfriede Böck (businesswoman, Stephanskirchen, member since 2012)
- Peter Eberle (businessman, Grünwald, member since 2020)
- Dieter Holzer (businessman, Ravensburg, member since 2021)
- Dr Benjamin Strehl (advanced-degree-holding businessman, Kornwestheim, member since 2018)

The Supervisory Board therefore comprised six members at the end of the reporting period, including one woman or about 17 per cent female membership. Five members of the Supervisory Board are aged 50 or over, while another is in the 30 to 50 bracket.

The Supervisory Board held four ordinary meetings during the 2021/2022 financial year. All of these meetings were attended by the members of the Executive Board. The Supervisory Board members each attended all meetings during the time of their respective membership. At all meetings, the Supervisory Board conferred about the reports of the Executive Board and discussed the company’s performance and strategic issues with the latter board’s members. Sustainability-related topics of fundamental relevance are also discussed once a year depending on the agenda.



**WERNER BÖCK
CHAIRMAN OF THE SUPERVISORY BOARD**

Maximilian Böck has been the Chief Executive Officer of Marc O’Polo AG since June 2021. The Executive Board consists of four members. There was one female member during the reporting period, equivalent to a share of 25 per cent.

The Marc O’Polo AG remuneration system provides members of the Executive Board with remuneration based on their areas of responsibility and duties. Sustainability targets

are also incorporated into this remuneration. Marc O’Polo offers the Executive Board members training sessions run by external experts in order to broaden the members’ knowledge of their role or of regulatory issues.

This overview shows the composition of the Executive Board during the reporting period:



MAXIMILIAN BÖCK
**CEO – STRATEGY, SALES
& RETAIL**



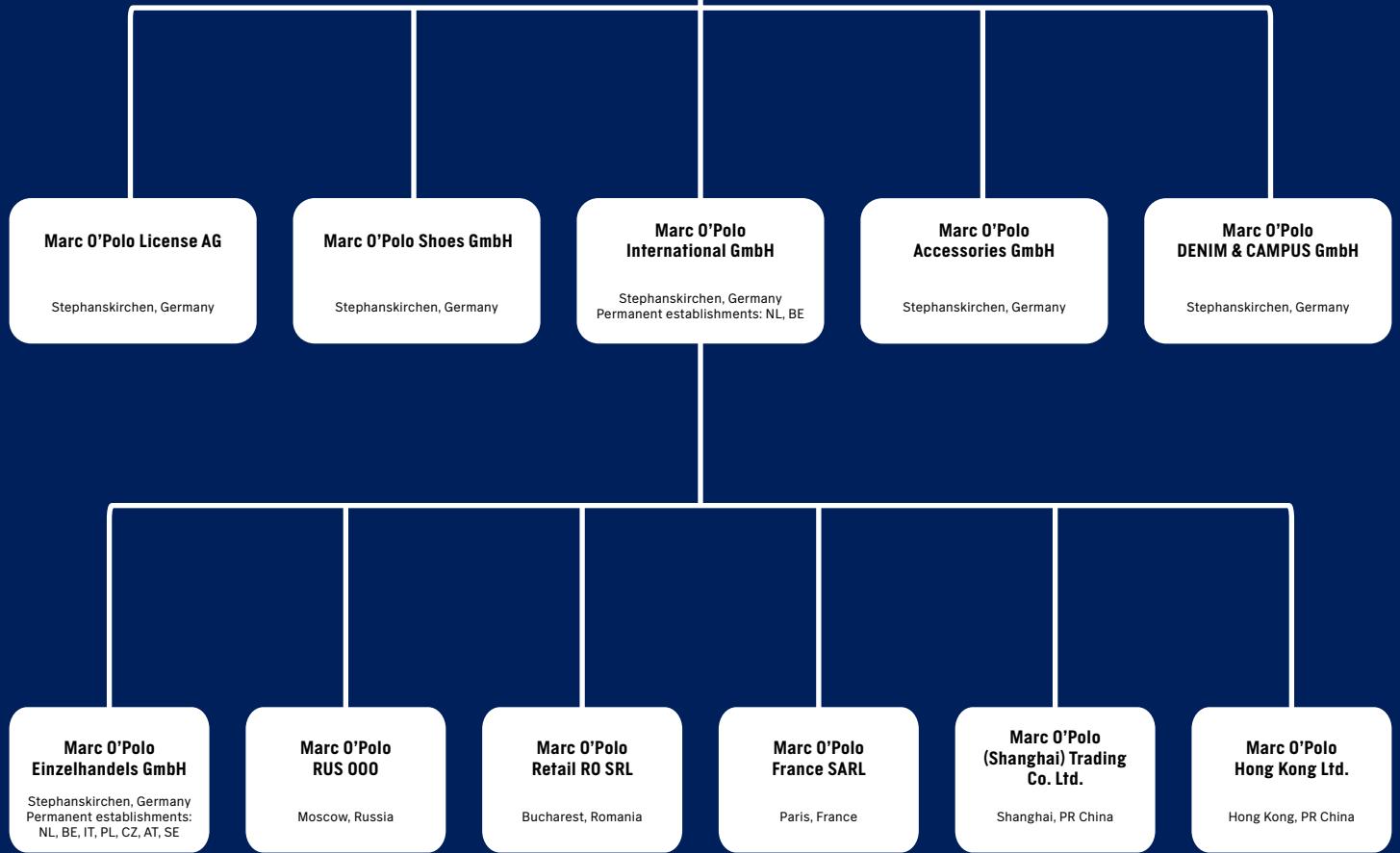
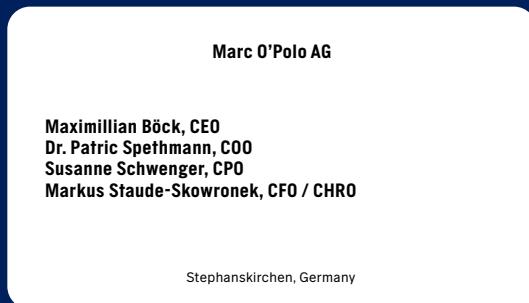
SUSANNE SCHWENGER
**CPO – DESIGN, PRODUCTION,
MARKETING & LICENCES**



MARKUS STAUDE-SKOWRONEK
**CFO/CHRO – FINANCE,
CONTROLLING,
HUMAN RESOURCES &
ADMINISTRATION**

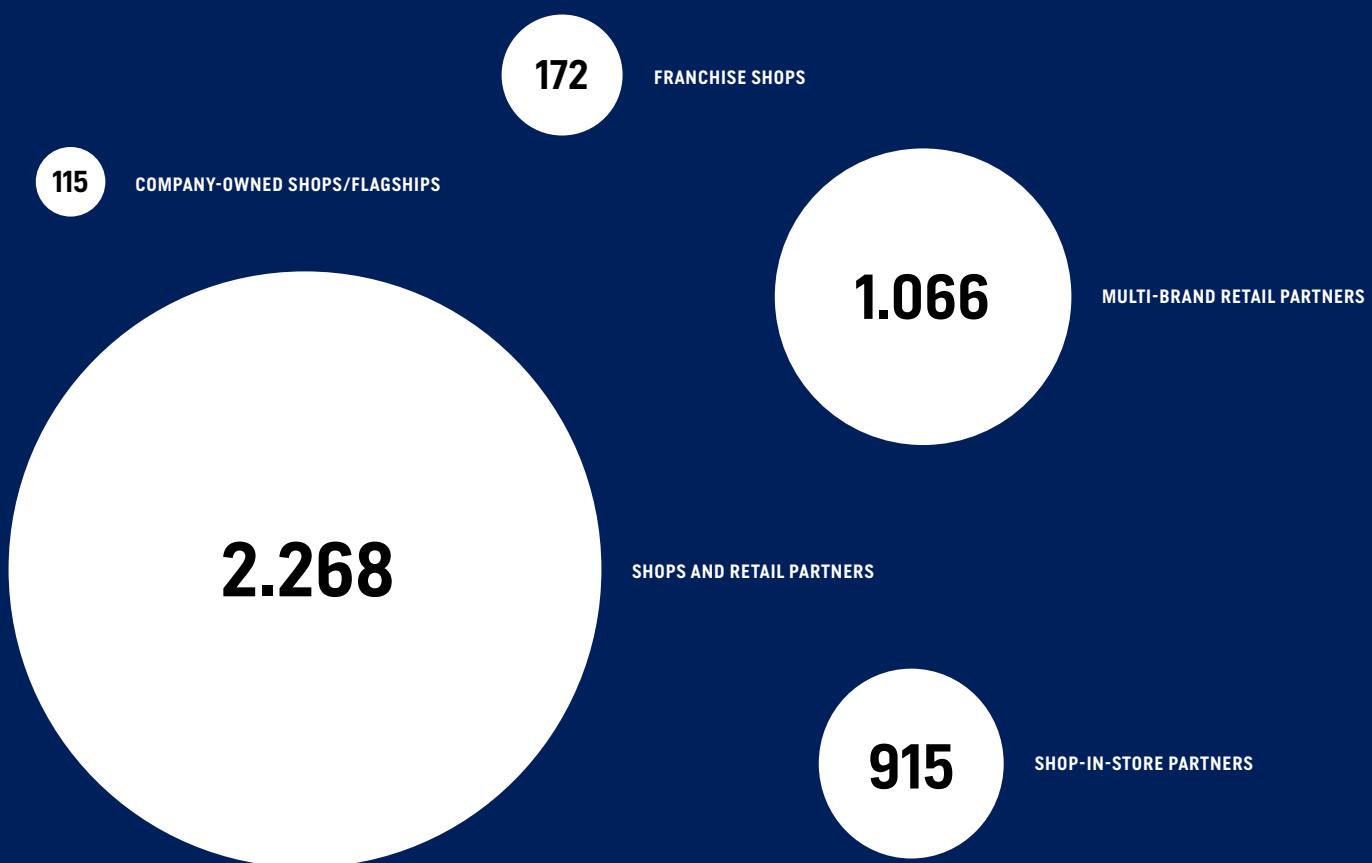


DR. PATRIC SPETHMANN
**COO – DIGITAL INTELLIGENCE,
IT & LOGISTICS**



1.2 DATA & FACTS

From our headquarters, we supplied products to 2,268 shops (previous year: 2,068) and retail partners nationally and internationally during the reporting period. Marc O'Polo products are available in-store and online in 41 countries (previous year: 37).

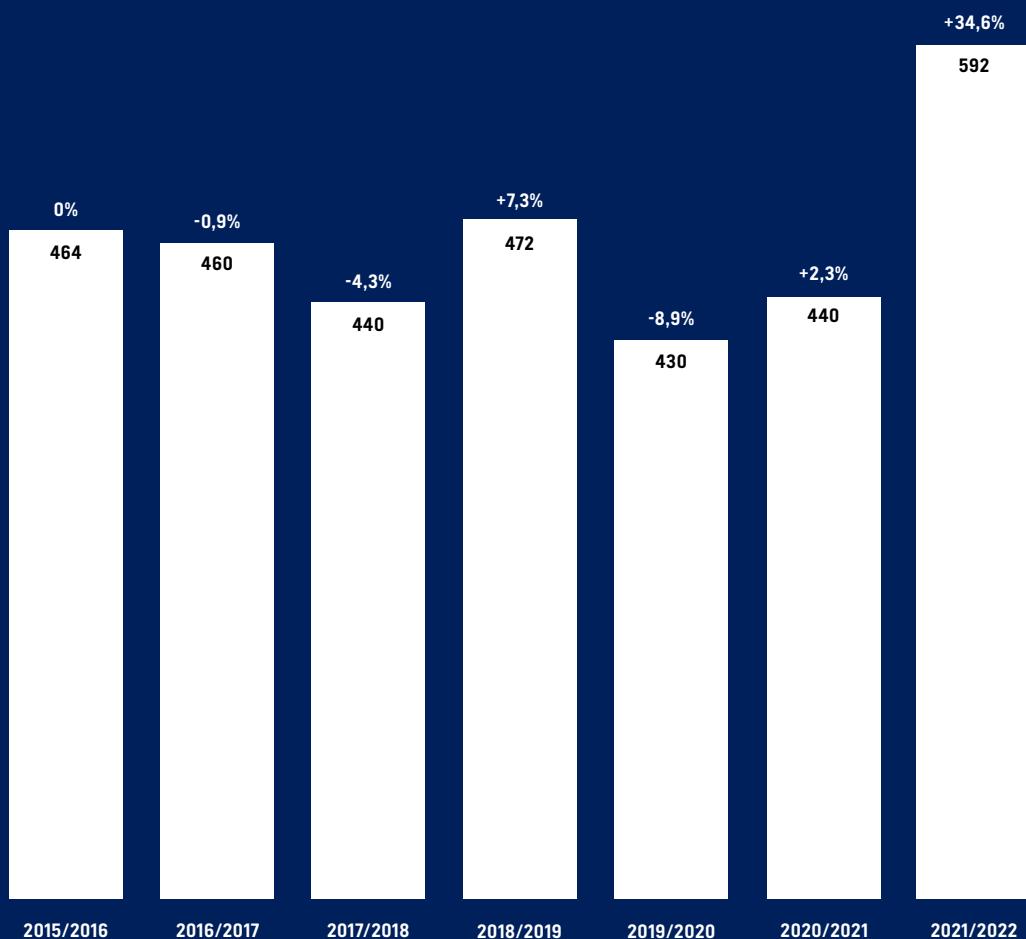


REVENUE

The Marc O’Polo Group attained preliminary brand sales of €592 million during the 2021/22 financial year (1 June 2021 to 31 May 2022), which includes licence-based business. This corresponds to an increase of 35 per cent on the previous year.

The main drivers of the growing revenue are the almost 80 per cent boost in the independent Marc O’Polo DENIM line, which is aimed at a younger market, and the development of international business. During the 2021/22 financial year, Marc O’Polo achieved 40 per cent growth outside of its home market. Marc O’Polo is also building on its leading position in the premium casual lifestyle segment in its core DACH region and seeing revenue rise by 31 per cent. The Group’s Marc O’Polo SHOES and Marc O’Polo ACCESSORIES divisions are also seeing successful growth of 50.4 and 60.3 per cent respectively.

BRAND SALES IN € MILLION



1.3 CHALLENGES & FOCUS

As a German textile company with a global supply chain, we encounter a variety of challenges, whether they be increasing regulatory requirements, technological change, growing competition or evolving consumer needs. In the 2021/22 financial year, we primarily faced the considerable challenges arising from the ongoing pandemic, which affected every aspect of the supply chain, as well as the fallout of the war in Ukraine.

However, thanks to its future-oriented structure, Marc O’Polo is confident about what lies ahead.

We are pursuing our corporate strategy, which is bolstered by 17 strategic initiatives for product success, internationalisation, new end customers, digital business and a scalable organisation. They are intended to be the driving force for Marc O’Polo’s largest areas of activity and growth opportunities. The Sustainability Corporate, Sustainability Product & Sourcing and the MO’P Lab (innovation platform) initiatives are focused exclusively on our progress on sustainability. To ensure that the strategy is implemented successfully, monthly reports are submitted to the Executive Board.



2 MISSION & STRATEGY



Commercial success paired with environmental and social responsibility: sustainability is a core element of our strategic direction and deeply rooted within our corporate culture.

2.1 OUR DEFINITION OF SUSTAINABILITY

What makes a product sustainable? How can we set up production processes that respect our planet's limits? And how will we consume fashion in the future?

At Marc O'Polo, we constantly broach the difficult questions faced by our industry and critically examine our own actions because both the challenges and the opportunities associated with sustainability are expanding all the time. For instance, climate change is progressing quickly. At the same time, new ideas are constantly being developed and innovative organisations established to tackle today's challenges.

With this in mind, we believe it is essential for us to build on our understanding of sustainability each year and bring it in line with the latest major developments.

In our view, the biggest developments are currently taking place in three areas. We are witnessing rapidly rising demand for certified materials/products, there is growing knowledge of the backgrounds behind the standards, circular production processes and business models are becoming increasingly important and, in relation to climate, we are seeing that strong partnerships are essential for reducing indirect emissions within supply chains over the long term.

With the fashion industry undergoing a fundamental transformation, we believe that we as a company have a responsibility not just to foster these changes but to actively help shape them. That is why we see sustainability as an ongoing journey at Marc O'Polo. It is a holistic journey that we have been on for more than 50 years and that teaches us something new every year.

Our aim is to help shape a future in which sustainability is a given. This is why we have formulated our mission statement.



2.1.1 OUR MISSION STATEMENT

**ON A JOURNEY TO
MAKE SUSTAINABILITY
THE NEW NORMAL**

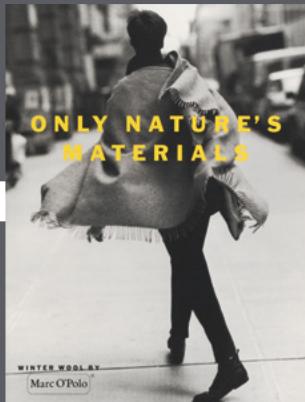
2.1.2 OUR VISION

**MARC O'POLO WILL BECOME
THE LEADING MODERN
CASUAL AND SUSTAINABLE
LIFESTYLE BRAND IN
THE GLOBAL PREMIUM
SEGMENT DELIVERING HIGH
QUALITY AND INNOVATIVE
PRODUCTS**

2.1.3 OUR JOURNEY SINCE 1967



1967: ESTABLISHED WITH THE APPROACH OF PRIMARILY USING NATURAL MATERIALS.



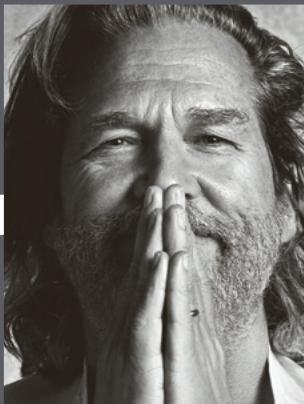
1970S: 'ONLY NATURE'S MATERIALS' CAMPAIGN.



1970S: BRAND PHILOSOPHY: FOLLOW YOUR NATURE.



1980S: LAUNCH OF THE RAW COLLECTION.



2016: RECYCLED FIBRES USED FOR THE FIRST TIME.



2009: SUSTAINABILITY REPORT PUBLISHED FOR THE FIRST TIME. MEMBERSHIP OF AMFORI BSCI.



2005–2006: NO-FUR POLICY INTRODUCED. ORGANIC COTTON USED FOR THE FIRST TIME.



1980S: 'NO FUTURE WITHOUT NATURE' CAMPAIGN.



2020: RWS, GOTS AND OCS CERTIFICATION. JOINED LWG. PARTNERSHIP WITH THE FWF.



2021–2022 FRIEND OF THE ZDHC, HIGG INDEX IN USE, RDS, RMS AND RCS CERTIFICATIONS.



'WE HAVE INVESTED IN SUSTAINABILITY FOR 55 YEARS BECAUSE IT HAS ALWAYS BEEN OUR CONVICTION, AND NEVER JUST A TREND. WE AIM TO SET NEW INDUSTRY STANDARDS WITHIN THE NEXT FEW YEARS.'



MAXIMILIAN BÖCK
CHIEF EXECUTIVE OFFICER

2.2 OUR APPROACH TO SUSTAINABILITY

2.2.1 SUSTAINABLE BUSINESS

We need to succeed financially in order to hold our own against our competitors over the long term. We strive to combine economically sensible operations with environmentally and socially compatible behaviour.

For us, the principles of good corporate governance also include responsible management of business risks. Marc O'Polo AG thus relies on a risk management system as a basis for targeted analysis and qualitative assessment of internal and external risks. Marc O'Polo works with detailed reporting to identify and respond to risks as early as possible. We have also carried out environmental and human rights risk analyses [↗].

In addition, we have set up a project management system over the past financial year. It evaluates internal projects from all areas according to sustainability criteria and prioritises them accordingly. The aim is to create a project landscape in which a certain basic standard is upheld and, at the same time, employees have the opportunity to optimise their projects in relation to sustainability. The evaluation framework is based on ESG criteria and includes monthly reporting to the Executive Board.

We do not engage in lobbying or donate to political causes. A data protection officer oversees the confidential handling of customers', suppliers' and employees' data.



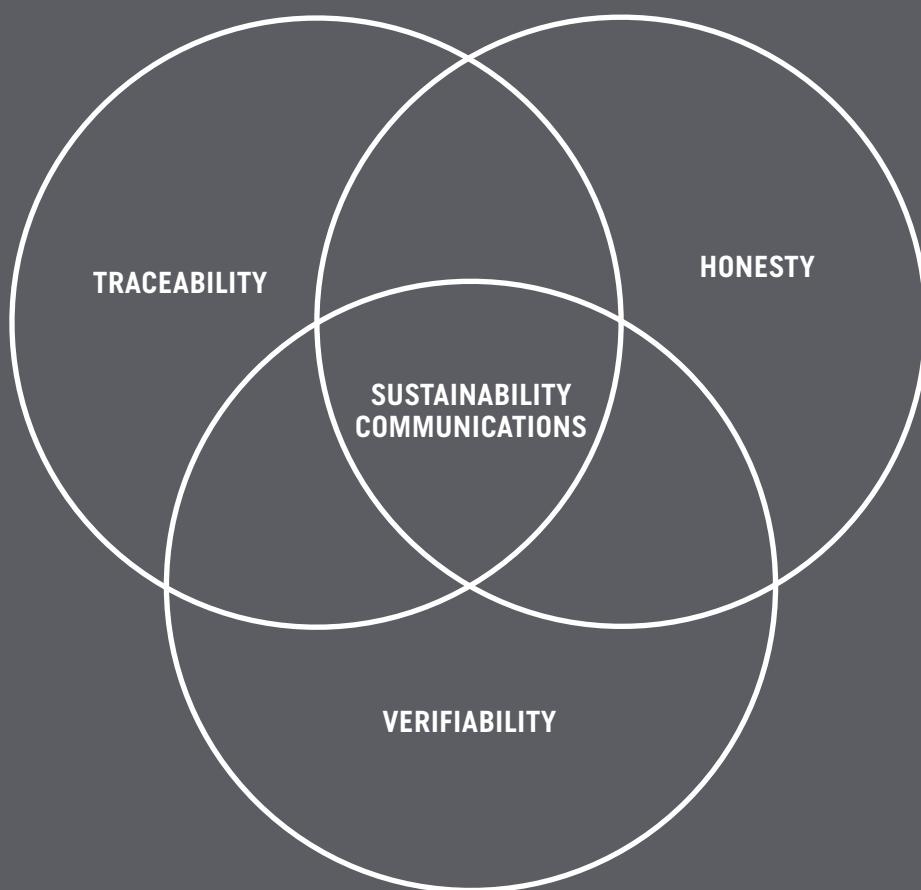
2.2.2 SUSTAINABILITY COMMUNICATIONS

How do you communicate a topic where whatever you do, it will never be good enough?

We at Marc O'Polo believe in sustainability communications in which honesty, verifiability and traceability are the most important principles.

With this guiding principle in mind, we launched our first major sustainability-focused campaign in 2021. It was given the slogan 'IT'S ON US'. We believe that the responsibility for our social and environmental challenges rests not only with governments, but also each and every one of us – our customers, our partners and, above all else, ourselves.

We have also launched a 'Factory Portraits' project with which we want to offer our suppliers a visual platform for introducing themselves and increasing transparency. We took a further step with our climate-neutral spring/summer 2022 collection, where we transparently filmed and explained the manufacturing process for linen certified as Masters of Linen® that has a supply chain situated entirely within Europe. We are convinced that customers want to experience and learn about sustainability visually.



2.3 OUR SUSTAINABILITY STRATEGY

During the 2020/2021 financial year, we consolidated our long-term sustainability activities and moulded them into a holistic strategy. Through the strategy process, we identified our key topics by comparing our core values with the social and environmental challenges of the clothing and textile industry as well as with the expectations of our stakeholders. To this end, we involved the following stakeholders in 2020: customers, business partners, employees and our Executive Board. In order to further develop our strategy, we will conduct a materiality analysis in the coming year where an in-depth stakeholder survey will be an essential component.

**01
JOURNEY**

**10
PATHWAYS**

'WE HAVE SUCCESSFULLY MADE THE MAJORITY OF OUR PRODUCTS SUSTAINABLE WITHIN THREE YEARS. I AM PROUD OF EVERYONE WHO STUCK TO OUR AMBITIOUS ROAD MAP, EVEN WHEN THE TIMES WERE TOUGH. IT HAS BEEN AN EMPOWERING JOURNEY.'



SUSANNE SCHWENGER
CHIEF PRODUCT OFFICER

2.3.1 OUR O1 JOURNEY – 10 PATHWAYS STRATEGY

In our ‘O1 Journey – 10 Pathways’ strategy, each pathway reflects its own aspect of sustainability. We believe strongly that these fields are not only the most important for our own brand vision, but also for the transformation of the entire fashion industry.

01



SUSTAINABLE
PRODUCTS

06



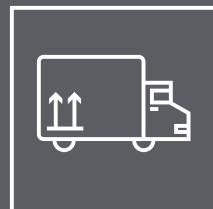
CLIMATE
PERFORMANCE

02



SOCIAL
RESPONSIBILITY AND
HUMAN RIGHTS

07



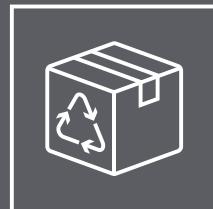
TRANSPORT &
LOGISTICS

03



ENVIRONMENT

08



PACKAGING

04



SUPPLY CHAIN
TRACEABILITY

09



ENERGY

05



STAKEHOLDER
ENGAGEMENT

10



PEOPLE
EMPOWERMENT

'IT IS IMPORTANT THAT WE LAY THE FOUNDATION RIGHT NOW FOR AN ECONOMY THAT WILL UNDERGO UNPRECEDENTED, SYSTEMIC TRANSFORMATION IN THE NEXT DECADE.'



JULIAN AISSLINGER
GROUP MANAGER, CORPORATE SUSTAINABILITY & INNOVATION

01 SUSTAINABLE PRODUCTS

Naturalness has always formed the core of our brand. We continue to maintain a years-long tradition of using natural materials and are also offering more and more certified products with sustainable materials, such as organic cotton or ethically produced wool. At the same time, we are always on the lookout for material innovations that complement our sustainable philosophy.



WHERE WE ARE NOW

- 67 per cent of the production volume for the autumn/winter 2021 collection and 79 per cent of the spring/summer 2022 collection is sustainable according to our definition. A full 92 per cent of our new autumn/winter 2022 collection is going to be sustainable
- Constantly expanding range of certified products (GOTS, OCS, RWS, RCS and RDS), RMS certificate added in May 2022
- Growing range of OUR CLEANEST JEANS PROJECT products (see Pathway 03 Environment)

2023 AIMS

- We want to ensure that all products in our Marc O'Polo and Marc O'Polo DENIM ranges fulfil our stringent sustainability requirements by 2023

02 SOCIAL RESPONSIBILITY & HUMAN RIGHTS

As part of the fashion industry, we see it as our responsibility to play an active role in promoting fair working conditions within our supply chain in conjunction with partner organisations.



WHERE WE ARE NOW

- Member of amfori BSCI since 2009
- Member of the Fair Wear Foundation since September 2020
- 'Good' rating in the first Brand Performance Check for the 2020/21 financial year
- Developed a Human Rights Policy Statement
- FWF complaints mechanism introduced in the supply chain

2023 AIMS

- Maintain the 'GOOD' rating in the Fair Wear Foundation Brand Performance Check

03 ENVIRONMENT

We believe in the need for systemic change in the industry. For this reason, we focus on reducing its impact on the environment and making processes sustainable in collaboration with our partner organisations.



WHERE WE ARE NOW

- 'Friend' of Zero Discharge of Hazardous Chemicals (ZDHC)
- Roll-out of an environmental and chemicals management programme (EMP), including the ZDHC Manufacturer's Restricted Substances List (MRSL)
- Launched implementation of the HIGG facility environmental module (FEM) to measure and improve the environmental performance of our strategic suppliers
- Growing range of OUR CLEANEST JEANS PROJECT (OCJP) products (2021: 32 per cent* of OCJP jeans had low-impact wash)
- Greater use of leather from tanneries certified by the Leather Working Group (LWG) (2021: 36 per cent*)

2023 AIMS

- Measure and improve the environmental performance of our strategic suppliers using the HIGG FEM
- Implement the ZDHC Manufacturer's Restricted Substances List (MRSL)
- Use exclusively leather from LWG-certified tanneries
- OUR CLEANEST JEANS PROJECT – 100 per cent denim with low-impact wash

04 SUPPLY CHAIN TRACEABILITY

We believe that transparency is the foundation on which sustainability is built. We are working on being able to map out the entire supply chain of a product.



WHERE WE ARE NOW

- Initiated a collaboration during the reporting period with 'retraced', a blockchain-based platform to make the supply chain of individual products transparent and traceable

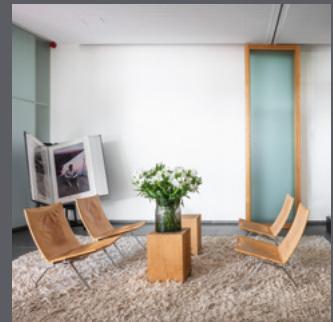
2023 AIMS

- Onboarding of all tier 1 suppliers in retraced
- Highlight our long-term suppliers with photos and location-specific information

* DATA BASIS: 2021 CALENDAR YEAR, MARC O'POLO INTERNATIONAL GMBH AND MARC O'POLO DENIM & CAMPUS GMBH. EXCLUDES DATA FOR FACTORY OUTLETS, MARC O'POLO SHOES GMBH, MARC O'POLO ACCESSORIES GMBH AND MARC O'POLO LICENCE AG.

05 STAKEHOLDER ENGAGEMENT

We are continuing the transparent communication and solidarity with stakeholders which are key to the trust and success that hallmark our long-standing collaboration. We pursue and foster a co-creative approach.



WHERE WE ARE NOW

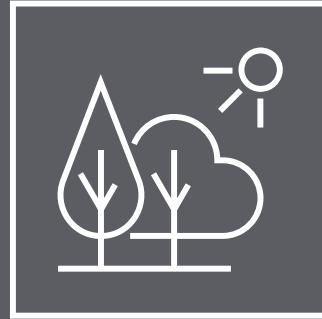
- Regularly sharing sustainability updates with our sales team and suppliers
- Regularly conducting customer surveys on the subject of sustainability
- Organising sustainability events for members and partners

2023 AIMS

- Sustainability webinar with our partners twice a year
- Comprehensive integration of the Sustainable Development Goals (SDGs)
- Apply sustainability targets to our licensing partners in all divisions

06 CLIMATE PERFORMANCE

We are aware of the impacts of the textile industry and wish to play our part in climate protection. That is why we have decided to become climate-neutral by 2025. We have continued our climate neutrality project during the reporting period with the support of ClimatePartner. It involves calculating, reducing and offsetting our carbon emissions, spanning everything from our own site to our products.



WO WIR STEHEN

- Long-term partnership with ClimatePartner
- Calculating carbon emissions for 20/21, the first year of observation
- Developing a climate protection strategy with measurable reduction initiatives
- First climate-neutral capsule collection (through carbon offsets)
- 'GREEN WEEKS' employee campaign about emission generation and prevention

2023 AIMS

- Commitment to the Science Based Targets initiative (SBTi)
- Reduce emissions based on our own climate protection strategy
- Brand climate neutrality by 2025 at the latest (through reduction and offsets)

'WE HAVE TAKEN AMBITIOUS STEPS TOWARDS A MORE DIGITAL FUTURE IN RECENT YEARS. SUSTAINABILITY IS AN ESSENTIAL PART OF THIS EQUATION.'



DR. PATRIC SPETHMANN
CHIEF OPERATIONS OFFICER

07 TRANSPORT & LOGISTICS

We are significantly reducing our emissions by largely avoiding airfreight, optimising B2B and B2C logistics, and improving the mobility system for staff.



WHERE WE ARE NOW

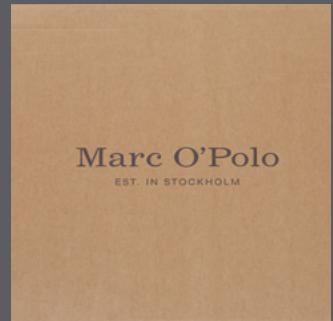
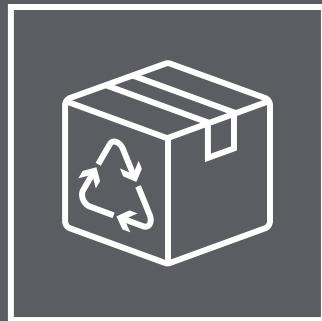
- Company carpooling system
- 16.5 per cent airfreight (previous year: 12.5 per cent)*
- Support for e-bike leasing and purchases

2023 AIMS

- Significantly reduce scope 3 emissions
- Avoid airfreight
- Sustainable mobility concept

08 PACKAGING

We are using more sustainable packaging solutions at bricks-and-mortar shops as well as online. We implement new concepts and innovations if they meet our sustainability standards.



WHERE WE ARE NOW

- Reducing the volume of packaging and choosing recyclable options
- Avoiding laminated cardboard for online orders
- Completed pilot of reusable, recyclable delivery packaging

2023 AIMS

- Launch a new, sustainable packaging strategy
- Use more sustainable materials for primary packaging
- Integrate recyclable and returnable packaging

* IT WAS NOT YET POSSIBLE TO REDUCE THE SHARE OF AIRFREIGHT DURING THE REPORTING PERIOD DUE TO COMPLEX SUPPLY CHAIN CHALLENGES, WHICH RESULTED IN IT RISING SLIGHTLY.

09 ENERGY

Operating our sites in an eco-friendly way plays a central role in minimising our environmental impact. Our aim is to save energy in the form of electricity and gas at all our sites. Furthermore, we want to use and expand power from renewables where possible. By the end of 2024, we aim to reduce our electricity consumption by 5 per cent on 2019 levels.



WHERE WE ARE NOW

- Annual energy programme with defined reduction measures according to ISO 50001
- Energy management system with regular audits at our headquarters and shops
- 74 per cent* of the electricity at our company-owned locations comes from renewable energies (by purchasing green power or using solar energy)
- Installed new on-site photovoltaic systems with an output of 660 kWp
- Installed 8 new charging stations, bringing it to 20 currently
- Stronger link between energy management and our carbon footprint

2023 AIMS

- Optimise energy efficiency, including by converting LEDs
- Create a new energy concept for the headquarters to reduce natural gas consumption
- Expand procurement of green electricity internationally
- Increase the number of charging stations for electric vehicles at the campus to 40
- Expand the energy management system into an environmental management system

10 PEOPLE EMPOWERMENT

The Marc O’Polo philosophy rests on a liberal, open-minded ethos. We unite and promote internationality, individuality and diversity. These are essential elements of our corporate culture.



WHERE WE ARE NOW

- Second place in the TW study ‘Working in Fashion’
- Remote working for a large number of our employees; since August 2022, it has also been temporarily possible throughout the EU and Switzerland
- Continued ‘Green Angels’ – an open sustainability platform for staff

2023 AIMS

- Implement a strategy for a corporate culture in which the topic of sustainability is firmly embedded
- Regular in-house seminars on sustainability
- Establish training formats addressing social and environmental topics

* 97 PER CENT OF GERMAN SITES PURCHASE GREEN ELECTRICITY. THESE ARE ALL THE SITES WHERE WE ARE ABLE TO INFLUENCE ELECTRICITY PROCUREMENT DIRECTLY.

2.4 OUR SUSTAINABILITY MANAGEMENT

We pursue an integrated approach which allows us to holistically manage sustainability as well as properly respond to the many relevant questions. We also rely on the input of multiple strategic and operational employees in different departments.



2.4.1 ORGANISATION AND STRUCTURES

Corporate responsibility and sustainable behaviour are a top priority at Marc O’Polo. An integrated approach offers us the benefit of being able to further develop the strategy and activities consistently throughout the company..

The Corporate Sustainability team is part of a unit that reports directly to the CEO, thus ensuring the strategic relevance of sustainability and environmental issues.

The Sustainable Sourcing team, which is responsible for supply chain and product credentials, forms part of the Procurement/Production department and reports to the CPO (Chief Product Officer). This also ensures close contact with the relevant areas responsible for our core business – the product

Meanwhile, the new Sustainable Materials & Innovation division, which was created in 2020, focuses on the future and helps us to take the next steps on our journey to sustainability by researching and predeveloping new material and product concepts.

The representatives of these three departments form the Sustainability Core team, which meets every two weeks.

The Core team and all the representatives of other departments relevant for sustainability get together every eight weeks to share information. This interdisciplinary exchange is essential to implementing our activities consistently and comprehensively, and allows us to ensure Group-wide integration of sustainability into our core business over the long term.

In our human rights risk analysis, we identified several areas which present work-related human rights risks. These included working time, remuneration, human trafficking, forced labour, child labour and discrimination.

The prioritised environmental risks in our supply chain are water consumption, water shortage, water pollution, hazardous chemicals and greenhouse gas emissions. We know that due diligence with regard to human rights and our environmental responsibility is a continuous process, so we analyse, review and update our risks annually and assess our measures accordingly. We have implemented several guidelines to promote respect for human rights in our company and among our business partners [↗].

During the reporting period, we also began performing more in-depth human rights and environmental risk analyses which provide us with even more detailed insight into the identified risk areas and enable us to segment our suppliers and service providers based on various risk aspects and our potential influence. We aim to use our measures to minimise potential risks in an even more targeted manner and to focus on the areas where we have the greatest opportunity for positive change due to our influence.

Marc O’Polo has implemented a comprehensive package of measures to address the identified risks. For more information, see subsections 3.3 Our Supply Chain Responsibility and 4.2.1 The Marc O’Polo Environmental Management Programme (EMP) [↗].

We also published our Human Rights Policy Statement during the reporting period and have made it available on our website [↗].

2.4.2 RISK ANALYSES

Marc O’Polo has implemented human rights and environmental due diligence processes based on the UN Guiding Principles on Business and Human Rights (UNGPs). Our human rights and environmental risk analyses are some of the core elements of our due diligence processes.

These risk analyses are a means of identifying Marc O’Polo’s relevant (material) impact on the environment and human rights. They use two criteria to evaluate the risks and opportunities associated with various sustainability aspects throughout the value chain: (1) the likelihood and severity of the impact and (2) the relevance for Marc O’Polo. We completed the risk analyses with external assistance. The various aspects of the analyses were identified and assessed by external experts and an interdisciplinary team made up of employees in key positions within the company, such as product managers, sustainability officers and members of the Human Resources department.

2.4.3 STAKEHOLDER INCLUSION

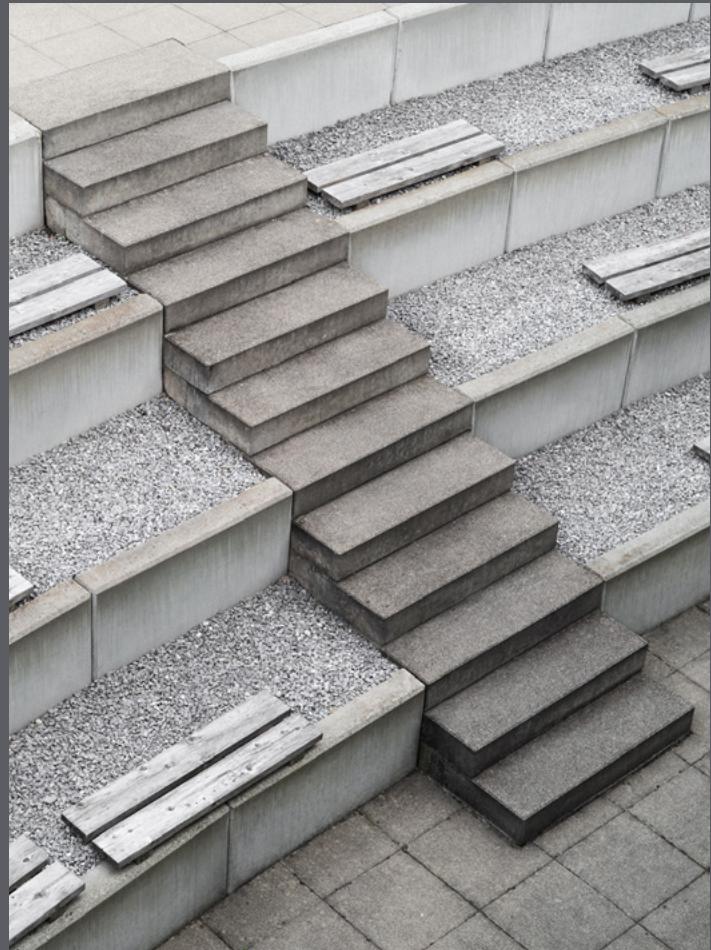
Marc O’Polo relies on regular dialogue with its various stakeholder categories. We see transparent communication and solidarity with stakeholders as a basis for trust and the success factor in long-term cooperation.

In addition to regular exchange with various interest groups and NGOs in discussions, at conferences and at network meetings, we are increasingly working with universities on various high-innovation projects and seeking to exchange ideas with our customers at events, through surveys and over feedback channels. Marc O’Polo also uses detailed, critical feedback as an important tool for optimising products, processes and services.

We actively involve our employees in a wide range of issues related to sustainability, for example through workshops, surveys, interest groups, working groups and posts on our internal communication platform Inside. The virtual event ‘Tell Me More – Sustainability in the Fashion Industry’, for instance, offered all interested employees the opportunity to better understand what Marc O’Polo customers see as sustainability based on a survey that had been completed. In addition, our employees can use our ‘Share with’ tool to send questions, suggestions, ideas and criticism to Marc O’Polo’s management anonymously.

We of course also maintain intensive contact with our suppliers. For more information about this, see subsection 3.3.1 Collaboration with Suppliers [↗].

In order to better understand our stakeholders and their demands and expectations and to incorporate them into our decisions, we are also currently conducting a comprehensive materiality analysis in which we survey our various stakeholders about sustainability-related topics that are relevant to us. We want to find out from them the sustainability issues that we should focus on in view of the impacts that we have.



2.4.4 PARTNERSHIPS

As a medium-sized company, Marc O’Polo only has a limited influence by itself, which is why we rely on partnerships based on trust and on the joined forces created through collaboration.

AMFORI BSCI

amfori BSCI is a leading business initiative dedicated to improving working conditions in global supply chains. The organisation offers a globally uniform supply chain management system that allows working conditions and minimum requirements to be assessed and improved. Marc O’Polo has been a member of amfori BSCI since back in 2009.



Trade with purpose

Member of amfori, the leading global business association for open and sustainable trade.
We participate in amfori BSCI.
For more information visit www.amfori.org

CLIMATEPARTNER

ClimatePartner helps businesses to find climate protection solutions and has been supporting us on our journey to climate neutrality since the last financial year. Since 2020, we have been using its help to calculate our carbon emissions each year and, on this basis, develop a climate protection strategy with reduction initiatives. We have already started implementing the first measures. The remaining emissions are offset with climate protection projects.



ClimatePartner

FAIR WEAR FOUNDATION

We joined the Fair Wear Foundation (FWF) in 2020. The independent multi-stakeholder initiative based in Amsterdam works with clothing brands, factories, NGOs, unions and governments to improve working conditions at textile factories.



LEATHER WORKING GROUP

Marc O’Polo AG has been a member of the Leather Working Group (LWG) since July 2020. This multi-stakeholder organisation has set itself the objective of fostering responsible changes in environmental practices within the leather industry and making these more transparent by means of recognised procedures. The LWG Audit Protocol is the standard with the strictest requirements and the highest acceptance.



RETRACED

We began a partnership with retraced during the reporting period. The Düsseldorf-based tech start-up offers a platform for sustainable supply chain management that helps fashion and textile companies capture, evaluate, manage and share their supply chain data. This lets products be fully and transparently traced back from their end condition to the origin of the raw material.



TEXTILE EXCHANGE

Marc O'Polo has been a member of the nonprofit organisation Textile Exchange since 2011 (with one year's interruption in 2020). This global organisation concentrates on minimising the detrimental impact of the textile industry by developing standards and using sustainable materials.



THE GOOD CASHMERE STANDARD®

We became a partner of The Good Cashmere Standard® of the Aid by Trade Foundation during the reporting period. This means that we are supporting the production of responsibly sourced cashmere.



ZERO DISCHARGE OF HAZARDOUS CHEMICALS (ZDHC)

ZDHC is an association of international companies and organisations working together to eliminate hazardous chemicals in the textile and clothing industries. Marc O'Polo has been a 'Friend of the ZDHC' since May 2022 [↗].



3 PROCUREMENT & MATERIALS

The textile value chain is fraught with challenges. With our sustainability measures, we can make social and environmental improvements in various phases of product development, whether in raw materials extraction or processing.



3.1 OUR VALUE CHAIN



TRANSPARENCY & TRACEABILITY



PACKAGING & LOGISTICS



TIER 4
EXTRACTION
OF RAW
MATERIALS



TIER 3
PROCESSING
OF RAW
MATERIALS



TIER 2
PRODUCTION
AND FINISHING
OF TEXTILES



TIER 1
MANU-
FACTURING



SALE



USAGE



RECYCLING &
WASTE

VERTICAL SUPPLIERS ARE GENERALLY CATEGORISED AS TIER 1



MATERIAL STRATEGY



ENVIRONMENTAL & CHEMICAL MANAGEMENT



SOCIAL RESPONSIBILITY

3.2 OUR PROCUREMENT STRATEGY

At Marc O’Polo, we are well aware of the challenges in the supply chain and enforce our values and requirements when working with our suppliers. We have high quality standards when it comes to our products and especially the materials used and their processing. It is also important to us that our products are manufactured in humane working conditions and that required social standards are defined. Our responsibility takes the form of company measures designed to give us the best possible influence over the various phases of the product life cycle.

3.2.1 CHALLENGES

The supply chain in the textile industry is fraught with environmental and social challenges. The value chain is complex with a wide division of labour and with labour-intensive production. The fashion orientation of our products and the variety in our collections lead to many direct and indirect supply relationships, whilst fast collection changes often result in immense time pressure. There are numerous environmental challenges when raw materials are extracted, processed and refined. Textile production has adverse effects on local ecosystems for a variety of reasons. For example, the cultivation of raw materials such as cotton in single-crop systems often requires extensive use of pesticides and heavy water consumption. Wet finishing employs chemicals that, if used or disposed of improperly, could reach the groundwater and pollute the drinking water.

The majority of our suppliers are based in India, Turkey and China, resulting in structural and geographical risks such as political changes or relocation of production to different countries. Standards regarding employee safety, environmental protection and the use of chemical substances tend to be less stringent in the production countries. Our risk analysis has identified multiple labour- and environment-related human rights risks [↗] which is why we employ a variety of measures to align local conditions with our own requirements and values as well as the expectations of our customers.



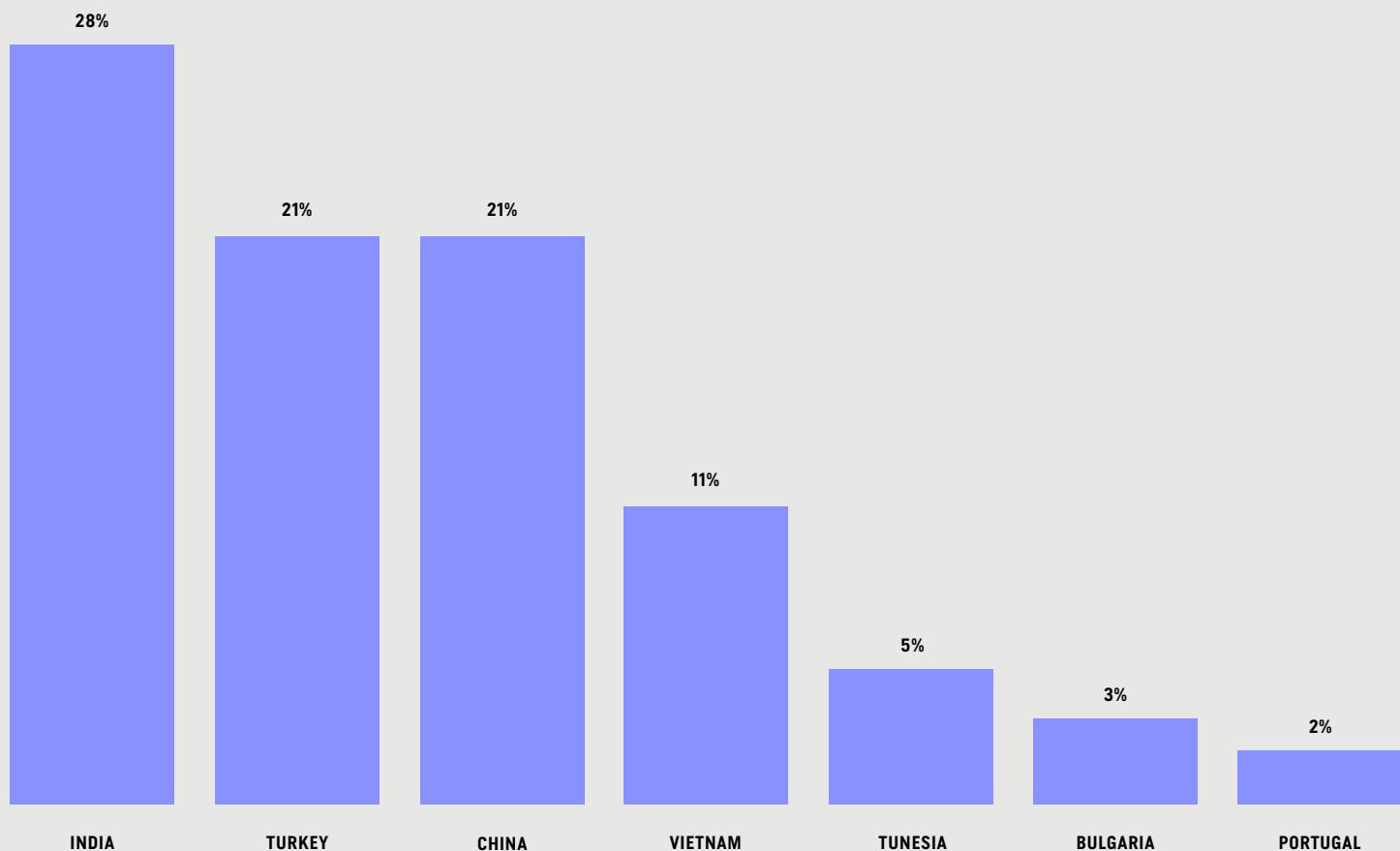
3.2.2 SUPPLY CHAIN TRANSPARENCY

In the past financial year, we have worked with 101 direct partners. We work with some of these partners through agencies, while in other cases we have a direct supplier relationship. As is customary in the textile industry, a single supplier often has several factories for different stages of production or greater production capacity. These also form part of our supply chain, although we generally do not have a direct business relationship with them. We have transparency concerning the garment factories in our supply chain – regardless of whether they are owned by our suppliers or their subcontractors. There were 126 garment factories that were part of our supply chain during the reporting period. We also took a further step in the reporting period by asking our suppliers for information about upstream suppliers at various production steps, such as laundries, printers and embroiderers.

TRACEABILITY TOOL: PARTNERSHIP WITH RETRACED

Transparency and seamless traceability in the supply chain are some of the most important topics in the industry and are also part of Marc O’Polo’s sustainability strategy. We took an important step in this area during the reporting period by starting a strategic partnership with the Düsseldorf-based start-up retraced. In the future, we will be able to digitally ensure and monitor the traceability of goods across the supply chain. retraced will oversee this essential project with us in an agile and transparent way, using the latest technology. We began onboarding the entire supplier base during the reporting period, a process that should be completed during the current financial year. Our long-term goal is to make every individual product completely traceable. This will let us further increase transparency in the supply chain and combine it with monitoring of our own sustainability targets.

CLOTHING PRODUCTION COUNTRIES BASED ON OUR PURCHASE COSTS



*ONLY COUNTRIES ACCOUNTING FOR AT LEAST 2% ARE SHOWN

'TRANSPARENCY IS THE FUTURE OF THE FASHION INDUSTRY, AND IT IS GOING TO REST ON FAIR PARTNERSHIPS WITH OUR SUPPLIERS. THIS IS THE ONLY WAY FOR US TO SOLVE GLOBAL CHALLENGES AND ACHIEVE OUR SUSTAINABILITY TARGETS.'



LISSA ERLENKÖTTER
DIVISION HEAD SUSTAINABLE SOURCING,
BUYING & PRODUCTION KNITS

3.3 OUR SUPPLY CHAIN RESPONSIBILITY

3.3.1 COLLABORATION WITH SUPPLIERS

Marc O’Polo strives for long-term collaboration with all its partners throughout the supply chain. Our purchasing strategy is based on trust and continuity, which increases transparency and certainty in where and under which conditions our products are manufactured. It is important to us to work with partners which share and fulfil our requirements in terms of working conditions as well as our product responsibility. Whilst fair and humane working conditions are not a given in many production countries, withdrawing from these regions would not help the employees there, most of whom are women. Working in the textile industry is often the only way for them to generate their own income. Rather than avoiding certain production countries, we believe that it

is important to ensure, within our sphere of influence, that our suppliers fulfil our standards and implement any measures necessary to improve working conditions. We therefore demand that our suppliers strictly adhere to our requirements.

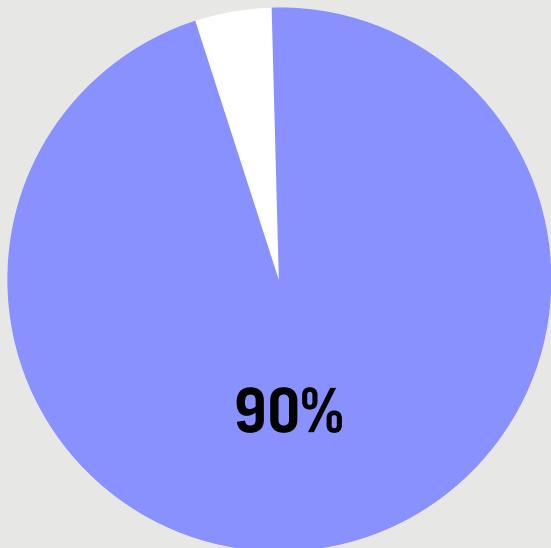
Once a year, we conduct a supplier evaluation that assesses not only price and quality, but also a supplier’s sustainability performance. We assess the extent to which the supplier is committed to good working conditions, has implemented appropriate measures, for example environmental ones, and if the supplier is certified according to a textile standard (such as GOTS).



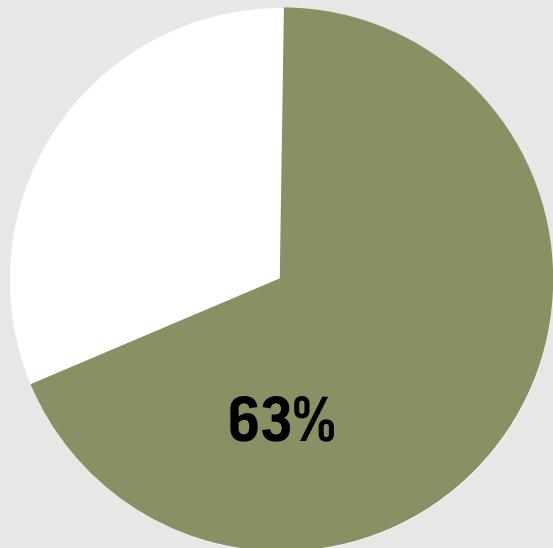
3.3.2 OUR FAIR WEAR FOUNDATION MEMBERSHIP

Marc O’Polo joined the Fair Wear Foundation (FWF) in September 2020 as part of its efforts to fulfil social responsibility within its supply chain even more strongly. Our first FWF Brand Performance Check was carried out for the 2020/21 financial year during the reporting period. This check evaluates the activities of the members to report on them transparently and independently. The FWF examines the extent to which a company’s internal management systems facilitate the implementation of the Code of Labour Practices in its supply chain. It focuses on the production steps in which the product is manufactured and also evaluates the purchasing practice and monitoring system in detail. Fair Wear is an initiative with the highest and most comprehensive requirements in this field.

In our first Brand Performance Check, we were rated in the ‘Good’ category. Despite the challenges of the coronavirus pandemic, we have successfully met many of the requirements for first-year members. Among other things, we have already been able to achieve a 90 per cent score in our supplier monitoring (based on our purchasing volume) for production sites that hold a valid social audit. In addition, 63 per cent of our purchasing volume comes from business partners with whom we have been working for more than five years. At the same time, the Brand Performance Check report [↗] shows us where we still need to develop, and that is what we worked on during the reporting period.



**90 PER CENT OF OUR PURCHASING VOLUME COMES
FROM PRODUCTION FACILITIES THAT HAVE
UNDERGONE A VALID SOCIAL AUDIT.**



**WE SOURCED 63 PER CENT OF OUR PURCHASING VOLUME
FROM BUSINESS PARTNERS WITH WHOM WE
HAVE BEEN WORKING FOR MORE THAN 5 YEARS.**

'A PRODUCT CAN ONLY BE SUSTAINABLE IF THE ASSOCIATED WORKING CONDITIONS ARE GOOD. OUR DECISION TO JOIN THE FAIR WEAR FOUNDATION UNDERLINES THIS ETHOS. BEING A MEMBER OF THIS MULTI-STAKEHOLDER INITIATIVE GIVES US COMPREHENSIVE TOOLS FOR CONTINUOUSLY IMPROVING WORKING CONDITIONS WITHIN OUR SUPPLY CHAIN. FURTHERMORE, IT PROVIDES A MEANS FOR REPORTING ON OUR PROGRESS PUBLICLY AND TRANSPARENTLY.'



SARA STRÖDEL
GROUP MANAGER CORPORATE
SOCIAL RESPONSIBILITY

3.3.3 OUR GUIDELINES

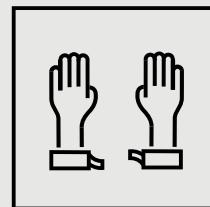
CODE OF CONDUCT

Our relationships with suppliers are based on our Code of Conduct for Trading Goods, which includes the Fair Wear Foundation's Code of Labour Practices and comprises the most important international guidelines and agreements regarding human rights, occupational health and safety and fairness in the supply chain. We have made a commitment to work continuously with our suppliers on the implementation of these standards in our supply chain and our membership of the Fair Wear Foundation plays a crucial role in it. The Code of Conduct is mandatory for all suppliers. Amongst other things, it prohibits child labour and sets out rules on safe workplaces, freedom of association and living wages. The code is based on international standards, such as the ILO core labour standards and the UN's Universal Declaration of Human Rights.

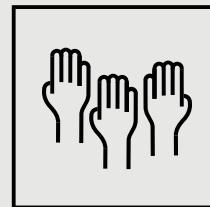
ETHICAL SOURCING STANDARD

Moreover, our ethical sourcing standard defines our requirements for animal welfare and material usage, for humane working conditions, for environmental protection and for the prevention of corruption. It takes the form of mandatory guidelines, which we are further developing at all times. The standard not only applies to our raw material procurement, but also acts as an additional catalogue of requirements beyond our Code of Conduct for all of our suppliers and their sub-suppliers.

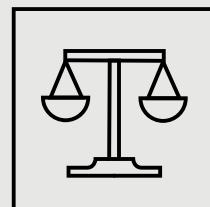
FAIR WEAR'S 8 LABOUR STANDARDS



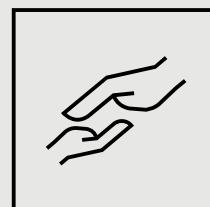
EMPLOYMENT IS FREELY CHOSEN



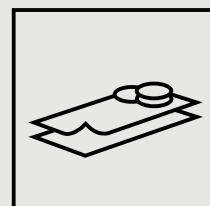
FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING



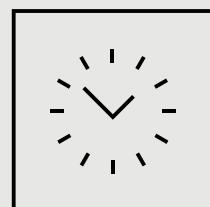
THERE IS NO DISCRIMINATION IN EMPLOYMENT



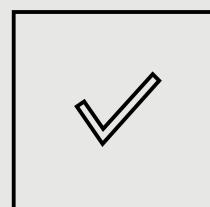
NO EXPLOITATION OF CHILD LABOUR



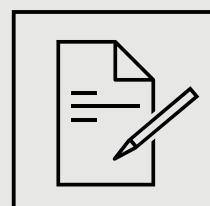
PAYMENT OF LIVING WAGE



REASONABLE HOURS OF WORK



SAFE AND HEALTHY WORKING CONDITIONS



LEGALLY BINDING EMPLOYMENT RELATIONSHIP

3.3.4 OUR SUPPLIER AUDITS

Code of Conduct compliance is assessed and evaluated on the basis of external audits. We primarily initiate BSCI audits. As part of our Fair Wear membership, we also significantly increased the number of Fair Wear audits during the reporting period. In doing so, we wish to cover strategically important suppliers as well as suppliers in high-risk countries in order to gain a more transparent insight into the risks at the first step of our supply chain and, accordingly, support suppliers in their ongoing development.

During the next reporting period, we aim to further expand our monitoring activities as part of our FWF membership. Both FWF audits and BSCI audits are primarily conducted in high-risk countries. To assess if a country is high-risk, we use the current amfori Country Risk Classifica-

tion for guidance. The audits focus particularly on garment factories as the activity on these sites is less automated and very labour-intensive. Usually, the auditors come from the region of the production facility being audited. We have stipulated that the BSCI audits are to be carried out 'semi-announced', with suppliers being given four weeks' notice unless there is a justified, exceptional situation.

During the current reporting period (2021/2022), 93.8 per cent of our direct suppliers in high-risk countries had completed a valid audit. 92 full BSCI audits, 13 follow-up audits and 12 Fair Wear audits were carried out. Audits had also been performed for 41.7 per cent of our suppliers in low-risk countries.



AUDIT RESULTS

Compliance with the principles of the relevant code of conduct (either the BSCI CoC or Fair Wear CoC) is monitored during the audits. They check that our suppliers are complying with the applicable legal requirements and also that they comply with additional requirements for an internal social compliance management system. The auditors verify the available information through a factory inspection, a document check and interviews with workers. These interviews are held outside the factory during Fair Wear audits. For BSCI audits, the interviews are carried out in the factory.

No cases of forced or child labour were identified during the audits in the reporting period.

The following provides an overview of further audit findings:

OCCUPATIONAL HEALTH & SAFETY

This area has the most issues. Managers and employees frequently lack awareness about the risk of occupational accidents and the importance of occupational safety during day-to-day production.

In order to raise awareness and ensure more regular monitoring of health and safety, our suppliers must implement improvement measures based on the findings from the audits. The CSR managers at Marc O’Polo and the CSR managers at our agencies make regular on-site visits to check implementation. In addition, we have trained our buyers and production managers so that they can also point out violations of occupational health and safety on site.

SOCIAL DIALOGUE & PARTICIPATION

The BSCI and Fair Wear audits examine if there are violations of freedom of association and if there are complaint and social dialogue processes in place at the production site. Typical examples of non-compliance include workers being unaware of their rights to co-determination and employee representatives not being freely elected by the workforce and instead chosen by the management.

WORKING HOURS

The audits check compliance with statutory working hour regulations. If the Fair Wear or BSCI audits identify overtime, our focus is to ensure that the overtime worked was voluntarily and that it was correctly documented and remunerated punctually in accordance with statutory requirements.

If there is a conspicuous accumulation of overtime, we initiate a dialogue with the supplier in order to jointly identify the causes. For example, we have been able to significantly extend the delivery periods for suppliers in Turkey by internally restructuring the process.

CONSEQUENCES OF THE AUDITS

The audits provide us with a better insight into the extent to which humane working conditions have been implemented, revealing weaknesses and highlighting potential for improvement. The audits examine whether suppliers comply fully with minimum social standards.

The BSCI audits entail an evaluation with potential consequences:

RATING A OR B:

If a supplier completes an initial or repeat amfori BSCI audit with a rating of ‘Excellent’ or ‘Good’, another audit will be conducted after a period of two years.

RATING C OR D:

If the rating is just ‘Acceptable’ or even ‘Inadequate’, an action plan for improvement will be developed, with implementation of the action plan reviewed within a period of one year.

If a supplier is found to be in serious or repeated breach of the code of conduct, we may consider terminating the business relationship. However, we consider the exclusion of suppliers to be a last resort.

We work closely with our suppliers on the necessary improvement measures as part of the Fair Wear audits. During the reporting period, we were ourselves able to discuss the audit results and comprehensive action plans with suppliers in Turkey and Bangladesh and check that they had been implemented.

3.3.5 TRAINING

We launched the first Fair Wear training courses on our suppliers' premises during the reporting period.

At one of our supplier in India the Basic Fair Wear Worker Education Program (WEP) was conducted. This module provides factory managers and workers with a basic introduction to Fair Wear's code of labour practices and complaints hotline.

We were also able to launch an extended training programme, the Fair Wear Workplace Education Programme Violence and Harassment Prevention, with a supplier in Tamil Nadu, India, which will last for a total of 18 months. The training focuses on workplace standards, internal grievance systems and the Fair Wear complaints mechanism and supports the factory in establishing an anti-harassment committee at the factory.

To gain a more transparent insight into the relationship between our purchase prices and factory wage levels, we conducted Fair Price App Training at a supplier in Bangladesh, held at the factory by local Fair Wear Foundation employees. The factory has been trained to use the Fair Price app which shows the total costs of the factory including labour costs.

In addition, we conducted online training for our agencies in conjunction with the Fair Wear Foundation during the reporting period. Participants were introduced to the Fair Wear Foundation's approach and audit method as well as the collaboration on improvement measures, the complaints mechanism and the Brand Performance Check. In addition, we conducted an online training course on our membership of the Fair Wear Foundation for our own retail.

In order for our buyers and production managers to check a factory's basic health and safety conditions as part of their visits of the production sites, we conducted internal training on our MO'P Health and Safety Checklist.

3.3.6 COMPLAINTS MECHANISM

The Fair Wear Foundation offers its members a special complaints procedure. This can be used by both factory workers and NGOs to address violations of the Code of Labour Practices at member companies. We have successively implemented the complaints mechanism in our supply chain since becoming a member in September 2020 and have posted worker information sheets with contact details (email and telephone number) in highly visible locations in our suppliers' factories. Workers can use these details to contact

a local Fair Wear representative in their language, including anonymously if desired. Fair Wear uses a transparent process to communicate and handle complaints.

The complaints we receive also give us a more detailed insight into our supply chain and a direct opportunity to advocate for improvements. The six complaints still outstanding or received during the reporting period are summarised below and can also be viewed on the Fair Wear website [↗] using the complaint number provided:

COMPLAINT 938

CONCERNING LABOUR STANDARD: EMPLOYMENT IS FREELY CHOSEN, LIVING WAGE, LEGALLY BINDING EMPLOYMENT RELATION

COUNTRY	STATUS: CLOSED	DATE RECEIVED
India	17. November 2021	16. September 2020

COMPLAINT 1068

CONCERNING LABOUR STANDARD: LIVING WAGE

COUNTRY	STATUS: CLOSED	DATE RECEIVED
India	21. June 2021	7. May 2021

COMPLAINT 1204

CONCERNING LABOUR STANDARD: LIVING WAGE, LEGALLY BINDING EMPLOYMENT RELATIONSHIP

COUNTRY	STATUS: CLOSED	DATE RECEIVED
Bangladesh	17. April 2022	7. March 2022

COMPLAINT 1205

CONCERNING LABOUR STANDARD: LIVING WAGE, LEGALLY BINDING EMPLOYMENT RELATIONSHIP

COUNTRY	STATUS: CLOSED	DATE RECEIVED
Bangladesh	17. April 2022	11. March 2022

COMPLAINT 1211

CONCERNING LABOUR STANDARD: LIVING WAGE, LEGALLY BINDING EMPLOYMENT RELATIONSHIP

COUNTRY	STATUS: CLOSED	DATE RECEIVED
Bangladesh	17. April 2022	23. March 2022

COMPLAINT 1237

CONCERNING LABOUR STANDARD: LIVING WAGE, LEGALLY BINDING EMPLOYMENT RELATIONSHIP

COUNTRY	STATUS:	DATE RECEIVED
North Macedonia	IN PROGRESS	19. May 2022

'LONG-TERM, STABLE BUSINESS RELATIONSHIPS ARE A KEY MEANS OF IMPROVING WORKING CONDITIONS IN THE SUPPLY CHAIN. WE WORK WITH OUR PARTNERS AS PEERS TO SEEK POTENTIAL SOLUTIONS TO COMPLEX CHALLENGES, FOR WHICH WE SHARE RESPONSIBILITY.'



**DOROTHEE KINZINGER
MANAGER, CORPORATE SOCIAL RESPONSIBILITY**

3.4 OUR FIBRES & MATERIALS

When it comes to material procurement, our sustainability strategy takes into account environmental and social factors as well as the necessary transparency within the supply chain. We have relied on natural fibres since our brand was founded. Cotton is our most frequently used material. At Marc O'Polo, we have been making greater use of organically grown cotton since back in 2006. The extraction of conventional raw materials often has a major impact on the environment, for example due to the high use of pesticides and high water consumption [↗].

We increasingly choose more environmentally friendly versions of other textile fibres as well. Animal welfare considerations also play a crucial role in the choice of materials.

A detailed breakdown of the conventional materials and more sustainable materials used for the 2021 calendar year is provided on the next page.

MATERIALS USED IN 2021

MATERIAL	INT	%
COTTON	3.425	62
WOOL	362	6,6
OTHER NATURAL FIBRES ¹	356	6,5
LEATHER	25	0,5
DOWN & FEATHERS	13	0,3
POLYESTER	518	9,4
OTHER SYNTHETIC FIBRES ²	407	7,4
REGENERATED CELLULOSE FIBRES ³	402	7,3
TOTAL	5.508	100

- NATURAL FIBRES
- SYNTHETIC FIBRES
- REGENERATED CELLULOSE FIBRES

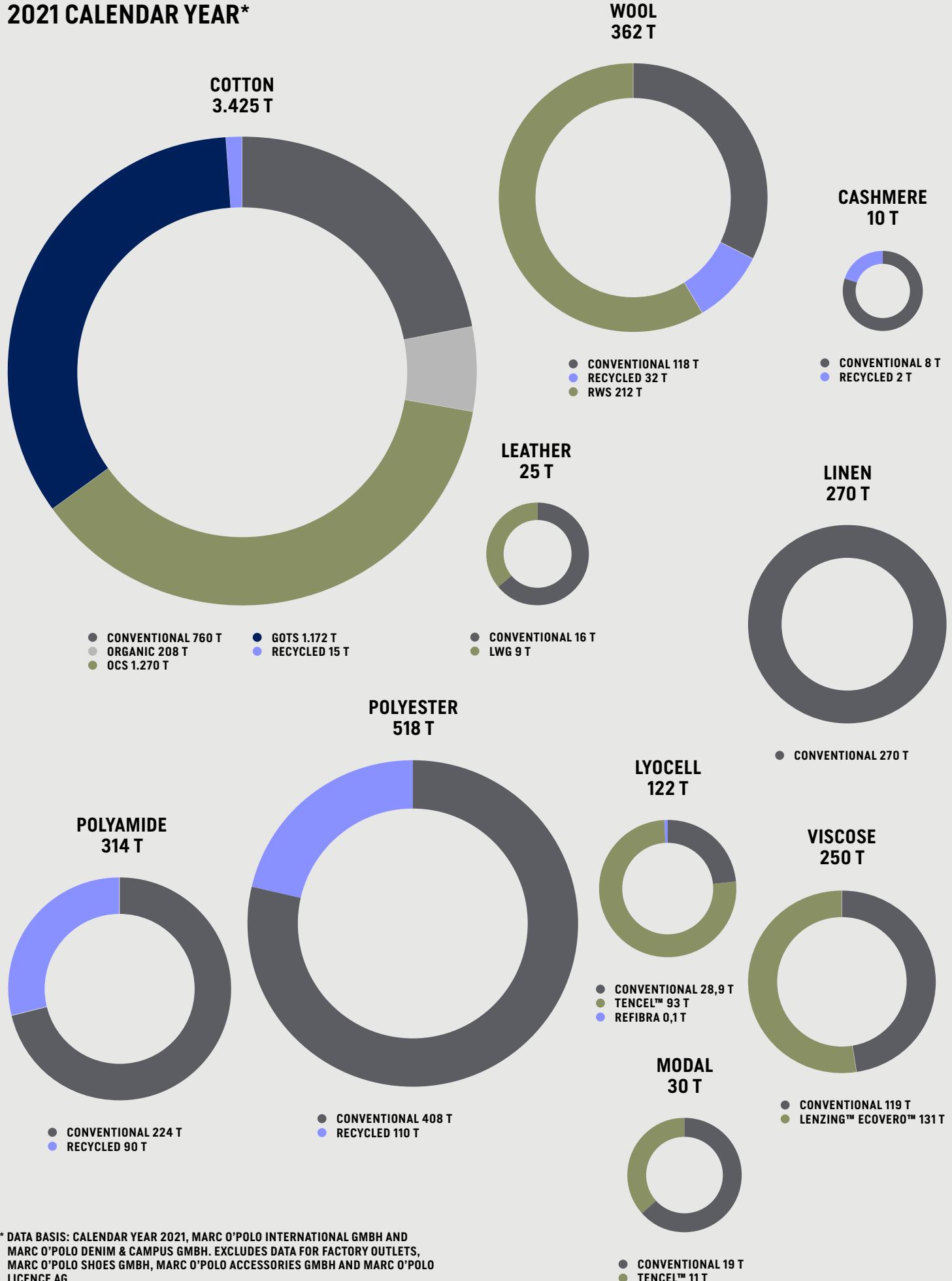
¹ OTHER NATURAL FIBRES INCLUDES: LINEN, ALPACA, CASHMERE, SILK, YAK, HEMP, PAPER

² OTHER SYNTHETIC FIBRES INCLUDES: POLYAMIDE, ELASTOMULTIESTER, ELASTANE, POLYACRYLIC, POLYURETHANE

³ REGENERATED CELLULOSE FIBRES INCLUDES: VISCOSE, LYOCELL, MODAL

* DATA BASIS: 2021 CALENDAR YEAR, MARC O'POLO INTERNATIONAL GMBH AND MARC O'POLO DENIM & CAMPUS GMBH. EXCLUDES DATA FOR FACTORY OUTLETS, MARC O'POLO SHOES GMBH, MARC O'POLO ACCESSORIES GMBH AND MARC O'POLO LICENCE AG.

CONVENTIONAL MATERIALS VS MORE SUSTAINABLE MATERIALS FOR THE 2021 CALENDAR YEAR*



* DATA BASIS: CALENDAR YEAR 2021, MARC O'POLO INTERNATIONAL GMBH AND MARC O'POLO DENIM & CAMPUS GMBH. EXCLUDES DATA FOR FACTORY OUTLETS, MARC O'POLO SHOES GMBH, MARC O'POLO ACCESSORIES GMBH AND MARC O'POLO LICENCE AG.

'TRANSPARENCY ABOUT RESPONSIBLE RESOURCE CONSUMPTION, CONSIDERATION OF ETHICAL STANDARDS AND CIRCULARITY POTENTIAL ARE IMPORTANT WHEN SELECTING MORE SUSTAINABLE FIBRES AND MATERIALS. WHEN TARGETS ARE ACHIEVED, THEY SHOULD BE SEEN AS MILESTONES AND CONSTANTLY FOLLOWED BY FURTHER IMPROVEMENT.'



**FRANZISKA SCHUMANN
SENIOR SUSTAINABILITY MANAGER**

3.4.1 SUSTAINABLE PRODUCTS

Marc O’Polo describes and labels products as ‘sustainable’ if the following components consist of at least 80 per cent sustainable materials:

- clothing: the main components (outer fabric, fill material and lining)
- home textiles: the main components (outer fabric and fill material)
- footwear: at least one of the essential components (outer material, lining and sole)
- accessories (bags, small leather goods): the main components (main material and lining)

3.4.2 MATERIALS TOOLBOX

A materials toolbox provides guidance for our designers, product developers and suppliers when they are selecting materials to use during product development. This toolbox applies all year round and is subject to our ethical sourcing standard. This material overview is also part of our supplier briefing for all of our suppliers. The briefing also provides information about the certifications we use [7].

The materials toolbox and supplier briefing are constantly expanded and updated in line with the latest information to take market developments and innovative materials into account at an early stage. A selection of the sustainable materials used during the reporting period are shown below in subsection 3.4.3.

3.4.3 USE OF SUSTAINABLE MATERIALS

ORGANIC MATERIALS

Many of our products containing organically grown fibres are certified in line with the Organic Content Standard (OCS) or Global Organic Textile Standard (GOTS), which are both well-known textile standards. The natural fibres from controlled organic farms are grown through crop rotation without genetically modified seeds, synthetic pesticides or fertilisers, which protects the health of the farm workers, the soil quality and the environment. Organic cotton and a small amount of organic hemp were used during the reporting period. In the future, it is also planned to use organic-grade wool and linen, depending on market availability.

SHEEP'S WOOL

Marc O'Polo is committed to using only certified mulesing-free or recycled sheep's wool from 2023. To highlight this publicly, Marc O'Polo also made a commitment to the animal welfare organisation Vier Pfoten ('Four Paws') during the reporting period and signed its 'Brand Letter of Intent', which directly calls on the Australian wool industry to abandon all forms of mulesing.

In 2021, we offered 46 per cent of our wool products with Responsible Wool Standard (RWS) certification. Due to the fact that we have already started using mulesing-free wool, we were awarded gold in the Vier Pfoten brand ranking.

DOWN & FEATHERS

The down and feathers used by Marc O'Polo have come with the well-known Responsible Down Standard (RDS) certification since the reporting period. The down and feathers are a waste product from the meat processing industry, which means they are repurposed for the clothing industry. They are obtained exclusively from slaughterhouses, i.e. they are not taken from live animals and no force-feeding is carried out beforehand.

In 2021, Marc O'Polo International GmbH and Marc O'Polo Denim & Campus GmbH used 13 tonnes of duck down and feathers in RDS-certified products. However, we made an error in the product labelling during the reporting period: due to a late, pandemic-related change in the supply chain, a men's down jacket was not RDS-certified as originally planned but was still marked as such on the product's care label. As a result of this error, we have re-examined our processes, held training and are doing everything we can to prevent such mislabelling in the future.



LEATHER

Leather is a long-lasting, natural material for clothing, bags, accessories and shoes. The leather used for Marc O'Polo products comes exclusively from farm animals. This means that the types of leather we use are a by-product (in some regions a waste product) of the meat processing industry and are therefore repurposed for the clothing and footwear industry.

In order to protect endangered rainforests in South America, which are threatened by things such as illegal deforestation for livestock farming in Brazil, procurement is required to follow the strict criteria of the LWG.

When using leather, it is also important to provide transparency about and improve the environmental impact of the processes in tanneries. To support ecologically responsible leather production, we have been a member of the Leather Working Group (LWG) since 2020. We increasingly source leather from LWG-certified tanneries [↗].

SUSTAINABLE REGENERATED FIBRES

Marc O'Polo uses regenerated cellulose fibres (viscose, lyocell and modal) from fibre manufacturers that achieve at least 80 per cent of the maximum possible score ('green shirt' status) in Canopy's Hot Button Ranking. Canopy is a non-profit organisation dedicated to protecting old and endangered forests around the world.

The Hot Button Ranking is an analysis tool for the procurement of regenerated cellulose fibres. It allows us to ensure that we source fibres from producers who use wood from responsibly managed forests. Based on it, we use the following fibre brands:

LENZING™ ECOVERO™

LENZING™ ECOVERO™ is a sustainable viscose that has been awarded the EU Ecolabel. The pulp used comes from certified, responsibly managed forests – and is bleached in an environmentally friendly way. This viscose fibre is associated with lower emissions and a reduced water impact.

TENCEL™

TENCEL™ Lyocell and TENCEL™ Modal are industrially produced, regenerated cellulose fibres made from natural wood pulp. This pulp also comes from trees grown in responsibly managed forests. The TENCEL™ lyocell fibre with REFIBRA™ technology also uses pulp from pre-consumer cotton waste – an important contribution to a circular economy for textiles. TENCEL™ Lyocell is produced in a closed-loop process and is particularly environmentally friendly.



RECYCLED MATERIALS

Pre-consumer or post-consumer waste is used as a raw material to make new fibres. This reduces the environmental impact compared to conventional fibres. Marc O’Polo has set a minimum level of 20 per cent recycled material in recycled fibres. We continue to hope for innovative technologies that will make it possible to increase the availability of different types of recycled fibres in the market and increase the proportion of recycled material in fibres themselves. The following recycled fibres were used during the reporting period:

RECYCLED MATERIALS USED IN 2021*

MATERIAL	IN T	IN % ¹
POLYESTER ²	110	21,2
POLYAMIDE	90	28,7
WOOL	32	8,8
COTTON	15	0,4
CASHMERE	2	20
LYOCELL (TENCEL™ WITH REFIBRA™ TECHNOLOGY) ³	0,1	0,08
TOTAL	249,1	31,8

- NATURAL FIBRES
- SYNTHETIC FIBRES
- REGENERATED CELLULOSE FIBRES

¹ PERCENTAGE OF THE TOTAL AMOUNT OF THE RESPECTIVE FIBRE TYPE USED BY MARC O’POLO INTERNATIONAL GMBH AND MARC O’POLO DENIM & CAMPUS GMBH

² INCLUDES THE FIBRE BRANDS THERMORE®, THERMORE® ECODOWN® AND REPREEVE®

³ PROPORTION OF RECYCLATE VARIES (CONTAINS UP TO 30 PER CENT RECYCLATE)

* DATA BASIS: 2021 CALENDAR YEAR, MARC O’POLO INTERNATIONAL GMBH AND MARC O’POLO DENIM & CAMPUS GMBH. EXCLUDES DATA FOR FACTORY OUTLETS, MARC O’POLO SHOES GMBH, MARC O’POLO ACCESSORIES GMBH AND MARC O’POLO LICENCE AG.



WE DON'T USE...

Our collections have avoided using angora wool and have been fur-free for many years now. We only use faux fur made from synthetic fibres. To underline this commitment, Marc O’Polo has committed to a no-fur policy as part of the Fur Free Alliance and is a ‘Fur Free Retailer’.

Furthermore, Marc O’Polo has already refrained from using conventional mohair wool for a number of years and has undertaken to use only RMS-certified mohair wool [↗]. Furthermore, we do not use any exotic leathers or leathers from endangered animals.

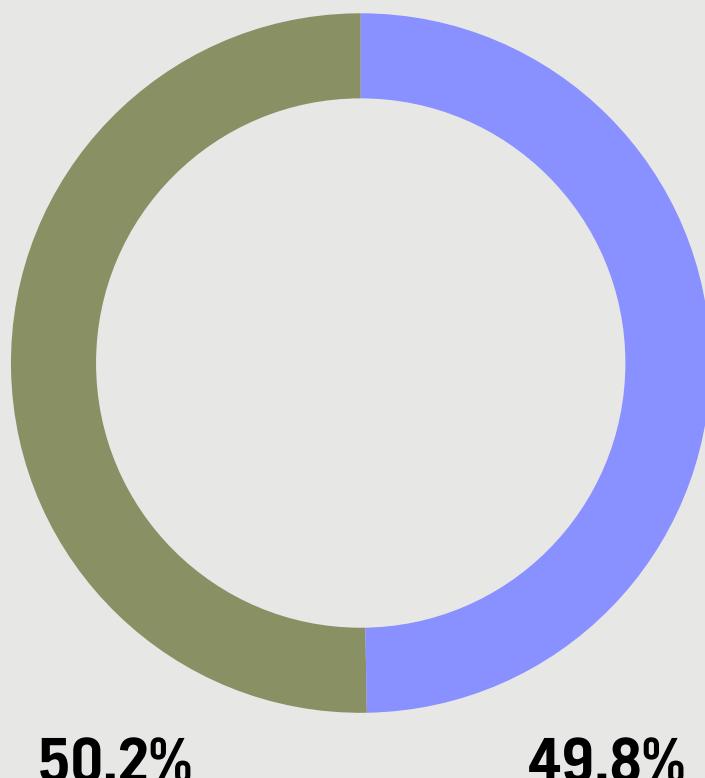
'ACTING SUSTAINABLY MEANS TAKING CONSCIOUS DECISIONS, CONSTANTLY QUESTIONING YOUR OWN ACTIONS AND WEIGHING UP THE IMPACTS RESULTING FROM THEM AS FAR AS POSSIBLE. THIS APPROACH HAS A MAJOR INFLUENCE ON MY WORK, INCLUDING THE CHOICE OF OUR MATERIALS.'



MIRIAM NISPER
SUSTAINABILITY MANAGER

3.4.4 CERTIFICATES

When sourcing materials, we are increasingly using industry-recognised standards for organic and recycled fibres as well as ones that take animal welfare and land management into account. For most standards (including GOTS, OCS, RWS, RCS, RDS and RMS, among others) independent third parties check at all levels of the textile production chain that the corresponding material is contained in the product. To ensure the necessary transparency in the supply chain, we are continuously expanding the relevant certification for our products. A logo on the label shows whether a Marc O'Polo product is certified in accordance with a particular standard. More and more of our products and materials are certified. The standards we use are presented on the following pages.



- CERTIFIED PRODUCTS
- PRODUCTS WITHOUT CERTIFICATION

* DATA BASIS: 2021 CALENDAR YEAR, MARC O'POLO INTERNATIONAL GMBH AND MARC O'POLO DENIM & CAMPUS GMBH. EXCLUDES DATA FOR FACTORY OUTLETS, MARC O'POLO SHOES GMBH, MARC O'POLO ACCESSORIES GMBH AND MARC O'POLO LICENCE AG.

GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

Products that comply with the Global Organic Textile Standard (GOTS) must be made from a high proportion of organic natural fibres. GOTS also places strict requirements on the ingredients and production processes used and requires compliance with social and environmental criteria during further processing.

GOTS ORGANIC
MINIMUM 95 PER CENT ORGANIC NATURAL FIBRES

GOTS MADE WITH ORGANIC
70–94 PER CENT ORGANIC NATURAL FIBRES



CERTIFIED BY CONTROL UNION
CU 1020184

ORGANIC CONTENT STANDARD (OCS)

The Organic Content Standard (OCS) applies to products that contain 5 to 100 per cent organic material.

OCS 100
MINIMUM 95 PER CENT ORGANIC NATURAL FIBRES*

OCS BLENDED
5 TO 95 PER CENT ORGANIC NATURAL FIBRES*



CERTIFIED BY CONTROL UNION
CU 1020184



CERTIFIED BY CONTROL UNION
CU 1020184

RESPONSIBLE WOOL STANDARD (RWS)

The sheep's wool for our Responsible Wool Standard (RWS) products comes from certified sheep farms that respect animal welfare, responsible use of agricultural land and social well-being on farm level.



CERTIFIED BY CONTROL UNION
CU 1020184

RESPONSIBLE DOWN STANDARD (RDS)

Down and feathers that are certified according to the Responsible Down Standard (RDS) must meet the mandatory requirements for animal welfare.



CERTIFIED BY CONTROL UNION
CU 1020184

* MARC O'POLO DOES NOT USE ANY BLENDS OF ORGANIC- AND CONVENTIONAL-ORIGIN FIBRE TYPES IN ONE MATERIAL

RECYCLED CLAIM STANDARD (RCS)

The Recycled Claim Standard (RCS) is a standard for the traceability of recycled raw materials within a supply chain. Using RCS enables us to increase the transparency of our products that feature recycled content.



RCS 100
MINIMUM 95 PER CENT RECYCLED MATERIAL

RCS BLENDED
5 TO 95 PER CENT RECYCLED MATERIAL*

RESPONSIBLE MOHAIR STANDARD (RMS)

The mohair for our Responsible Mohair Standard (RMS) products comes from certified farms that respect animal welfare, responsible use of agricultural land and social well-being on farm level.



CERTIFIED BY CONTROL UNION
CU 1020184

THE GOOD CASHMERE STANDARD®

The standard takes into account the animal welfare of cashmere goats in Inner Mongolia, responsible use of agricultural land and social well-being on farm level.

Marc O'Polo will be able to offer products with cashmere certified in accordance with The Good Cashmere Standard® by AbTF starting with the autumn/winter 2022 collection.



* MARC O'POLO REQUIRES AT LEAST 20 PER CENT RECYCLED MATERIAL FOR RCS DESIGNATION

3.4.5 INNOVATIONS AND CAPSULE COLLECTIONS

For us, sustainability is an ongoing process. We understand that requirements and parameters may change over time. Our aim is to meet these requirements in the future as well. Marc O'Polo believes that product innovations can also drive new developments in related fields. This makes it essential to take a joined-up view of sustainability, digitisation and corporate culture.

The Sustainable Materials & Innovation division focuses on research into new fibres, materials and product concepts. Staff here liaise with manufacturers and suppliers to develop innovative approaches at product level which conserve resources while meeting the requirements for a long-lasting, premium casual product. When researching and selecting new product concepts, they focus on new approaches in the fields of materials strategy, environmental and chemicals management, carbon emissions reductions and end-of-life scenarios.

We launched the New Natural capsule collection in the 2021/22 financial year. It replaces synthetic dyes with natural mineral pigments and reduces water and energy consumption during the dyeing process. All garments have been designed with a circular concept in mind, ensuring that each garment is recyclable at the end of its life. The capsule is therefore more natural and resource-saving than comparable products dyed with conventional petroleum-based dyes.

In the past financial year, we also achieved innovation in linen quality. In 2022, Marc O'Polo will be launching linen products for the first time, with the entire value chain from the fibre to the finished product being located in Europe. The certificate issued by CELC-Masters of Linen® –guarantees that the linen used has been manufactured from European Flax® by European companies. Marc O'Polo products are made in Europe, from the field to the finished garment.

This innovation was an important first step towards reducing the products' overall carbon impact. The remaining emissions have been offset with certificates for climate protection programmes in India. The range is planned to be expanded over the next few years.



'BECOMING MORE SUSTAINABLE DEMANDS INNOVATION. WE ALL KNOW THE GOAL, BUT NO ONE KNOWS EXACTLY HOW TO ACHIEVE IT. WE WANT TO DARE TO TRY NEW THINGS, RECOGNISE MISTAKES AND DO THINGS DIFFERENTLY AND BETTER THAN BEFORE. TO QUOTE ALBERT EINSTEIN: "THE WORLD AS WE HAVE CREATED IT IS A PROCESS OF OUR THINKING. IT CANNOT BE CHANGED WITHOUT CHANGING OR THINKING.'"



SIMONE SOMMER
DIVISION HEAD, SUSTAINABLE MATERIALS & INNOVATION

3.4.6 PACKAGING

From a sustainability perspective, packaging is a major challenge for clothing companies – including Marc O’Polo. As a matter of principle, we believe that packaging should provide the best possible protection against various influences in order to meet our premium standards. However, the production of packaging requires large amounts of resources and the waste from it pollutes the environment, in particular because the majority of packaging is used only once and for a relatively short period of time. This is why we wish to reduce the use of materials, reuse them more frequently, use more sustainable packaging materials (recycled and/or certified) and further improve recyclability. To this end, we are currently working on a comprehensive packaging strategy and guidelines for it.

When choosing our packaging, we already favour recyclable materials and increasingly packaging with a high proportion of recycled and/or certified materials, such as paper and cardboard that meet the criteria of the Forest Stewardship Council®.

More is required, however. In particular, the plastic film bags in our primary packaging represent major challenges for us. We currently cannot do without them, even after our assessment of the situation. They protect our products from moisture, dirt and damage, among other things, and must suit our company’s and our partners’ processes and procedures.

We are therefore working intensively with an interdisciplinary team on a large-scale pilot project to make our primary packaging more sustainable. We want to increase the proportion of packaging material that is more sustainable while at the same time reducing the amount of material required per product. Through the pilot, which extends across our entire supply chain, we want to create a sound basis for decision making about our future packaging so that it meets our sustainability expectations and high quality standards and continues to provide the best protection possible for our products.

We also wish to reduce the use of single-use packaging in the future. The transition to reusable packaging involves a number of challenges, ranging from our internal logistics processes to the behaviours and expectations of our customers. In order to better understand and address these challenges, we have carried out various pilot projects and are continuing to engage with providers.

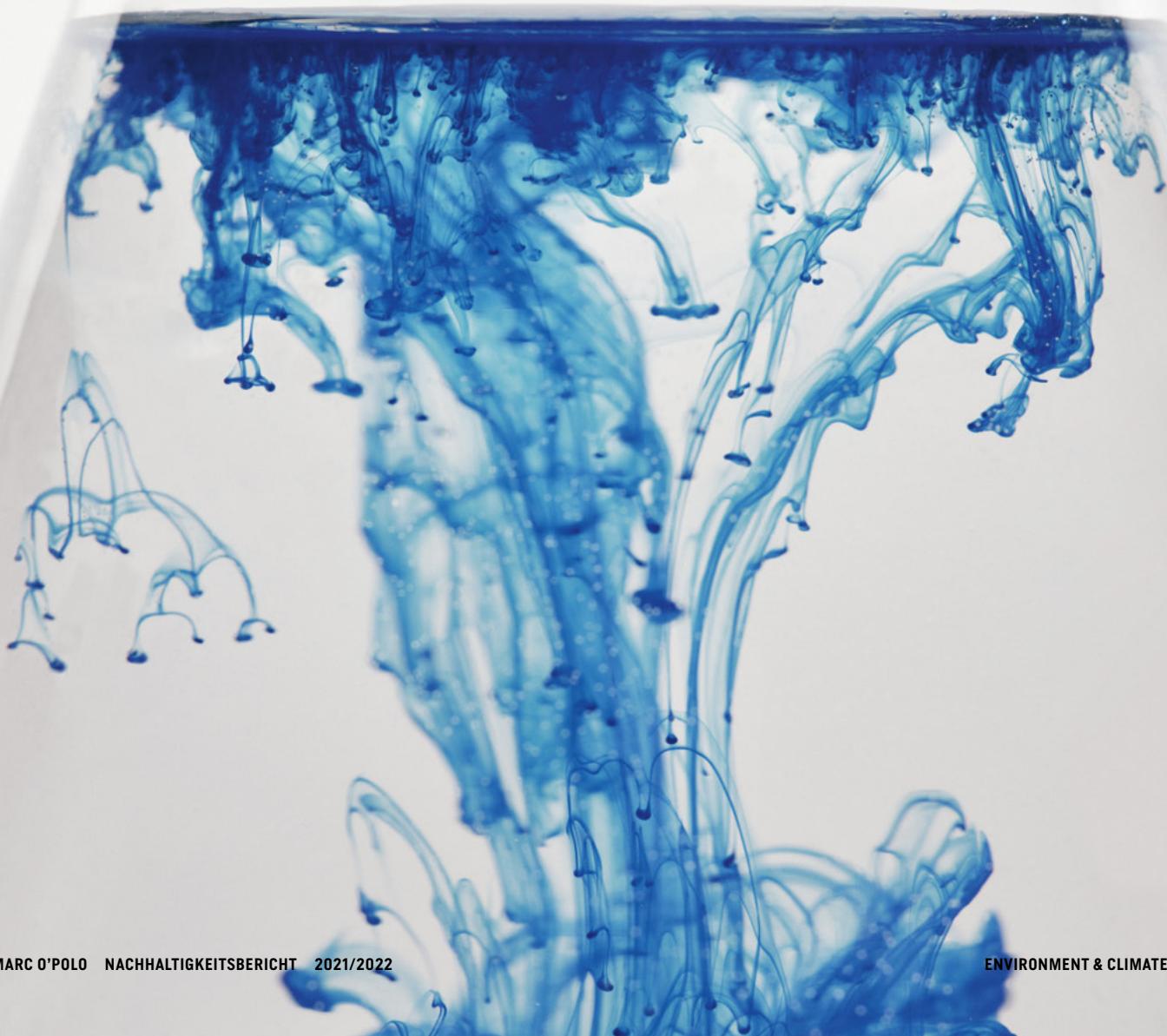
In the future, we will use these measures and others to reduce the environmental impact of our packaging.



4 ENVIRONMENT & CLIMATE

As a business, we see ourselves as facing major sustainability challenges in light of global ecological changes. We have prioritised environmental risks such as the use of hazardous chemicals, resource consumption and greenhouse gas emissions in our risk analysis and sustainability strategy. Marc O’Polo has an impact on the environment throughout the whole value chain. We are aware that our international procurement involves sustainability risks and consider it our commercial obligation to counteract these risks and take responsibility for our actions to protect the environment and the climate.

For this reason, Marc O’Polo is working to continuously reduce the environmental impact of its business activities. This includes the implementation and ongoing development of environmentally and climate-friendly processes and measures at our administration sites, at our retail outlets and in our logistics chain – as well as cooperation with our partners in the supply chain. During the reporting period, we began establishing important programmes to protect the environment and resources.



4.1 WATER

Most processes require water to manufacture textiles, such as the cultivation of natural fibres such as cotton, the creation of synthetic fibres and dyeing and finishing processes. In its direct area of responsibility, Marc O’Polo examines which measures are necessary to preserve resources and the environment and implements them accordingly. As a first step, we focus on reducing water consumption for special, water-intensive product categories as well as at our administration sites.



4.1.1 WATER MANAGEMENT IN OUR SUPPLY CHAIN

The greatest potential for reducing water demand is in the optimisation of water-intensive processes in our supply chain. To this end, we launched the 'OUR CLEANEST JEANS PROJECT' (OCJP) during the 2020/21 financial year. Our aim with it is to make jeans more environmentally friendly, reduce the consumption of resources and promote the use of sustainable materials.

OUR CLEANEST JEANS PROJECT (OCJP)

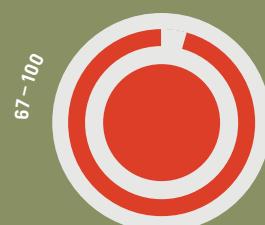
The conventional method of manufacturing denim products affects the environment in various ways. Alongside the extraction of raw materials, the dyeing processes and wash treatments in particular use a lot of water, energy and chemicals.

With the help of the OUR CLEANEST JEANS PROJECT (OCJP), we are making our jeans and other denim products eco-friendlier and less resource-intensive. The proportion of OCJP denim products in the spring/summer 2022 collection was 76 per cent for Marc O'Polo DENIM and 93 per cent for Marc O'Polo's casual collection.

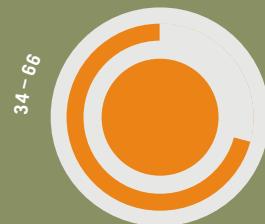
For a Marc O'Polo product to meet the OCJP standard, the wash treatments used for the jeans must be rated with a green EIM score (see the following illustration, 'low impact process'). To achieve this, we use resource-conserving technologies for these products' wash and finishing processes, such as laser, ozone and air nanobubble technologies, combined with the latest detergents. A pair of OCJP jeans must comply with at least this criterion, but may also fulfil one or two additional requirements, for example by using organic cotton or responsible denim-dyeing technologies for our OCJP denim products. Printed information inside the right-hand pocket shows which specifications a particular style meets.

We measure how eco-friendly our washes are using Jeanologia's Environmental Impact Measurement (EIM) tool. The EIM supports laundries and clothing manufacturers in making their processes more sustainable. In addition to water and energy consumption, the rating looks at the use of chemicals and how workers' health is protected.

Consumption figures are calculated to assess the water and energy categories. The chemicals used are subject to a risk assessment which also takes workers' health into account. The EIM shows the impact in the individual categories using the traffic light system below.



HIGH-IMPACT
PROCESS



MEDIUM-IMPACT
PROCESS



LOW-IMPACT PROCESS

POTENTIAL REDUCTIONS AND FURTHER MEASURES

The roll-out of the OUR CLEANEST JEANS PROJECT (OCJP) is a first step towards reducing water consumption in our supply chain. To date, however, we are not familiar with the specific water consumption of our wet process suppliers. During the reporting period, we began implementing the Sustainable Apparel Coalition (SAC) HIGG Facility Environmental Module (FEM) in our supply chain. This tool is intended to be used in the future to measure and evaluate, among other things, the resource consumption of our strategic suppliers [↗].

In addition to our focus on the careful use of water, we work with our suppliers to try and develop materials and processes that incorporate resource-conserving technologies. During the 2021/22 financial year, for example, we developed an internal catalogue of questions in discussions with various stakeholder groups to check and evaluate the environmental impact of dyeing technologies.

4.1.2 WATER MANAGEMENT AT OUR ADMINISTRATION SITES

In addition to our canteen and kitchenettes, water at our administrative sites is mainly used for hygiene facilities and is discharged exclusively into the local sewage system. Water consumption is recorded by the water supplier and analysed on a regular basis. At our headquarters, we reduce our consumption by using a cistern (grey water system) with a capacity of approx. 50 m³. The water from it is used as service water for flushing toilets. Depending on the weather and fill level, roughly 30 per cent of the required water is fed in from the grey water system. In addition, all hygiene facilities at our administration site are covered by a sustainability concept and equipped with things such as water-saving sensor taps, for example.

'IT IS OUR RESPONSIBILITY TO COUNTERACT THE ENVIRONMENTAL IMPACT OF MANUFACTURING PROCESSES AND ENSURE THAT THE CHEMICALS USED ARE SAFE FOR US HUMANS AND THE ENVIRONMENT.'



MICHAELA SIEBERT
GROUP MANAGER, ENVIRONMENTAL &
QUALITY MANAGEMENT

4.2 CHEMICAL AND WASTE WATER MANAGEMENT

The global textiles industry uses chemicals for manufacturing and finishing processes such as dyeing, washing or tanning, and they are estimated to account for roughly 20 per cent of global water pollution. These chemicals can be released via waste water discharges, affecting water quality and therefore the local water supply. Many of these substances can also be harmful to people's health and the environment.



4.2.1 DAS MARC O'POLO ENVIRONMENTAL MANAGEMENT PROGRAM (EMP)

In order to minimise these risks, we began gradually establishing a comprehensive Environmental and Chemicals Management Programme (EMP) in our supply chain during the reporting period. Our aim is to remove and replace chemicals that are harmful to people's health and the environment from the Marc O'Polo supply chain, implement effective chemicals management and dispose of waste water appropriately. The Marc O'Polo EMP will be implemented step by step and consists of the following aspects:

1. ZDHC MANUFACTURING RESTRICTED SUBSTANCES LIST (MRSL)

An MRSL is a list of restrictions that defines limits for process chemicals of concern, e.g. those in washing or dyeing processes. The implementation of the ZDHC MRSL is an important and major step. While attention was previously paid to a finished product's compliance with the limits based on the Marc O'Polo Minimum Requirements of Chemical Parameters (RSL), this now also applies to the manufacturing processes for our products.

In order to check that the chemicals used comply with the ZDHC MRSL, we require our wet process suppliers to create a digital chemical inventory and avoid or replace harmful substances.

2. CHEMICAL MANAGEMENT BASED ON THE ZDHC SUPPLIER TO ZERO PROGRAMME

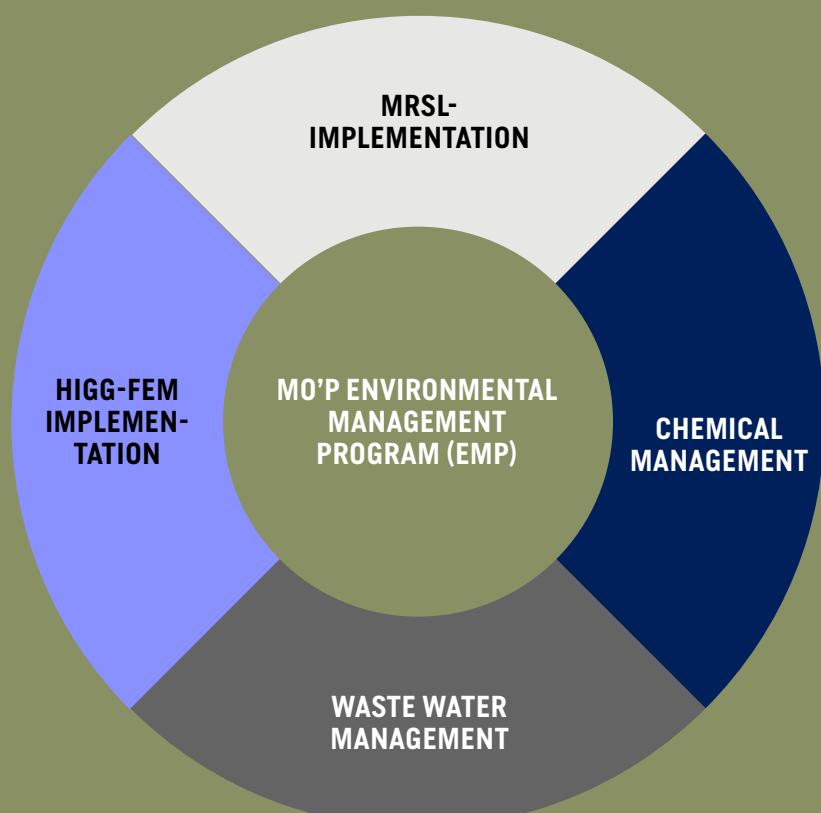
The introduction of ZDHC's Supplier to Zero Programme provides targeted support to measure the environmental impact of production processes, reduce risks in chemical processes and establish sustainable chemical management in our supply chains.

3. WASTE WATER MANAGEMENT

Through our waste water management strategy, we aim to ensure that the waste water produced in the wet processes for Marc O'Polo products is adequately purified by suitable effluent treatment plants (ETPs) before it is discharged into the environment. This includes, among other things, regular monitoring of the quantity and quality of the waste water that is treated.

4. SUSTAINABLE APPAREL COALITION (SAC) HIGG FACILITY ENVIRONMENTAL MODULE (FEM)

Using the Higg FEM, we measure the ecological sustainability performance and environmental impacts of our strategic partners based on a standardised method. We started implementing this during the reporting period.



4.2.2 PARTNER ORGANISATIONS

ZERO DISCHARGE TO HAZARDOUS CHEMICALS (ZDHC)

Much of the Marc O’Polo Environmental and Chemicals Management Programme (EMP) is based on the Zero Discharge of Hazardous Chemicals (ZDHC) Roadmap to Zero Programme. We believe in the need for systemic change in the industry and encourage our supply chain partners to adopt ZDHC policies, platforms and solutions for their sustainable chemicals management. As a ‘Friend of the ZDHC’, we give our supply chain partners access to the ZDHC platforms. They contain, among other things, comprehensive information about alternative chemical substances. Furthermore, suppliers can upload their chemical inventory and waste water data to the ZDHC platforms and make them available to other companies.

HIGG INDEX

Identifying and measuring sustainability performance objectively and systematically across the value chain is the basis of the Sustainable Apparel Coalition’s HIGG Index. The HIGG is a modular, Web-based tool consisting of the following five modules to assess the social and environmental performance of the value chain and the environmental impact of products: Higg Facility Environmental Module (FEM), Higg Facility Social & Labor Module (FSLM), Higg Brand & Retail Module (BRM), Higg Materials Sustainability Index (MSI) and Higg Product Module (PM).

As part of the Marc O’Polo Environmental and Chemicals Management Programme (EMP), we use the HIGG FEM to assess the environmental impact of our strategic partners in the supply chain.

We also use the HIGG Brand and Retail Module (BRM), which shows us the maturity of our company with regard to social and environmental management systems. In this way, we identify the ecological and social problems in our value chain in order to identify and develop strategies and measures for further improvement. Data is collected annually and always relates to the previous year.



4.2.3 OUR PRODUCTS' SAFETY

In addition to our Environmental and Chemicals Management Programme (EMP), which counteracts environmental risks in our supply chains, we have defined comprehensive guidelines and processes to ensure our products have the best protection possible. These are embedded in our Minimum Requirements of Chemical Parameters. This is our own 'restricted substances list' (RSL), which takes into account relevant national and international regulations on the use of chemical substances and other potentially hazardous materials. We have also defined internal standards for numerous chemical parameters which go beyond statutory requirements. The Minimum Requirements of Chemical Parameters are mandatory for all suppliers and form a binding part of our manufacturer agreement. They apply to all products, materials and finishing processes and are updated on an annual basis.

Compliance with these standards is monitored in comprehensive product safety tests conducted by independent, accredited laboratories. However, thanks to a defined escalation process involving all relevant departments, only market-compliant products have ever been delivered.

AVOIDING PFCS

PFCs (perfluorinated and polyfluorinated chemicals) are a particularly concerning group of chemical substances which are found, for example, in water- and oil-repellent textile finishes. For this reason, we began eliminating these substances from our supply chain back in 2015 and have not used PFC-based finishes since 2018.

LIMITS FOR MANUFACTURING PROCESSES AND MATERIALS – RSL VS MRS

RESTRICTED SUBSTANCES LIST (RSL)

An RSL is based on the end product and contains chemical substances and groups of substances that must only have a limited presence in the end product or be undetectable.



MANUFACTURER'S RESTRICTED SUBSTANCES LIST (MRS)

An MRS contains chemicals whose use in production processes such as washing or dyeing processes is restricted to specified dosages or completely prohibited.

We require our suppliers to adhere to both lists (MRS and RSL) in order to reduce the human and ecotoxicological impacts from chemicals that are hazardous to the environment and people's health.



4.2.4 LABELLING REQUIREMENTS

Marc O'Polo has established processes and mechanisms to meet statutory labelling requirements. To this end, information on the material composition and the country of origin, care symbols, additional notes, the product number and the manufacturer's address are provided on all products.

'THE LARGEST PART OF A COMPANY'S ENVIRONMENTAL IMPACT COMES FROM ITS SUPPLY CHAIN. THIS IS WHY CHOOSING THE RIGHT PARTNERS AND WORKING TOGETHER TO IMPROVE THEIR ENVIRONMENTAL PERFORMANCE IS CRUCIAL TO ENSURE OUR LONG-TERM SUSTAINABILITY.'



SUMIT KANTI SARKER
MANAGER, CHEMICAL & ENVIRONMENTAL MANAGEMENT

4.3 CLIMATE PROTECTION & ENERGY

4.3.1 CLIMATE NEUTRALITY OBJECTIVE

The fashion industry is responsible for at least four per cent of global greenhouse gas emissions. As a part of this industry, we are aware of our climate and environmental impacts and our role in achieving the Paris Agreement targets. For this reason, we took another important step towards climate protection in 2020 and adopted our internal target of becoming climate-neutral by 2025 through reduction measures and by offsetting the remaining emissions. Our collaboration with ClimatePartner is particularly important for achieving this goal. The company assists us in calculating all of our emissions based on our consumption, and this calculation serves as the basis for our reduction measures and subsequent offsets through certified climate protection projects (Verified Carbon Standard or Gold Standard).

Our greenhouse gas emissions are assessed using the Greenhouse Gas Protocol, the most frequently used standard. Emissions are categorised into three scopes. Scope 1 covers all direct emissions, such as heat that is generated, whereas scope 2 covers indirect emissions from purchased energy, such as electricity. Scope 3 encompasses all other indirect emissions, including logistics activities and emissions in the supply chain, such as those resulting from the extraction of raw materials or the production processes of our suppliers and manufacturers. The project started in May 2021 by calculating the corporate carbon footprint (CCF), which takes

into account all the relevant data for our headquarters in Stephanskirchen along with the company's own retail outlets and showrooms and our external warehouse. This includes Scope 1 and 2 emissions, such as heat, coolant, water, company vehicles and electricity. Scope 3 emissions are also considered for this purpose, for example the ones from business travel, staff commutes and waste disposal. The product carbon footprint (PCF) was then calculated. This indicator focuses on materials and the origin of the products, which includes the suppliers as well as the packaging, logistics and end of the life cycle. The PCF results are currently being calculated, while at the same time we are calculating the CCF data for the past financial year.

This data will now be used to calculate the total emissions for the first reference year, 2020/21, and serve as the basis for the development of our climate strategy, which we will finalise this year. This includes our potential reductions, the corresponding recommendations for action and the offsetting of the remaining emissions.

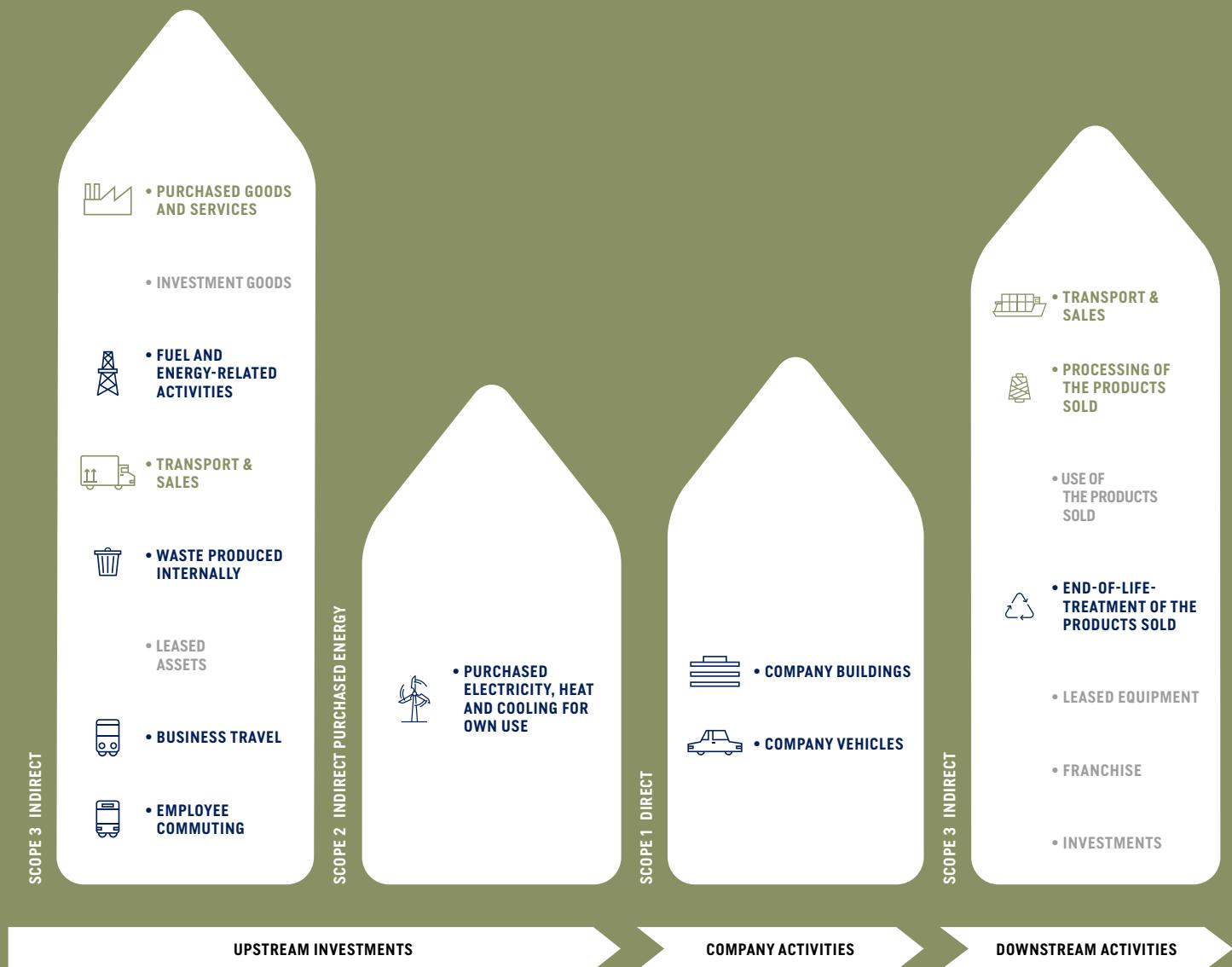
The Science Based Targets initiative (SBTi) also plays an important part in an effective climate protection strategy and we wish to develop science-based climate targets with it. These targets are then intended to be accepted and regularly checked for progress by the SBTi. We will take this important step during the 2022/23 financial year.



GREENHOUSE
GAS PROTOCOL

GHGS = CO₂ N₂O SF₆ NF₃ HFC₅ PFC₅ CH₄

- PRODUCT CARBON FOOTPRINT
- CORPORATE CARBON FOOTPRINT
- NOT INCLUDED



BREAKDOWN OF THE CARBON FOOTPRINT INTO SCOPES 1 TO 3

'THE NEXT FEW YEARS ARE GOING TO DETERMINE HOW CLIMATE CHANGE PROGRESSES THIS CENTURY. BUSINESSES ARE NOT ONLY THE ROOT CAUSE OF SUSTAINABILITY ISSUES, BUT ALSO THE MAIN PLAYERS IN SOLVING THEM. THIS MAKES OUR CURRENT MEASURES THAT CONTRIBUTE TO BEHAVIOURAL AND PROCESS CHANGES SO ESSENTIAL.'



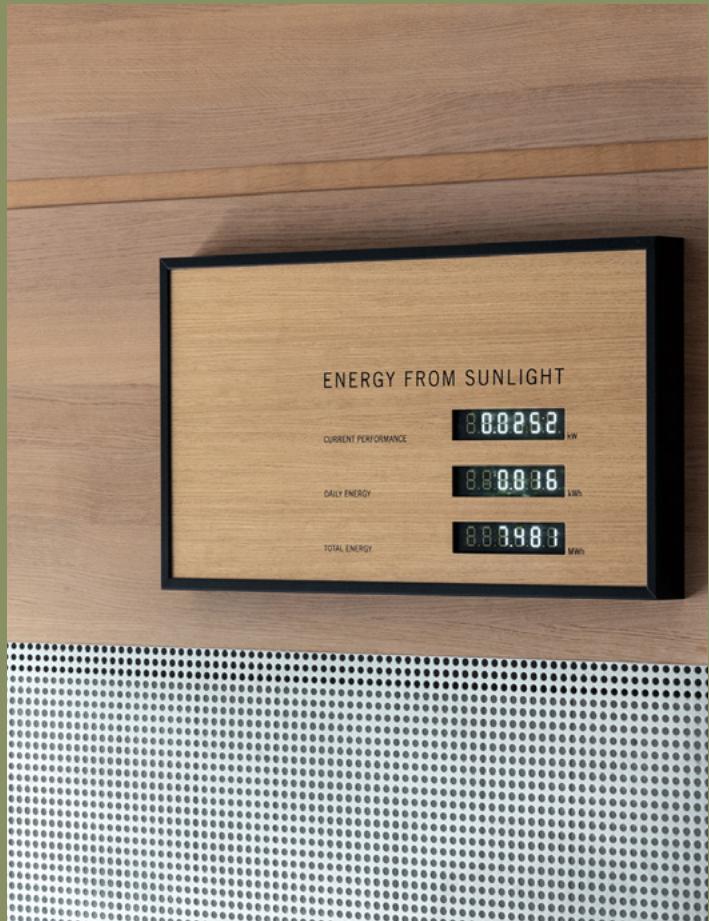
KATRIN MANN
SENIOR MANAGER, CORPORATE SUSTAINABILITY

4.3.2 ENERGY MANAGEMENT

Operating our sites in an eco-friendly way plays a central role in minimising our environmental impact.

We use an energy management system based on the DIN ISO 50001:2018 standard to precisely register and evaluate energy consumption at the Marc O’Polo sites and to identify room for improvement. We bring together our activities and aims in our annual energy programme. Our energy management system is implemented by a team of eleven experts in the fields of building management, human resources, fleet management, IT, retail and sustainability management. We also actively include our employees and involve them in our efforts. Our aim is to save energy in the form of electricity and gas at all our sites. Moreover, we want to use and expand an increasing amount of power from renewables. Our annual energy programme contains quantitative targets for this, along with measures to raise awareness among our employees as well as our customers. By the end of 2024, we aim to reduce our electricity consumption by 5 per cent on 2019 levels on a like-for-like basis. In addition, photovoltaic systems will be installed on our rooftops in 2022.

In the final quarter of the reporting period, we made the decision to transform our energy management system into an environmental management system. We were impressed by the systematic nature of the management system and the level of efficiency within the company. In addition to energy, we also want to address the issues of waste, water and species protection systematically and comprehensively as part of our environmental management. Furthermore, the integrated management system promotes the achievement of climate neutrality as part of our sustainability strategy.



4.3.3 ENERGY EFFICIENCY AND SOLAR PANELS

The power supply at our headquarters during the reporting period continued to consist entirely of certified green electricity, which also applies to all national sites where we are able to influence electricity procurement directly (97 per cent of purchased electricity). In total, more than 74 per cent or 4,880 megawatt hours (MWh) of the electricity consumed came from renewable energy sources. Electricity consumption at our company's locations amounted to 6,601 MWh during the reporting period.

Some of our administrative buildings have solar water heating systems. We decided to install additional photovoltaic systems in the previous financial year. Currently, the roofs of five of the six buildings on the campus are fitted with such modules, meaning that around 23 per cent of our electricity demand will be met by self-generated electricity from 2023 onwards. At the same time, we are having a new energy concept developed for the campus to check if we can also use the excess electricity to heat and cool the buildings and therefore reduce fossil fuel consumption further. Small measures such as adjusting ventilation times also have an additional effect.

We at Marc O'Polo are continuously working to reduce energy consumption in all areas as part of our energy management. The reporting period also saw a 'Green Weeks' campaign in which all employees were provided with information about energy-saving measures in the office and at home. Through lectures, workshops and various activities, they were able to learn helpful tips and initiatives for countering emissions. This also includes training and documentation for our retail employees, who are made aware of and informed about topics such as energy consumption and emissions. To further reduce the electricity consumption in our shops, we are gradually converting them to LED lighting. Eighty-six (previous year: 70) of our 131 shops (previous year: 110) have now been retrofitted, with the remaining retrofits taking place in 2022. Our location analysis takes into account our flagship stores, retail shops and factory outlets as well as temporary pop-up spaces.

Moreover, we choose energy-efficient appliances – such as air-conditioning units and electrical appliances – when we fit out our stores. To create transparency in energy consumption in our spaces, we read all the meters at our stores on a regular basis.

ELECTRICITY CONSUMPTION DURING THE 2021/2022 REPORTING PERIOD

Renewable & fossil consumption

Renewable*	4880 MWh
Fossil*	1722 MWh

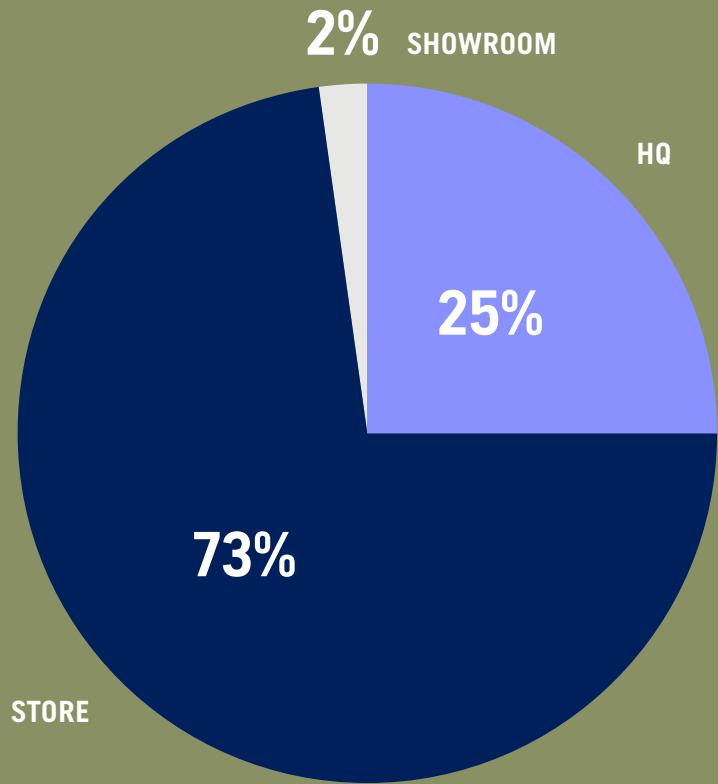
Site electricity consumption

HQ*	1652 MWh
Store*	4801 MWh
Showroom*	148 MWh

Energy intensity per location

HQ*	81 kWh/m²
Store*	130 kWh/m²
Showroom*	74 kWh/m²

* Figures rounded



130 KWH/SQM

STORE

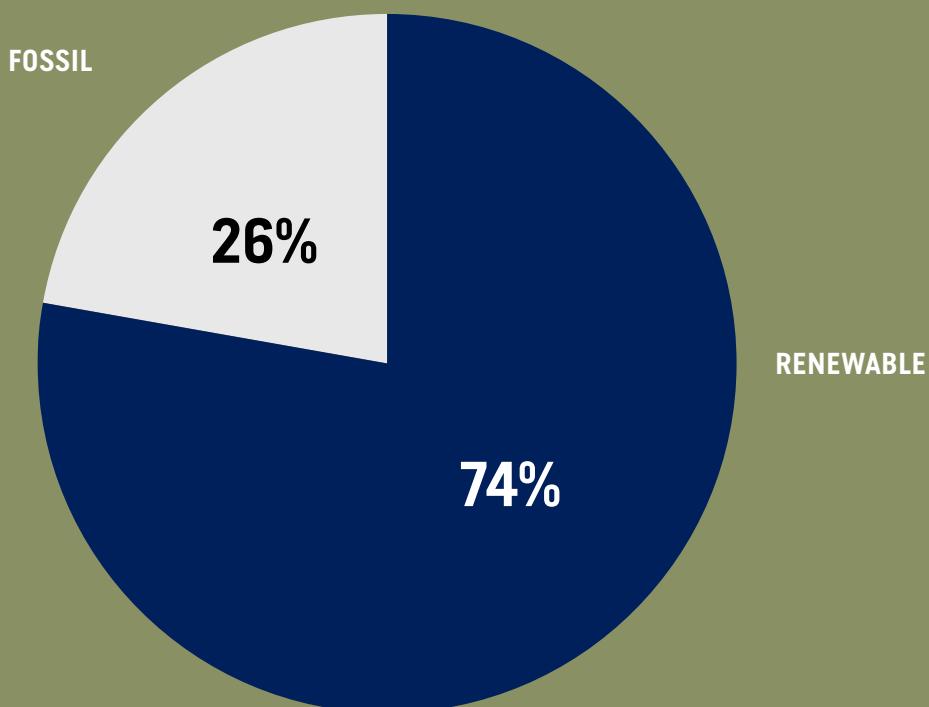
81 KWH/SQM

HQ

74 KWH/SQM

SHOWROOM

ENERGY INTENSITY PER LOCATION



ELECTRICITY CONSUMPTION (RENEWABLE & FOSSIL CONSUMPTION)

4.3.4 BUSINESS TRAVEL

In order to continuously reduce our carbon emissions, we are currently working on a new transport concept, which also includes travel guidelines.

We select low-emission models for the vehicles in our fleet and also use vehicle fleet software to register driving behaviour and individual consumption and thus identify potential for improvement. Our travel guidelines also promote environmentally conscious driving behaviour. We reward staff who refrain from using a company car with a mobility allowance.

We also do our best to make business trips environmentally friendly. For distances of up to 400 km – and occasionally even longer – our employees use Deutsche Bahn. Small hire cars and public transport are designated for shorter distances. To promote better use of electric vehicles among staff, we installed no fewer than twelve further electric charging stations at our headquarters in 2022. Twenty more charging points are planned this year, taking the campus' total to 40.

Our carbon emissions from business travel by air amounted to 443 tonnes in the reporting period (an increase of 276 per cent on the previous year when there was less business travel due to Covid-19). A total of 2,998,540 km were travelled for business purposes, producing 510 tonnes of carbon emissions.

Business travel carbon emissions in 2021/2022 reporting period

	T CO ₂	KM
FLIGHTS	443	2.153.818
HIRE CARS	66	438.857
TRAINS	9	405.865
TOTAL	510	2.998.540



'CHALLENGING TIMES IN PARTICULAR SHOW HOW WELL A SYSTEM FUNCTIONS. ITS EFFECTIVENESS CAN ONLY BE FULLY UNLOCKED IF THE STRUCTURES ARE ESTABLISHED FOR IT. TIMES LIKE THESE REQUIRE US TO QUESTION OUR ACTIONS AND CONDUCT EVEN MORE AND EXAMINE THE DETAILS EVEN MORE CLOSELY. FOR US, OUR ENERGY MANAGEMENT SYSTEM IS EVIDENCE OF THE GRAVITY AND LONG-TERM NATURE OF OUR ACTIVITIES.'



VALERIE JANETSCHEK
SENIOR MANAGER, CORPORATE SUSTAINABILITY

5 PEOPLE

Marc O’Polo’s corporate culture is characterised by an open and value-oriented community. Our HR strategy aims, among other things, to create an inclusive culture and make us a pioneer for internationalisation and sustainability, including in relation to our own teams. We also seek to be a change agent who drives change at Marc O’Polo with a pioneering spirit and, as a ‘WOW Employer of Choice’, puts people first.



'INVESTING IN A SUSTAINABLE FUTURE BEGINS BY INVESTING IN PEOPLE. THAT IS WHY WE AT MARC O'POLO ARE CONSISTENTLY BROADENING OUR OFFERINGS FOR PROFESSIONAL DEVELOPMENT AND CULTURAL ENGAGEMENT.'



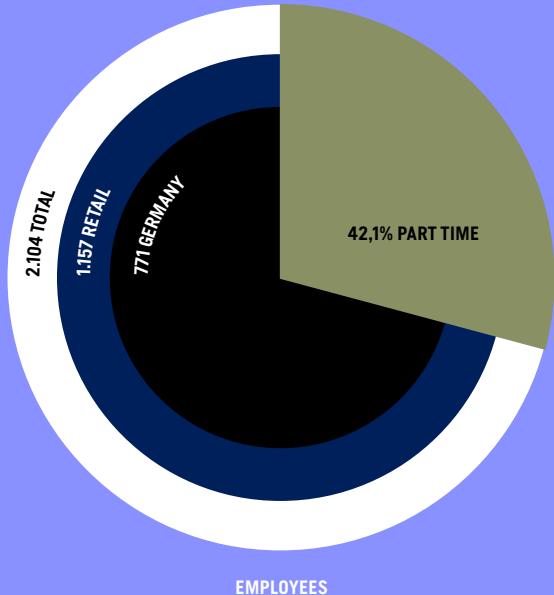
MARKUS STAUDE-SKOWRONEK
CFO & CHRO

5.1 OUR EMPLOYEES

At Marc O’Polo, trust and responsibility shape our community, which has a positive effect on the working atmosphere. Options for further development and equal opportunities are at the heart of everything we do. This area of our business is divided into the Human Resources, Payroll & Services and HR Innovation & Projects departments and is overseen by the Director HR & Central Services, who reports to the CHRO/CFO.

5.1.1. WORKFORCE COMPOSITION

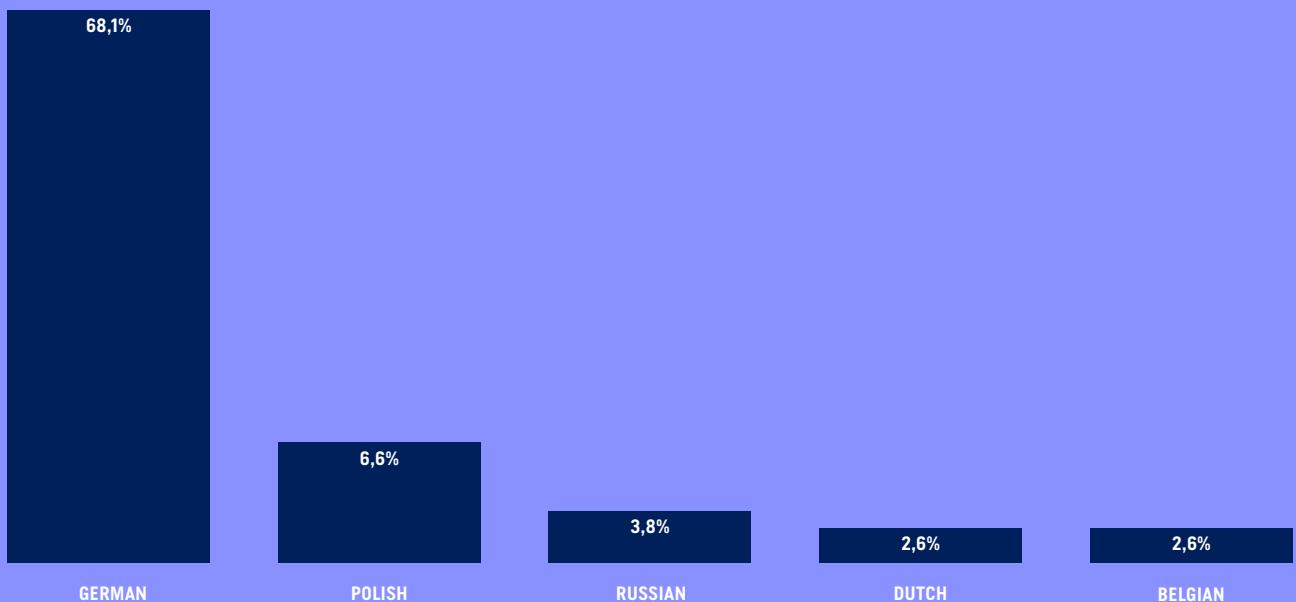
During the reporting period, Marc O’Polo AG had 2,104 employees globally (previous year: 1,856), including apprentices, temporary staff, interns, integrated-degree students and trainees. There were 1,157 retail employees (previous year: 935), of whom 771 were in Germany. 42.1 per cent (previous year: 36.8 per cent) of all employees were employed part-time.



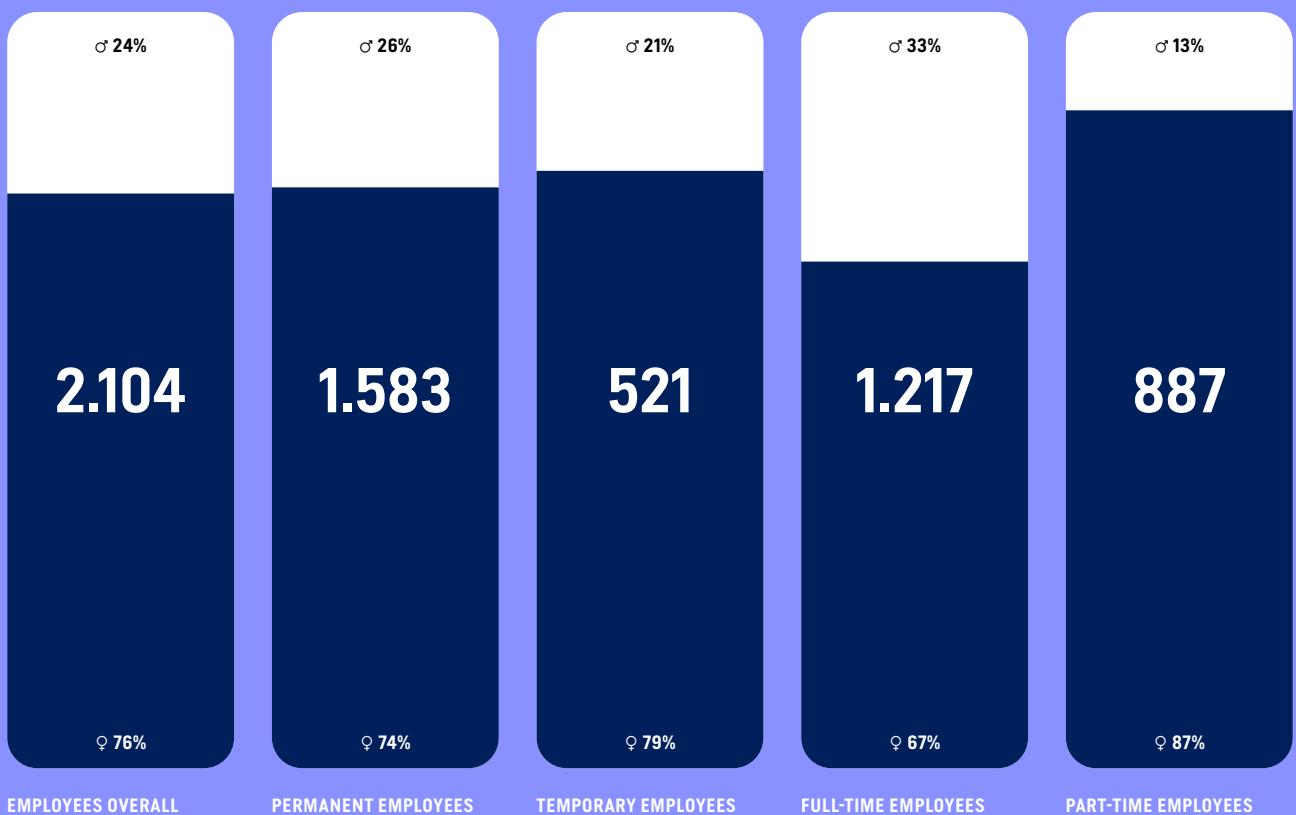
WORKFORCE COMPOSITION BY REGION

FY 2021/2022	WESTERN EUROPE	EASTERN EUROPE	NORTHERN EUROPE	SOUTHERN EUROPE	ASIA	TOTAL
EMPLOYEES OVERALL	1,801	277	4	21	1	2,104
PERMANENT EMPLOYEES	1,393	177	2	10	1	1,583
TEMPORARY EMPLOYEES	408	100	2	11	0	521
FULL-TIME EMPLOYEES	1,000	201	3	13	0	1,217
PART-TIME EMPLOYEES	801	76	1	8	1	887

TOP 5 NATIONALITIES

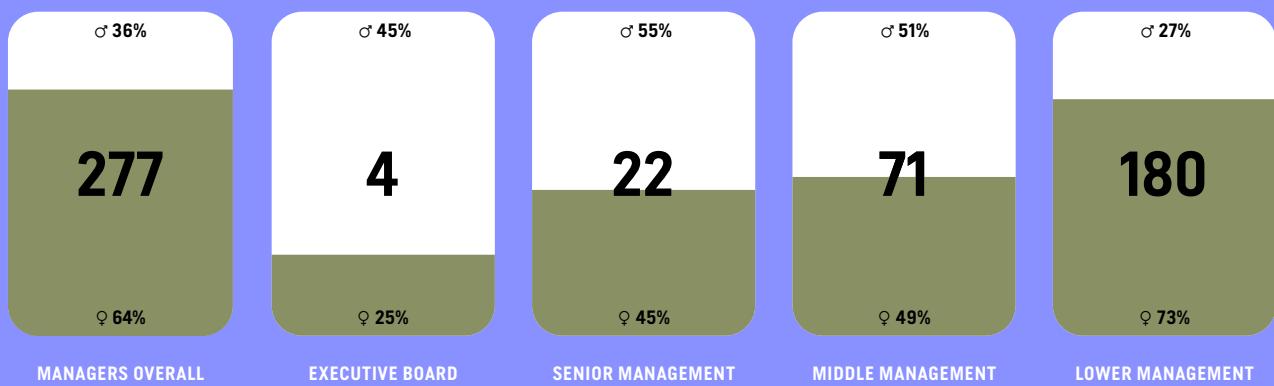


WORKFORCE COMPOSITION BY GENDER*

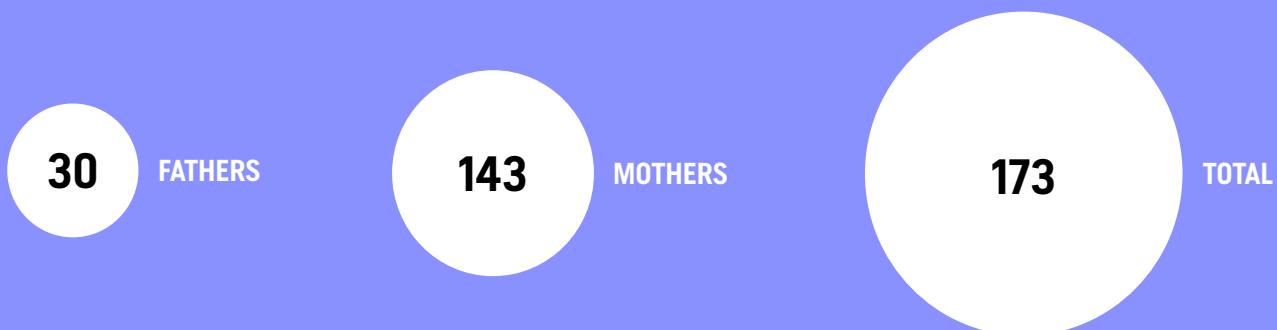


*EMPLOYEES' SELF-IDENTIFIED GENDER. FEWER THAN 5 EMPLOYEES WERE NOT CATEGORISED AS ONE OF THE BINARY GENDERS DURING THE REPORTING PERIOD. THEY ARE NOT REPORTED FOR THE SAKE OF DATA PROTECTION.

MANAGEMENT COMPOSITION BY GENDER*

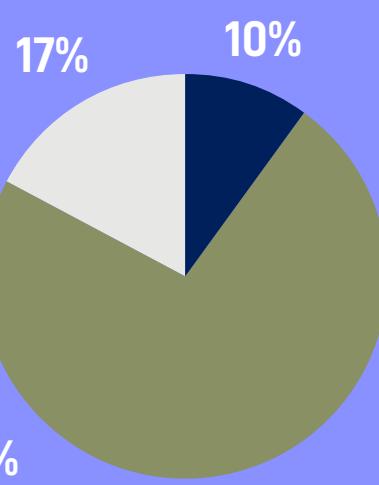
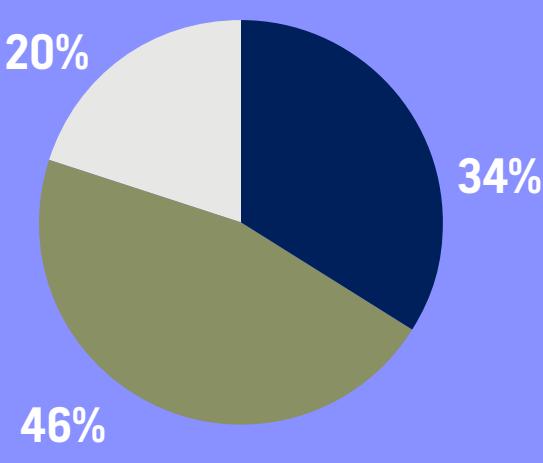


EMPLOYEES ON PARENTAL LEAVE*



ALL EMPLOYEES' AND MANAGERS' AGE DIVERSITY

● UNDER 30 ● 30-50 ● OVER 50



*EMPLOYEES' SELF-IDENTIFIED GENDER. ALL INDIVIDUALS WERE CATEGORISED AS ONE OF THE TWO REPORTED GENDERS DURING THE REPORTING PERIOD.

NEW HIRES¹

ATTRITION¹

FY 2021/2022	GERMANY	INTERNATIONALLY	GERMANY	INTERNATIONALLY
TOTAL	552	248	357	159
FEMALE*	389	192	257	127
MALE*	163	56	100	32
 UNDER 30	 232	 95	 196	 112
FEMALE*	152	75	138	88
MALE*	80	20	58	24
 30 - 50	 270	 138	 129	 42
FEMALE*	194	103	93	34
MALE*	76	35	36	8
 OVER 50	 50	 15	 32	 5
FEMALE*	43	14	26	5
MALE*	7	1	6	0

NEW HIRES¹

ATTRITION¹

FY 2021/2022	HQ	RETAIL	HQ	RETAIL
TOTAL	204	596	133	383
FEMALE*	126	455	92	292
MALE*	78	141	41	91

¹ EXCLUDING APPRENTICES, INTERNS, TRAINEES, INTEGRATED-DEGREE STUDENTS AND GAP YEAR PARTICIPANTS

* EMPLOYEES' SELF-IDENTIFIED GENDER. ALL INDIVIDUALS WERE CATEGORISED AS ONE OF THE TWO REPORTED GENDERS DURING THE REPORTING PERIOD.

5.1.3 EMPLOYEE SATISFACTION

We use a company mood board to determine the satisfaction of our employees. It contains three questions that are rated 1 to 7, with 7 indicating full agreement and 1 full disagreement. This allows us to gain an idea of the current mood on an ongoing, comparable basis. The figures shown are the mean for the past twelve months of the reporting period.

In addition, in September 2021, a company-wide employee survey on job satisfaction and the work atmosphere at Marc O'Polo was conducted again in cooperation with the Ludwig Maximilian University of Munich. It is used to identify and develop HR measures in order to create the best possible working environment for our employees. Our second place as a top employer in TextilWirtschaft's 'Working in Fashion' study during the financial year showed us that we are on the right track and lifted us up three places from the previous year's result.

I FEEL HAPPY AT
MARC O'POLO:

MY MANAGER
APPRECIATES ME:

I HAVE A SAFE JOB AT
MARC O'POLO:

5,5

5,4

5,4

PREVIOUS YEAR: 5,4

PREVIOUS YEAR: 5,3

PREVIOUS YEAR: 4,8

'WE CAN ONLY ACHIEVE OUR SUSTAINABILITY GOALS BY WORKING TOGETHER. OUR EMPLOYEES' TEAM SPIRIT HAS ALWAYS BEEN THE KEY FOR THIS. TOGETHER, WE ARE CONSTANTLY EDGING CLOSER TO MAXIMUM POSSIBLE SUSTAINABILITY.'



SILKE WALZ
DIRECTOR, HR & CENTRAL SERVICES

5.2 WHO WE ARE

Our corporate culture is based on mutual respect as well as fairness, openness, trust and responsibility. Marc O'Polo's success is reliant on a wide variety of characters who wish to drive change ambitiously, who enjoy going a step further and who help influence things rather than simply accepting them. To ensure we are well positioned for the future, we implemented further measures from the HR strategy that we developed in the previous year as well as our internationalisation strategy for HR during the reporting period. For example, we conducted interviews with employees, held HR training on the topic of diversity and revived cooperation with German universities with live career events for students after the pandemic. As a pilot project, we are offering an express shuttle bus from the railway station to our headquarters to provide long-term support for commuting employees. To strengthen our international capabilities, we have translated numerous e-learning courses into new languages, built up an international pool of trainers and expanded our leadership seminars to include intercultural skills.



EMBODYING VALUES

Marc O’Polo’s five key values form the foundation of our brand identity as well as our ethos and collaboration, and are reflected in our processes, our managerial pledge and our models for further development.

NATURAL

SIMPLICITY

QUALITY

PERSONALITY

INNOVATION

5.2.1 AMBITION & TARGETS

OUR AMBITION:

'We wish to be perceived as a "Wow Employer". We wish to be your "empowering champion" with an inclusive environment. We are shaping the future as a pioneer of internationalisation and as an enabler of profitable growth.'

OUR TARGETS:

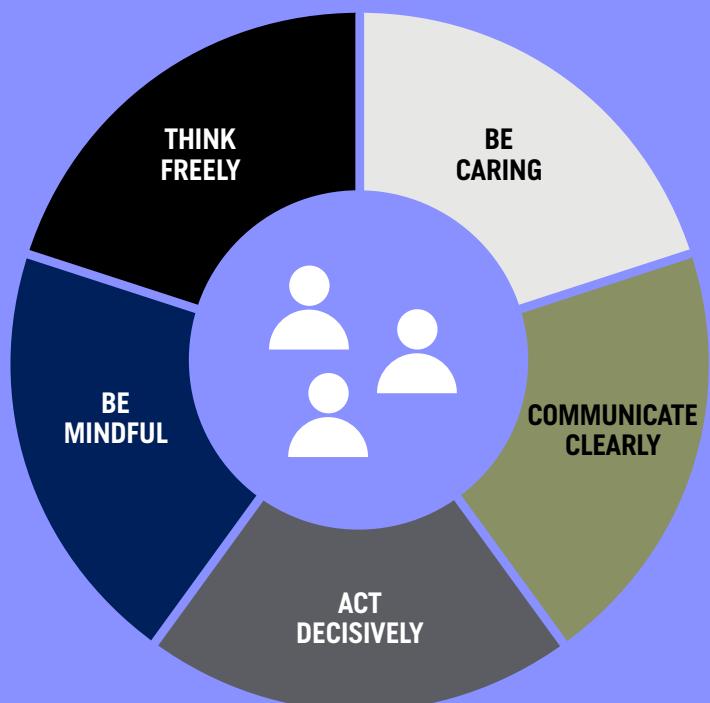
- We want to create an inclusive culture which values existing ways and develops new ones. A culture of success, joy and appreciation.
- We want to be a change agent, helping Marc O'Polo to evolve into a modern, digital, lean company that can adapt easily to a rapidly changing environment.
- We want to pioneer internationalisation and sustainability. We want to pave the way for our company to become a global premium brand whilst maintaining high sustainability standards.
- We want to be a 'Wow Employer of Choice' – internationally and in all sectors that are relevant to Marc O'Polo.

5.2.2 OUR LEADERSHIP MODEL

With our leadership model, we have established a shared understanding of leadership throughout the entire company. It sets out a caring, mindful approach which fosters an appreciative, effective way of thinking, acting and communicating.

The leadership model formulates a clear pledge: We take responsibility for our employees, their motivation and their talent and lead them in such a way that they can achieve great things – both for themselves and for us as a company.

Our appraisal interviews for all permanent employees take place with an appreciative, mutual dialogue and with the Marc O'Polo key values for guidance. Held annually, they allow our managers to define individual goals and suitable training measures with their employees. The subsequent pulse check meetings, which take place around the middle of the financial year, provide a status update on the achievement of the defined goals and adjustments if necessary. For these, too, we attach great importance to open, mutual feedback between managers and employees.



5.2.3 DIVERSITY AND EQUAL OPPORTUNITIES

At Marc O’Polo, we employ people from different nations and cultures. We value our employees equally, regardless of their gender, age, religion, origin, sexual orientation or disability, and see diversity as an enormous enrichment of our corporate culture.

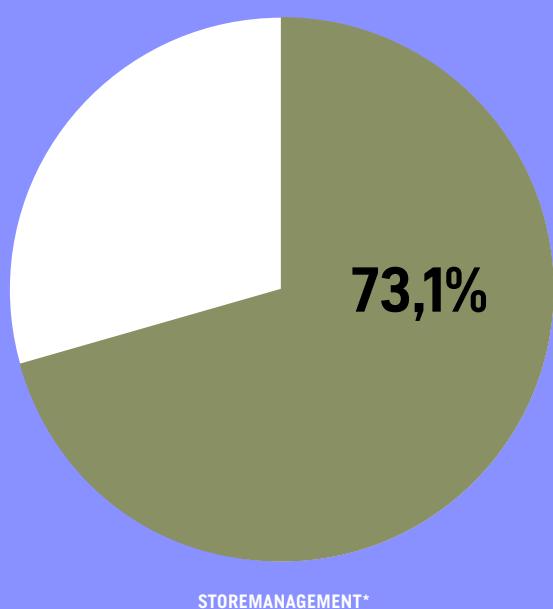
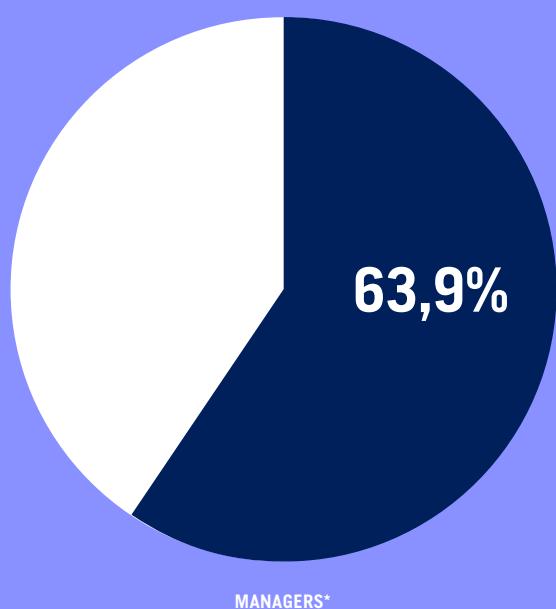
Diversity, equality and inclusion are very important to Marc O’Polo and we wish to focus even more on these topics. We are not yet diverse enough at every level and in every sphere, so we have set about changing this. We want to raise our employees’ awareness of and enthusiasm for diversity in order to establish long-term acceptance for the diversity process. In connection with this, we motivate our staff to approach us with ideas or wishes. During the reporting period, we conducted interviews with employees with the help of an external consulting firm and, as part of anti-bias training sessions, began to raise awareness among HR employees in order to publicise the topic within the company.

Over the coming financial year, the themes of diversity, equality and inclusion will continue to be key elements for Marc O’Polo and we will continue to progress our work on them with a wide range of offers for both managers and employees.

Many more women work at Marc O’Polo than men. 63.9 per cent of managers across all levels are women, as are 73.1 per cent of our store managers. Employees are paid on the basis of their position as well as on the market and their performance, regardless of their gender. We review our remuneration’s consistency with the market and employee performance through regular salary surveys, drawing on external support and benchmarks across all areas of business and countries. Our workforce is comparatively young, with 48.0 per cent of it under the age of 35 (previous year: 46.1 per cent).

HIGH PROPORTION OF WOMEN IN MANAGEMENT POSITIONS

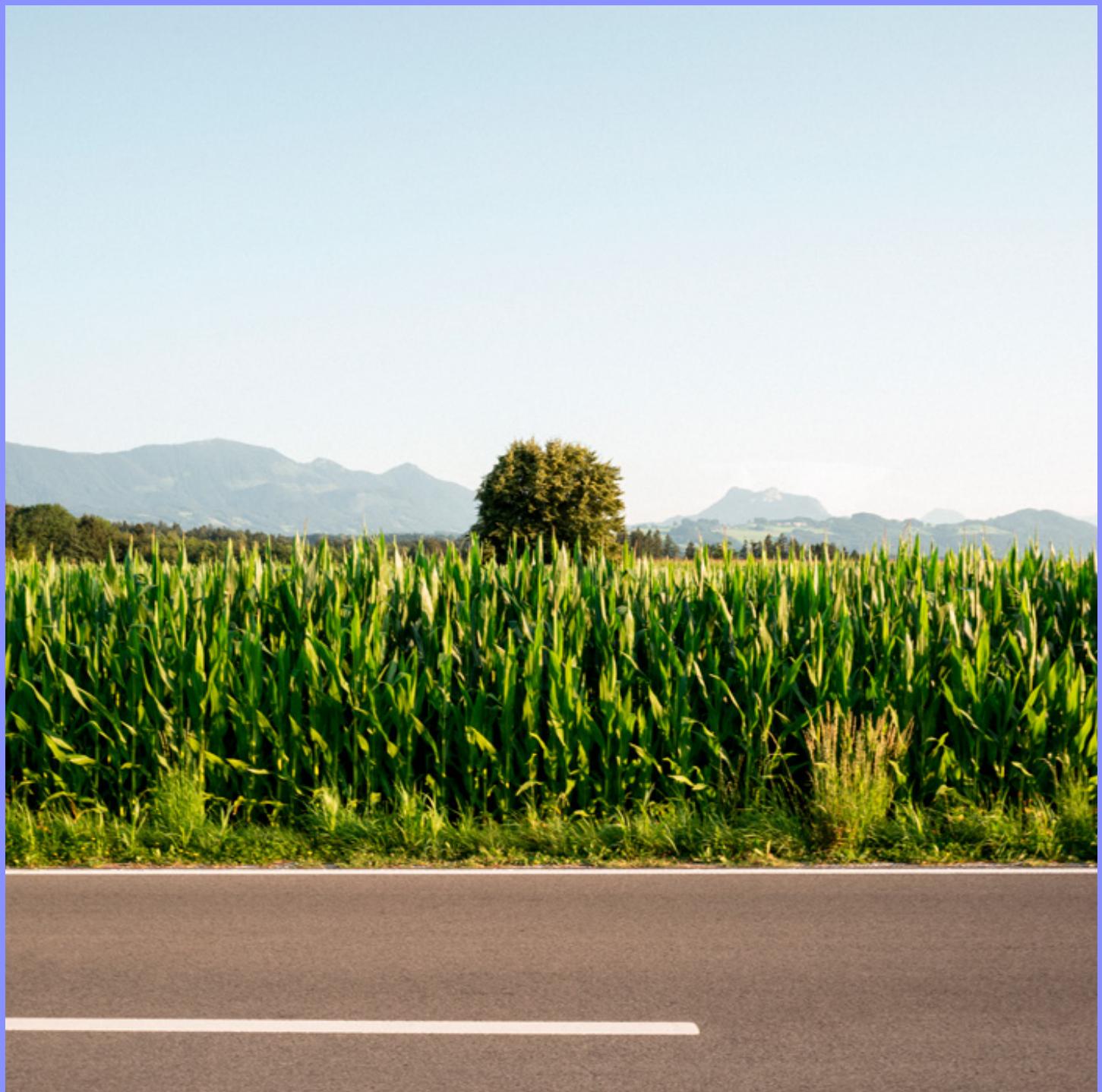
Many more women work at Marc O’Polo than men. ● 63,9 per cent of managers across all levels are women, as are ● 73,1 per cent of our store managers. Employees are paid on the basis of their position as well as on the market and their performance, regardless of their gender.



* EMPLOYEES' SELF-IDENTIFIED GENDER. ALL INDIVIDUALS WERE CATEGORISED AS ONE OF THE TWO REPORTED GENDERS DURING THE REPORTING PERIOD.

5.3 WORK-LIFE-BALANCE & HEALTH

We support our employees in finding a balance between their work and private life. This is crucial for our employees' health, enthusiasm and motivation.



5.3.1 FLEXIBLE WORKING

We believe that good ideas can come from anywhere. Even before Covid-19, we gave many of our employees greater independence to choose where and when they work. Advancing digitisation and the ‘new normal’ brought about by the pandemic accelerated this shift. Most of the employees at our headquarters in Stephanskirchen work on a basis of trust. Wherever possible and operationally reasonable, our employees can work remotely, in a co-working space or – during order-free periods – at our showroom in Munich. Since February 2022, it has also been possible to book a workstation free of charge at one of the design offices across Germany, a service that is used very often.

As part of our ‘Freedom to Flexwork’ concept, we continued to work on initiatives to promote flexibility during this financial year. They included, for example, a ‘Global Mobility’ project, which is intended to make it easier for our employees to work internationally in the future.

5.3.2 FAMILY-FRIENDLINESS

With Marc O’Polo Family, we take steps to make our workplace family-friendly. Throughout the Group, we offer a variety of part-time models and ensure that even managers have the option to work part-time. We make it easier for parents to return to work with financial support for childcare. Furthermore, planning began during the financial year for the children’s holiday programme, which will be relaunched in summer 2022 for the first time since the pandemic. A dog-friendly company policy developed during the financial year allows staff members to bring in dogs while taking the interests of all colleagues into consideration.



'WE DEPEND ON EACH OTHER, WHICH MEANS WE ARE RESPONSIBLE FOR EACH OTHER AND FOR FUTURE GENERATIONS. THIS IS WHY IT IS IMPORTANT TO ADD VALUE FOR ALL OF OUR STAKHOLDERS. WE MUST BE THE CHANGE WE ARE LOOKING FOR IN THE WORLD.'



MARIA HÖHN
JUNIOR MANAGER, CORPORATE SUSTAINABILITY

5.4 DEVELOPMENT AND TRAINING

Motivation comes from developing your own abilities and using them to achieve success with others, which is why it is important to us to offer our co-workers the opportunity to develop both professionally and personally. We support the development of junior employees as well as experienced specialists and managers at our headquarters and our stores, which paves the way for long-term employment and allows us to meet our objective of filling managerial positions with candidates from within the company whenever possible. Staff training is another key component of our HR strategy.



5.4.1 TRAINING

Marc O’Polo’s training concept is a hybrid one. We offer virtual as well as face-to-face training courses for our employees, and most of them in multiple languages. A total of 1,485 employees attended 28,525 seminar/training hours during the reporting period.

With our Marc O’Polo University, we offer training on methodology, expertise and social skills, including lean management and product training courses. Our Retail Academy offers our shop staff and teams training for all career levels. Our employees actively help to develop the range of training opportunities.

We multiply internal expertise in line with the motto, ‘From employees for employees’. We also have four retail sales trainers in our retail operations to train our teams in-store, both nationally and internationally.

OUR EMPLOYEES' AVERAGE TRAINING HOURS*

MANAGERS



EMPLOYEES



*EMPLOYEES' SELF-IDENTIFIED GENDER. FEWER THAN 5 EMPLOYEES WERE NOT CATEGORISED AS ONE OF THE BINARY GENDERS DURING THE REPORTING PERIOD. THEY ARE NOT REPORTED FOR THE SAKE OF DATA PROTECTION.

5.4.2 TALENT MANAGEMENT

With our talent management strategy, we aim to establish a corporate culture where talented individuals are recognised and fostered, regardless of their level in the hierarchy, department or training. At Marc O'Polo, we offer both managerial and non-managerial career paths with corresponding training programmes, allowing us to train leaders and offer appropriate career and development opportunities to non-managerial specialists.

Our Leadership Academy gives managers the opportunity to delve deeper into topics such as values, corporate culture and mindfulness. The Leadership Essentials Newcomer training series provides new managers with important tools that help qualify them for their duties.

5.4.3 TRAINING AND INTEGRATED DEGREE PROGRAMME

Staff training is a key component of our HR strategy.

As an international fashion company, Marc O'Polo offers skilled occupations in various departments at our headquarters and in retail. We increased the opportunities we offer for training and study during the reporting period, adding new focal areas to appeal to a wider group of talented young people. A total of 50 trainees and integrated-degree students (previous year: 47) were employed at Marc O'Polo, of whom 24 (previous year: 23) were at the headquarters and 26 (previous year: 24) in retail.

With our integrated degree programme, we offer graduates with a university degree or advanced technical college certificate comprehensive theory and practical experience in an international environment. We offer the Business Manager Textiles BTE degree in collaboration with the LTD Nagold textile academy as well as a Bachelor of Arts with Baden-Wuerttemberg Cooperative State University (DHBW) and a remote programme at IU International University of Applied Sciences.



5.5 MARC O'POLO FOUNDATION

As an important employer and company rooted in the region, Marc O’Polo sees itself as part of society. Getting involved in social causes and supporting our fellow members of society is a matter of course for us. For example, we support projects in the fields of art, culture, sport, education and charity. The events in Ukraine have touched us deeply and therefore shaped the foundation’s work to a large extent during the reporting period.

Marc O’Polo has initiated a number of projects to send a message for peace and solidarity. For example, we have launched a statement sweatshirt as an offer for customers to make an active contribution to Ukraine’s aid. All proceeds from the sales are set aside and go to humanitarian aid projects in Ukraine. This campaign has raised almost €140,000 for the foundation. €77,000 of this money went to Ukraine aid projects during the reporting period, with the remainder also going towards this purpose after the end of the financial year.

The Marc O’Polo Foundation dispatched medical supplies, food and hygiene items from the company’s Stephanskirchen site to the border between Romania and Ukraine for direct humanitarian aid in Ukraine. A further delivery was made possible thanks to donations from our employees. Further support will also be provided in the coming reporting period.

In addition, the foundation will once again partner with Marc O’Polo to support the Schöne Aussicht children’s home, an established institution overseen by Jugendhilfe Rosenheim. Donations have also been made to various Caritas institutions, the Promised Land Foundation and other non-profit organisations.

Moreover, the foundation has donated €20,000 to Save the Children for a project which aims to minimise the spread of coronavirus in India and increase people’s understanding of Covid-19.

CHARITABLE PROJECT FUNDING IN FY 20/21

- STEPHANSKIRCHEN FIRE BRIGADE €600
- STIFTUNG AKTION KNOCHENMARKSPENDE IN BAYERN €1,000
- STIFTUNG ST. ZENO/KINDERHEIM SCHÖNE AUSSICHT €1,500
- LIONS HILFSWERK BAD ENDORF €2,000
- SCHLOSSBERG-STEPHANSKIRCHEN SPORTS CLUB €2,000
- CARITAS VERBAND, HAUS CHRISTOPHORUS BRANNENBURG €2,000
- PRO ARBEIT ROSENHEIM E.V. €5,000
- SUMMER FESTIVAL, LANDESGARTENSCHAU ROSENHEIM 2010 GMBH €8,000
- PROMISED LAND FOUNDATION, GHANA SCHOOL €15,000
- SUPPORT FOR EMPLOYEES IN EMERGENCIES €15,000
- SAVE THE CHILDREN €20,000
- UKRAINE DONATIONS €77,000

TOTAL: 151.000 €

'OUR CURRENT LINEAR SYSTEM DEMANDS A LOT FROM HUMANS AND NATURE. OUR ACTIONS AND CONDUCT THEREFORE NEED TO BE BASED ON NATURAL CYCLES. THE VALUE OF OUR COMMUNITY CAN ONLY BE MAINTAINED THROUGH THE POSITIVE SOCIAL IMPACTS OF A CIRCULAR ECONOMY.'



LAURA BARTH
**JUNIOR MANAGER, CORPORATE
SUSTAINABILITY & INNOVATION**

GRI-CONTENT-INDEX

This report is based on the recognised sustainability reporting standards of the Global Reporting Initiative (GRI) published in 2021.

In the following GRI Content Index, the corresponding indicators from the standards are clearly presented for all material topics and marked with page numbers in accordance with the explanations in this report.

GRI	GENERAL INFORMATION	PAGE(S)	COMMENTS
GRI 2-6	Activities, value chain and other business relationships	P. 4 P. 8 P. 34 P. 36	
GRI 2-7	Employees	P. 83 P. 84	
GRI 2-8	Workers who are not employees	P. 81	
GRI 2-9	Governance structure and composition	P. 5 P. 29	Under the German Stock Corporation Act (Aktiengesetz), members of the Supervisory Board are not permitted to act as directors at the same time. The Supervisory Board continued to monitor the Executive Board's management during the 2021/2022 financial year on an ongoing basis and advised it on the management of the company. The Executive Board has complied with its information obligations and provided regular, prompt and comprehensive information in written and verbal form on all issues of relevance to the company and the Group in relation to strategy, planning, business development and risk. The Supervisory Board does not have any other committees.
GRI 2-10	Nomination and selection of the highest governance body	P. 5	
GRI 2-11	Chair of the highest governance body	P. 5	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	P. 5 P. 29	The Supervisory Board continued to monitor the Executive Board's management during the 2021/2022 financial year on an ongoing basis and advised it on the management of the company. The Executive Board has complied with its information obligations and provided regular, prompt and comprehensive information in written and verbal form on all issues of relevance to the company and the Group in relation to strategy, planning, business development and risk.
GRI 2-13	Delegation of responsibility for managing impacts	P. 29	

GRI	GENERAL INFORMATION	PAGE(S)	COMMENTS
GRI 2-14	Role of the highest governance body in sustainability reporting		The sustainability report is acknowledged by the Supervisory Board and approved and audited by the Executive Board of Marc O'Polo AG. An external audit was not carried out.
GRI 2-15	Conflicts of interest	P. 5	A declaration on relationships with affiliated companies was issued for Marc O'Polo AG. This shows that Marc O'Polo AG received appropriate consideration for each transaction in the transactions listed in the report on relationships with affiliated companies and was not disadvantaged by measures being taken. No measures were omitted.
GRI 2-16	Communication of critical concerns		Critical concerns can be communicated to the Supervisory Board at the Supervisory Board meeting. There were no critical concerns to report during the reporting period.
GRI 2-17	Collective knowledge of the highest governance body	P. 6	
GRI 2-18	Evaluation of the performance of the highest governance body	P. 5	
GRI 2-19	Remuneration policies	P. 6	
GRI 2-20	Process to determine remuneration		For confidentiality reasons, we do not report on the process to determine remuneration.
GRI 2-21	Annual total compensation ratio		For confidentiality reasons, we do not report on the annual total compensation ratio. This is confidential as we do not disclose any individual salaries of the members of the Executive Board.
GRI 2-22	Statement on sustainable development strategy	P. 2	
GRI 2-23	Policy commitments	P. 16 P. 29 P. 41 P. 42	
GRI 2-24	Embedding policy commitments	P. 29 P. 42	
GRI 2-25	Processes to remediate negative impacts	P. 45	
GRI 2-26	Mechanisms for seeking advice and raising concerns	P. 30	
GRI 2-28	Membership associations	P. 31 P. 32	
GRI 2-29	Approach to stakeholder engagement	P. 20 P. 30 P. 86	

GRI	MATERIAL TOPICS	PAGE(S)	COMMENT
GRI 3-1	Process to determine material topics	P. 18	
GRI 201-1	Direct economic value generated and distributed	P. 9 P. 100	
GRI 3-3	Management of material topics for 301: Materials	P. 58	
GRI 301-1	Materials used by weight or volume	P. 47	
GRI 301-2	Recycled input materials used	P. 47 P. 53	
GRI 3-3	Management of material topics for 302: Energy	P. 74	
GRI 302-1	Energy consumption within the organization	P. 75	
GRI 3-3	Management of material topics for 303: Water and Effluents	P. 61 P. 62	
GRI 303-2	Management of water discharge-related impacts	P. 65 P. 66 P. 67	
GRI 3-3	Management of material topics for 305: Emissions	P. 61 P. 71 P. 77	
GRI 305-1	Direct greenhouse gas (GHG) emissions (Scope 1)		The data was not yet available in sufficient quality during the reporting period. Total emissions are currently being calculated, which means that they will be reported next financial year
GRI 305-3	Indirect greenhouse gas (GHG) emissions (Scope 3)	P. 77	
GRI 3-3	Management of material topics for 306: Waste	P. 58	
GRI 306-1	Waste generation and significant waste-related impacts		Marc O'Polo is currently unable to report on waste flows and quantities. Appropriate data collection is being assessed.
GRI 3-3	Management of material topics for 308: Supplier Environmental Assessment	P. 35 P. 41 P. 63 P. 67	
GRI 308-1	New suppliers that were screened using environmental criteria	P. 38	
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	P. 42 P. 43 P. 44	

GRI	MATERIAL TOPICS	PAGE(S)	COMMENTS
GRI 3-3	Management of material topics for 401: Employment	P. 81 P. 90 P. 94	
GRI 401-1	New employee hires and employee turnover	P. 84 P. 85	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	P. 95	
GRI 401-3	Parental leave	P. 81 P. 83	
GRI 3-3	Management of material topics for 403: Occupational Health and Safety	P. 95	
GRI 403-6	Promotion of worker health	P. 95	
GRI 3-3	Management of material topics for 404: Training and Education	P. 81 P. 90 P. 97 P. 99	
GRI 404-1	Average hours of training per year per employee	P. 98	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	P. 98 P. 99	
GRI 3-3	Management of material topics for 405: Diversity and Equal Opportunity	P. 81 P. 90 P. 91	
GRI 405-1	Diversity of governance bodies and employees	P. 5 P. 6 P. 82 P. 83	
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor		No cases of child labour were identified during the reporting period.
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor		No cases of forced or compulsory labour were identified during the reporting period.
GRI 3-3	Management of material topics for 414: Supplier Social Assessment	P. 29 P. 35 P. 41 P. 42 P. 45	

GRI 414-1	New suppliers that were screened using social criteria	P. 38
GRI 414-2	Negative social impacts in the supply chain and actions taken	P. 42 P. 43 P. 44
GRI 415-1	Political contributions	P. 16
GRI 3-3	Management of material topics for 416: Customer Health and Safety	P. 36 P. 69
GRI 416-1	Assessment of the health and safety impacts of product and service categories	P. 36 P. 69
GRI 3-3	Management of material topics for 417: Marketing & Labeling	P. 55
GRI 417-1	Requirements for product and service information and labeling	P. 55 P. 69

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**QUESTIONS, COMMENTS AND SUGGESTIONS:
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Since the 2007/2008 financial year, the MARC O'POLO Group has openly reported on its sustainability activities with the annual sustainability report. This report highlights developments, events and key figures for the 2021/2022 financial year. Any significant changes which occurred before the editorial deadline on 31 July 2022 have been taken into account.

The content and figures presented in this report refer to Marc O'Polo AG. Any data or statements that refer to individual subsidiaries are identified accordingly in the report. This report is also available in German.

