

A photograph of three people sitting on a cliff edge, looking out over a coastal town and the ocean at sunset. The person on the left is a woman with curly hair, wearing a light grey hoodie and a large tan backpack. The person in the middle is a woman with dark hair tied back, wearing a white hoodie and a small tan bag. The person on the right is a man wearing a dark cap, a striped shirt, and a large black backpack. They are all looking out over a coastal town built into a hillside, with the ocean and a large mountain in the background under a warm, orange-hued sky.

KAPTEN & SON

IMPACT REPORT 2025

BECOMING THE MOST RESPONSIBLE
VERSION OF OURSELVES

FOREWORD BY OUR MANAGING DIRECTORS



Fabian Deventer, Phil Pezus, Johannes Theobald

The past two years have been marked by global challenges – economically, politically, and socially. Geopolitical tensions, economic uncertainties, and new regulatory requirements have created a constantly shifting landscape, demanding a high level of adaptability from businesses.

In these times, we see sustainability not as an add-on but as an essential part of our business. That's why we have further expanded our sustainability strategy and deepened our existing initiatives. A key focus has been our preparation for the Corporate Sustainability Reporting Directive (CSRD). Although we ultimately no longer fall under this reporting obligation, the process has helped us refine our structures and processes and increase transparency in our impact.

At the same time, we have continued strengthening social standards in our supply chain. The journey to becoming a Fair Wear Leader was an intensive process in which we deepened our commitment to fair working conditions. This recognition not only validates our past efforts but also motivates us to keep driving positive change in our supply chain.

To better understand the environmental impact of our products and supply chain, we have begun evaluating suitable tools for carbon footprint analysis and product lifecycle assessments. While we have not yet onboarded a final solution, we are currently assessing different providers as well as the right product information infrastructure to ensure that future measurements are both robust and scalable. Our goal remains to build the necessary infrastructure for collecting high-quality data and to enable informed decisions on negative impact reductions across our operations and product portfolio.

This Impact Report provides an overview of our progress, challenges, and ambitions. We are convinced: sustainability is an ongoing process and we are committed to staying on course.

Enjoy reading!

KAPTEN & SON

BE THE EXPERIENCE

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SECTION 01. SCOPE, PURPOSE & METHODOLOGY



01. SCOPE, PURPOSE & METHODOLOGY

Our second Impact Report covers the past two fiscal years (May 2023 to April 2025), providing a comprehensive overview of environmental, social, and governance (ESG) efforts within this period for the Kapten & Son GmbH and Kapten & Son Vertrieb GmbH. Other subsidiaries have been excluded from the reporting scope. The report aims to highlight key developments, challenges, and achievements, reflecting our ongoing commitment to sustainability and responsible business practices.

The purpose of this report is to shed light on the most significant impacts of our business activities and how we respond to them. By offering transparency on our sustainability strategy, actions, and progress, we aim to provide all relevant stakeholders, including customers, employees, business partners, and industry peers, with a clear and accurate picture of our impact. Sustainability is an evolving journey, and through this report, we seek to foster informed dialogue, accountability, and continuous improvement in our approach.

Our reporting methodology is broadly aligned with the European Sustainability Reporting Standards (ESRS) framework, ensuring that we address key material topics in a structured and meaningful way. However, while we strive to follow the ESRS principles and disclosure requirements, this report is not fully compliant with the standard. Instead, we have adapted the framework to best reflect our current reporting capacity and sustainability priorities.

In compiling this report, we have relied on internal data sources, stakeholder input, and established sustainability guidelines to assess our environmental and social impact. Our approach prioritises materiality—focusing on the topics that are most relevant to our business and stakeholders—ensuring that we provide insights that truly matter.



SECTION 02. BUSINESS CONTEXT



02. BUSINESS CONTEXT

Company Location: Cologne

Stores: 14

Focus Markets: Germany, Austria, Switzerland, Netherlands, UK, France

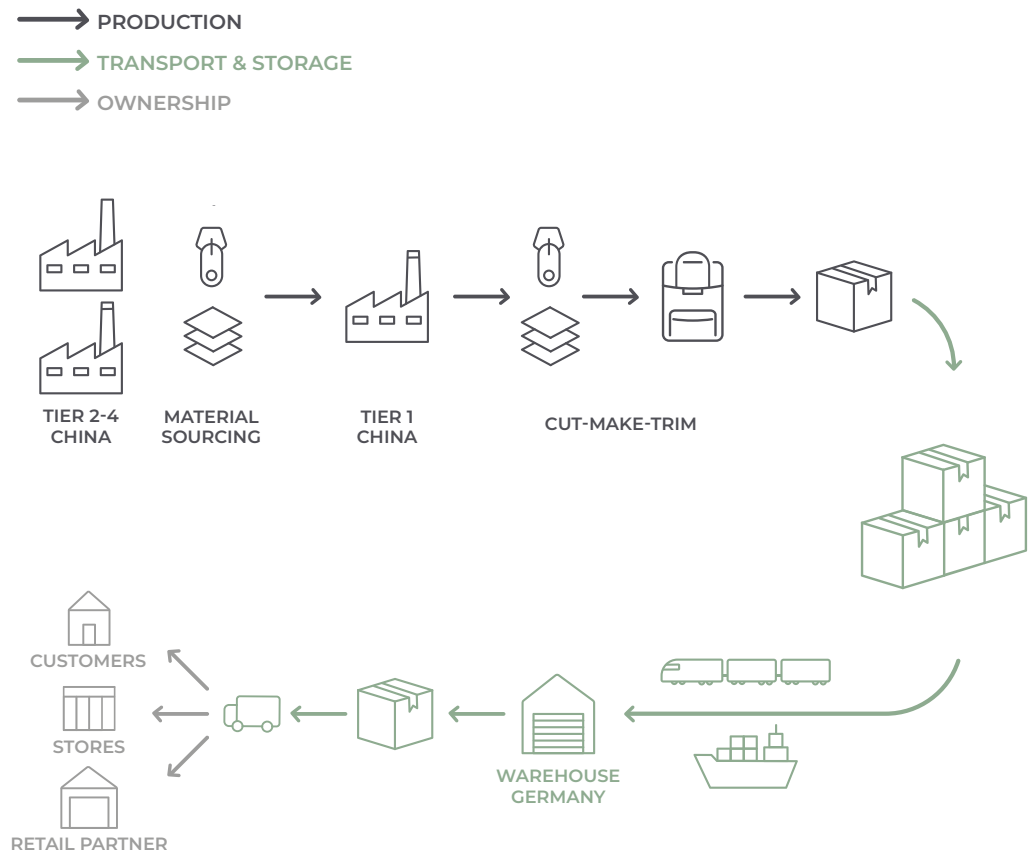
Product Portfolio: Backpacks & Bags, Eyewear, Watches & Jewellery, Luggage, Jackets

Sales Channel: E-commerce, physical retail, and B2B partnerships

Retail Partner: 500+ (Aboutyou, Zalando, Breuninger)

We work directly with our Tier-1 manufacturers in China, Vietnam and Indonesia who source raw materials from Tier-2 to Tier-4 suppliers. At our Tier-1 facilities, materials are processed, assembled, and finished (Cut-Make-Trim) before being packaged for shipment. The products are then transported via sea, rail, or truck to our central warehouse in Germany, where they are stored before distribution to retail partners and end customers.

OUR SUPPLY CHAIN



02. BUSINESS CONTEXT

The Apparel & Accessories industry remains heavily reliant on outsourced production in low-wage countries, where labour rights protections are often weak or poorly enforced. As a result, the sector continues to face (and feed) systemic issues such as excessive overtime, low wages, unsafe working conditions, lack of worker representation, and, in some cases, forced labour.

These risks are compounded by the complexity of global supply chains, which often include multiple tiers of subcontractors with limited transparency beyond Tier 1. This lack of visibility makes it difficult for companies to monitor and ensure responsible production practices throughout their value chain.

In response, governments have begun to introduce legislation such as the German Supply Chain Act (LkSG), the UK Modern Slavery Act, and the upcoming EU Corporate Sustainability Due Diligence Directive (CSDDD)—all aiming to increase corporate accountability for human rights and environmental impacts.

At the same time, the industry's environmental footprint is profound. The fashion sector is responsible for an estimated 10% of global greenhouse gas emissions, 20% of global wastewater, and 9% of annual microplastic pollution in oceans. A significant share of this impact stems from the widespread use of petroleum-based materials like polyester and from energy- and water-intensive production processes of materials in general.

At the end of the product life cycle, 92 million tonnes of textile waste are generated annually, most of which is incinerated or landfilled, with only a fraction being recycled. Meanwhile, hazardous chemical use in production remains a serious concern, with studies showing continued water pollution in production regions, despite regulatory frameworks like EU REACH.

Companies are not only under growing pressure from regulators and civil society but also from consumers and investors to demonstrate credible action across their value chains. This includes improving supply chain transparency, reducing carbon footprints and dependency on virgin materials, eliminating toxic chemical use, and designing products with durability, repairability, and circularity in mind.

02. BUSINESS CONTEXT

	ENVIRONMENTAL	SOCIAL	GOVERNANCE
LAW IS IMPLEMENTED	EU REACH, German Product Safety Act & POPs PFAS Restriction Extended Producer Responsibility (EPR)	–	EU Green Claims Directive
LAW IS PLANNED	EU Packaging & Waste Regulation (PPWR) EU Textile Labelling Regulation / Digital Product Passport (DPP) Ecodesign for Sustainable Products Regulation (ESPR)	EU Forced Labour Act EU Forced Labour Act	–
VOLUNTARY INITIATIVES	EU Transition Pathway of Textiles Ecosystem	Fairwair Membership	–

We continuously monitor and integrate relevant sustainability regulations to ensure compliance and drive responsible business practices across our operations and supply chain.



Status March 2024

Our stakeholder analysis helps us identify and prioritise key groups based on their level of power and interest in our business. We strive to closely engage with the most important stakeholders and have gathered feedback within our materiality assessment in 2024.

SECTION 03.

IMPACTS, RISKS & OPPORTUNITIES



03. IMPACTS, RISKS & OPPORTUNITIES

In preparation for the anticipated requirements of the Corporate Sustainability Reporting Directive (CSRD), we dedicated significant time in 2024 to assessing our broader business context and the interrelated impacts, risks, and opportunities (IROs) tied to our operations. This process culminated in a structured double materiality assessment, which forms the foundation of our strategic sustainability approach.

Through the lens of impact materiality, we evaluated the ways in which our business activities affect the environment and society across our value chain. In parallel, the financial materiality perspective allowed us to explore how environmental and social factors, such as climate change, supply chain disruptions or resource scarcity, may in turn affect our financial performance, resilience, and long-term viability.

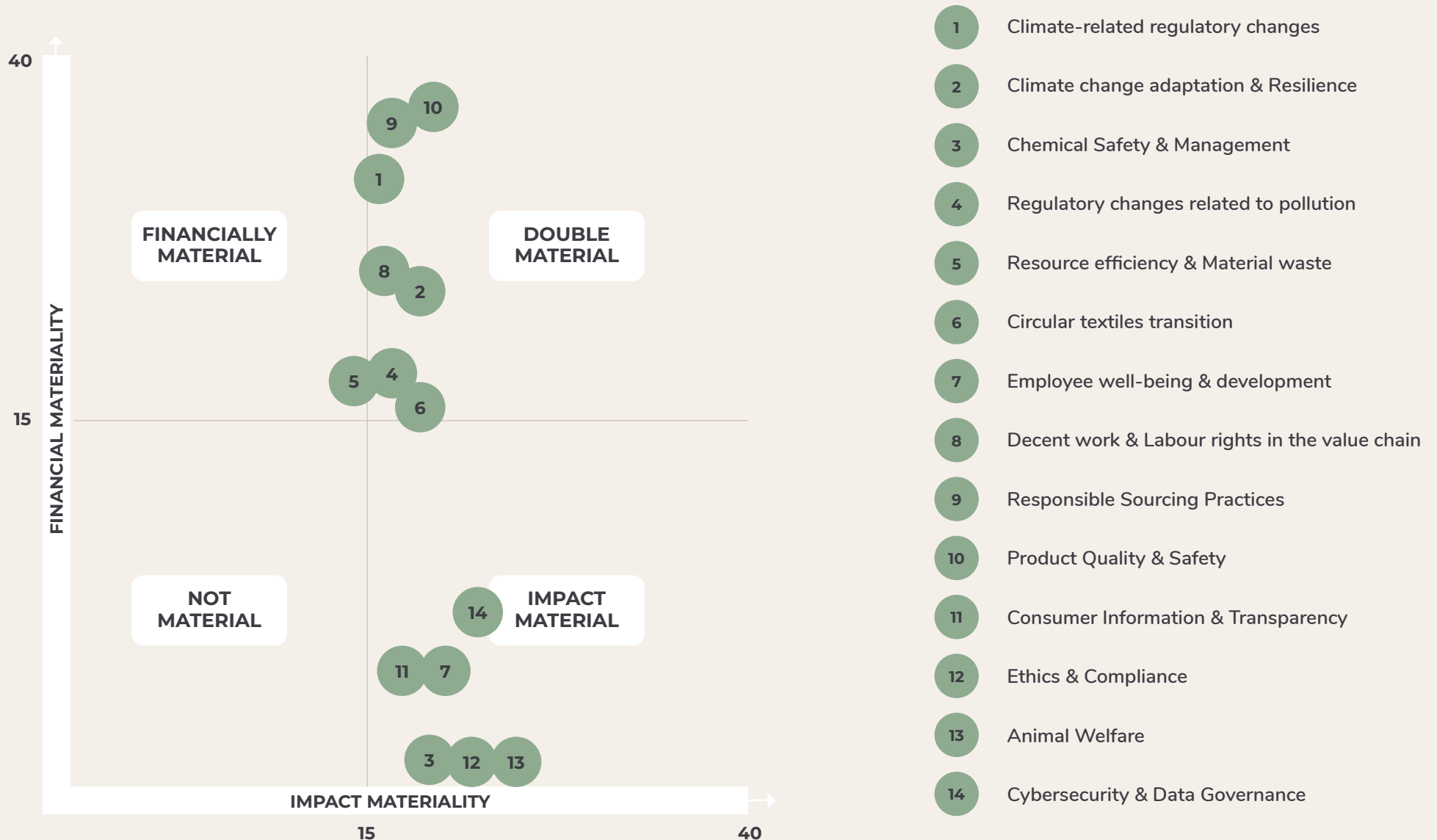
While we were not yet able to assign a clearly defined financial materiality to every identified IRO, largely due to data limitations, we still found this exercise to be extremely valuable. It allowed us to begin framing sustainability not just as a responsibility, but as a strategic business driver. This perspective reinforces our ambition to further integrate ESG thinking into core business processes, and to build a more holistic understanding of risk and opportunity across teams.

Stakeholder input played a central role in this process. Through structured engagement formats, we gathered insights from key groups, including employees, customers, and leadership, which helped us sharpen our priorities and validate the relevance of our assessments. This dialogue confirmed that the expectations for our company go beyond compliance; they point toward credible, measurable action in areas where we have the most leverage and responsibility.

The double materiality analysis ultimately served not only as a technical preparation for future reporting but also as a strategic compass, helping us define where our focus needs to lie in terms of sustainability performance and social responsibility—both today and in the long term.



03. IMPACTS, RISKS & OPPORTUNITIES



*some topics' financial materiality is 0, as we could not yet assess the financial impact

03. IMPACTS, RISKS & OPPORTUNITIES

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2

CLIMATE CHANGE

Climate change is a key material topic for our business due to both our environmental impact and the potential effects on our supply chain. Our operations contribute to emissions and resource consumption, while climate-related risks, such as extreme weather events, regulatory shifts, and supply chain disruptions, pose challenges to business continuity.

Key risks include stricter climate regulations, carbon pricing, resource scarcity, and logistical disruptions affecting production and supplier stability.

However, opportunities arise from early regulatory adaptation, emissions reduction, and supply chain resilience. Investing in low-carbon production, sustainable materials, and energy-efficient logistics can reduce our footprint while ensuring long-term stability. Strengthening supplier partnerships and integrating climate risk assessments will further enhance resilience.

3

4

POLLUTION

The use of chemicals in textile production and end products is a material topic due to potential harm to people and the environment. Microplastic pollution also becomes increasingly relevant as we expand our product portfolio to include washable textiles.

Key risks include stricter regulations, the detection of hazardous substances in products, and potential reputational damage.

However, opportunities arise from proactive regulatory compliance and continuous improvement in chemical management. By implementing safer practices early, we can minimize risks, enhance sustainability, and strengthen customer trust.

03. IMPACTS, RISKS & OPPORTUNITIES

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CIRCULAR ECONOMY

Each year, 95 million tons of textile waste are generated, the majority of which ends up being incinerated or landfilled, causing significant harm to both people and the environment. This growing waste problem highlights the urgent need for circular solutions in the textile industry.

Beyond improving product quality and durability, the development of circular products presents major opportunities. By designing for recyclability and reuse, we can create new material flows, expand customer services, and unlock innovative business models.

These efforts contribute to reducing dependency on finite resources, lowering waste generation, and even fostering job creation in emerging circular industries. By transitioning towards a more circular economy, we not only minimise environmental impact but also build a more resilient and sustainable business model for the future. However, the transition is progressing more slowly than needed, mainly due to technical complexities and significant costs.

7

OWN WORKFORCE

Our company can only achieve sustainable growth if our team is motivated and thriving.

The biggest risks include high employee turnover, loss of talent, increased absenteeism, and a declining eNPS score.

To create positive impact and opportunity, we focus on providing a safe and healthy work environment, fostering equality & inclusion, offering employee benefits, and enabling professional development. These initiatives not only enhance well-being but also strengthen loyalty and motivation, building a committed and high-performing team for the future.

03. IMPACTS, RISKS & OPPORTUNITIES

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WORKERS IN THE VALUE CHAIN

Through close collaboration with our business partners, we also bear responsibility for the workers in our supply chain and the conditions under which our products are made.

Poor purchasing practices, such as unrealistic lead times, cost pressures, or a lack of transparency, can contribute to poor working conditions, wage insecurity, and excessive overtime. In turn, this can lead to quality issues, supply chain disruptions, and significant reputational risks, particularly as regulatory scrutiny and stakeholder expectations for ethical sourcing continue to rise.

To drive positive impact, we prioritize responsible sourcing practices, a robust monitoring, careful partner selection, long-term collaboration, and targeted support initiatives. These measures not only enhance working conditions and supplier stability but also strengthen productivity, supply chain resilience, and overall business sustainability.

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11

CONSUMERS AND END USERS

We have a responsibility to ensure that our products are safe, high-quality, and transparently communicated to our consumers and end users.

Failing to meet product safety standards, providing misleading information, or compromising on quality can lead to health risks, loss of consumer trust, legal liabilities, and reputational damage. Increasing regulatory requirements on product labelling, chemical restrictions, and sustainability claims further highlight the need for responsible business practices.

To mitigate these risks and create positive impact, we strive for strict quality control, compliance with safety regulations, transparent product labelling, and clear sustainability communication. By providing reliable and responsible products, we not only protect consumers but also strengthen brand loyalty and align with growing expectations for corporate responsibility and sustainable consumption.

03. IMPACTS, RISKS & OPPORTUNITIES

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BUSINESS CONDUCT

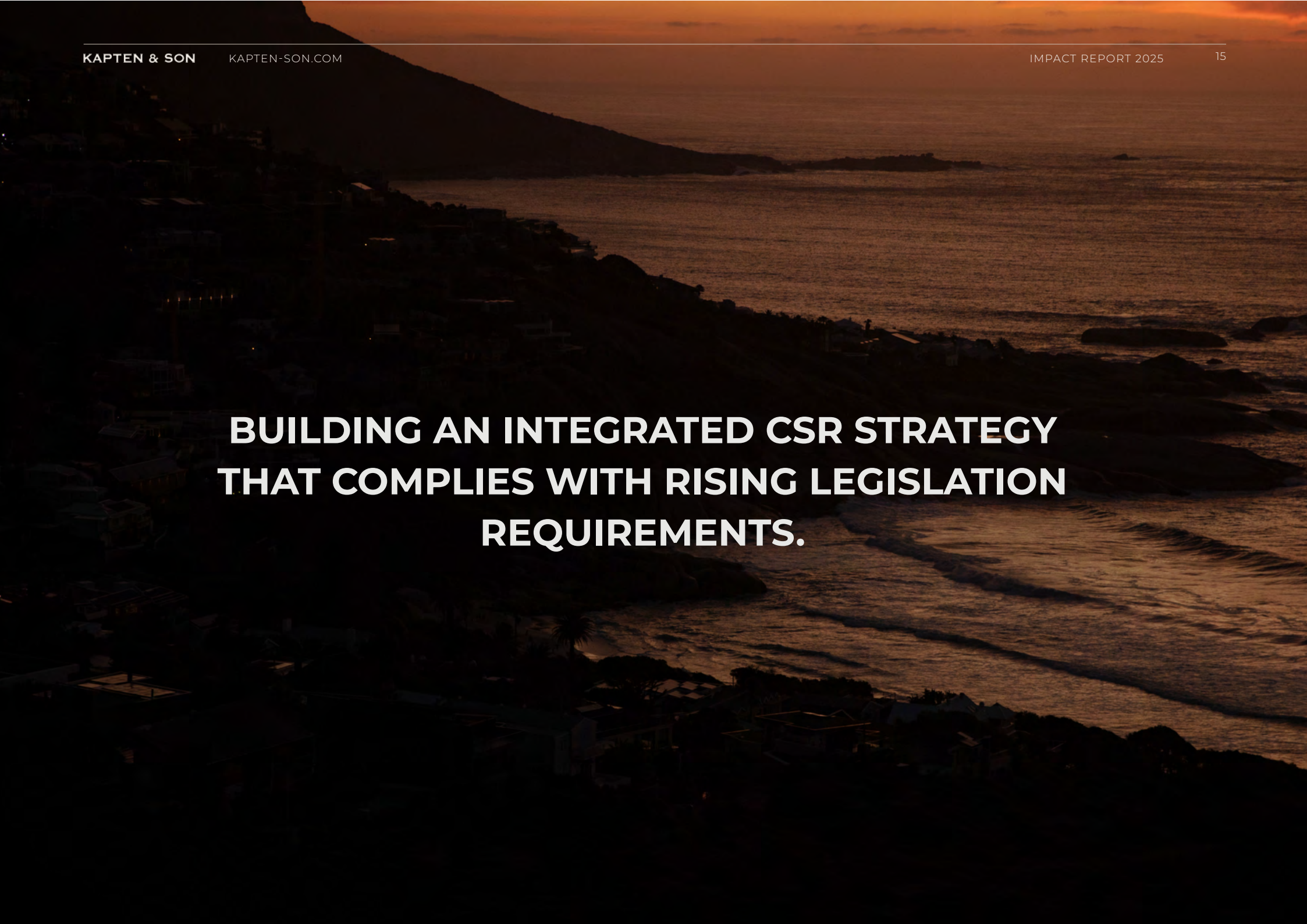
We place great importance on honest and transparent business practices, supported by well-defined processes and structures within our company.

The biggest risks include insufficient data protection, a weak integration of our values into corporate culture, and unethical business practices.

By implementing clear policies and a strong corporate purpose, we can guide and empower both our team and business partners, ensuring ethical conduct, high data privacy standards, and the protection of animal welfare throughout our operations.

SECTION 04. GOVERNANCE



An aerial photograph of a coastal town at sunset. The town is built on a hillside, with houses and buildings visible. The ocean is in the foreground, with waves breaking on the shore. The sky is a deep orange color, and the overall scene is silhouetted against the bright sunset.

BUILDING AN INTEGRATED CSR STRATEGY THAT COMPLIES WITH RISING LEGISLATION REQUIREMENTS.

04. GOVERNANCE

4.1 ENSURING INTEGRITY, COMPLIANCE & TRANSPARENCY

ESG INTEGRATION IN MANAGEMENT STRUCTURES

At Kapten & Son, Corporate Social Responsibility (CSR) is driven by our Senior CSR Manager, who oversees all sustainability-related topics across the company. CSR is not a side project but firmly anchored in our core business structures: the Senior CSR Manager reports directly to the CFO and is in weekly exchange to align on progress, challenges, and strategic developments. In addition, CSR topics are regularly discussed with the CEO on a quarterly basis to ensure that social and environmental considerations are reflected in broader company decisions. Twice a year, CSR is also part of the management meeting agenda, where long-term direction and budget planning for the area are reviewed. While we currently don't have a formal committee or sustainability board, the close involvement of senior leadership ensures that CSR remains a visible and evolving part of how we operate as a company.

We are aware that sustainability is not yet systematically anchored across all strategic areas of the company. While it plays a role in specific operational processes, such as responsible supplier selection, other areas like product and assortment strategy currently follow different priorities. We believe in taking a pragmatic approach and will continue to assess where ESG aspects can be expanded meaningfully and effectively.



04. GOVERNANCE

4.1 ENSURING INTEGRITY, COMPLIANCE & TRANSPARENCY

POLICIES AND INTERNAL GUIDELINES

At Kapten & Son, we've built a set of internal policies and guidelines to help us act responsibly and consistently across teams, decisions, and supply chains.

Our Internal Code of Conduct lays the foundation for ethical business behaviour. It applies to everyone at Kapten & Son and is introduced during the Onboarding process for all new employees. It reflects the values we expect from ourselves and each other, ranging from integrity and respect to fair and transparent decision-making.

To go one step further, we've developed a Responsible Business Conduct Policy, which covers the wider ESG context. It outlines how we aim to do business responsibly – environmentally, socially and with good governance – and is signed and regularly reviewed by our management team.

In terms of Social Responsibility, our Human Rights Due Diligence (HRDD) Policy plays a central role. It defines how we assess and address social risks in our supply chain. Closely linked to this is our Supplier Code of Conduct, which translates our expectations into clear standards for our suppliers. All tier 1 suppliers of our core products have signed this Code, committing to uphold key labour and human rights according to OECD Guidelines (for more details see section 6.2).

For the environmental side, a dedicated Environmental Policy is in development. It's not yet finalised but will soon help guide our efforts around emissions, materials, and chemical management.

To bring these policies to life, we're rolling out several training formats in 2025 and 2026. This includes an introductory session on CSR in the fashion and apparel industry, in-depth modules on human rights and our HRDD process (especially in the context of our Fair Wear membership), as well as upcoming trainings on carbon footprinting and chemical management. For teams with direct influence on these topics, like product development, sourcing, or logistics, participation will be mandatory. For others, the trainings are offered on a voluntary basis (for more details see section 6.1).



04. GOVERNANCE

4.1 ENSURING INTEGRITY, COMPLIANCE & TRANSPARENCY

OVERALL MONITORING & CONTROL

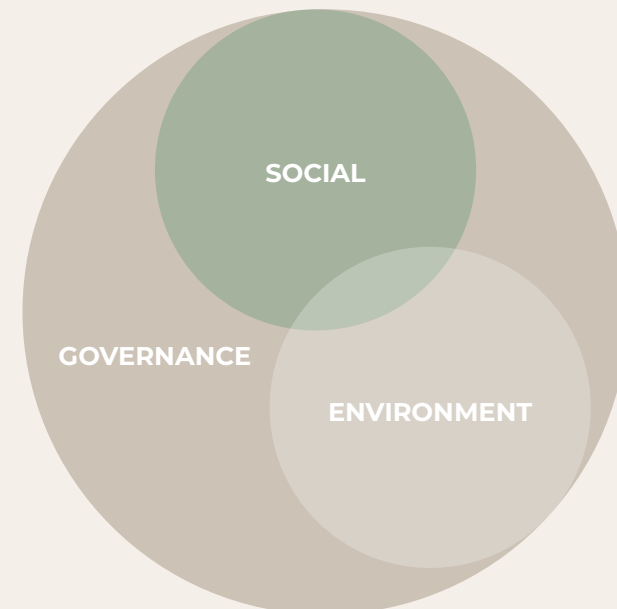
We see monitoring and control not as a one-time exercise, but as an ongoing process that evolves alongside our business and sustainability goals. One of our core tools in this regard is the materiality assessment, which helps us identify and prioritise key ESG topics. This assessment has been done for the first time in 2024 and will be reviewed and updated regularly to reflect changes in our business environment, stakeholder expectations, and emerging risks. Looking ahead, we aim to further develop this process and explore how it can be meaningfully integrated into a broader corporate risk management system, wherever it adds value.

With the rollout of an enhanced product information management system, we have also taken an important step towards more data-driven ESG management. In doing so, we are laying the groundwork for reliable, high-quality data, which will be essential for conducting robust carbon footprint calculations, product life cycle assessments, and future sustainability reporting in line with evolving regulatory and stakeholder expectations.

In the social dimension, our Human Rights Due Diligence (HRDD) process (explained further in the Social section) plays a critical role. We conduct ongoing risk assessments across both country and supplier level (tier 1), focusing specifically on human rights and working conditions. These insights, together with our Supplier Grading system, feed directly into sourcing decisions and help us identify where further engagement or improvements are needed.

Moreover, we have started to map our partners beyond tier 1 to foster transparency and monitoring in our deeper supply chain.

We are steadily strengthening our monitoring systems and are focused on developing them into a comprehensive ESG management framework that fits the size and maturity of our organisation.



04. GOVERNANCE

4.1 ENSURING INTEGRITY,
COMPLIANCE & TRANSPARENCY

STAKEHOLDER DIALOGUE & GRIEVANCE MECHANISMS

Kapten & Son has implemented an anonymous whistleblowing tool that allows employees and other stakeholders to report grievances confidentially. To ensure full anonymity and data protection, the system is operated by an independent third-party provider, &frankly. As of now, no complaints have been submitted through this mechanism.

In the context of our materiality assessment, we identified our key stakeholder groups as consumers, employees, investors, management, and founders. For an initial analysis, we focused on the interests and expectations of these core groups. This was based on existing internal data sources, such as customer care reports, internal feedback reports and was supplemented by targeted surveys with selected stakeholder groups, including management and investors. These insights provided a foundational understanding of what matters most to our stakeholders and where our responsibility as a company lies.

Report the violation



STAKEHOLDER	INTERESTS
CONSUMERS	Product quality, Price-Performance ratio, Customer Service experience, Product Warranty, Complaint / Return process, Delivery time
EMPLOYEES	Company culture & communication, fair remuneration, further development, employee benefits including flexible work
INVESTORS	Profitability & Growth, Company evaluation, ESG compliance
FOUNDERS & MANAGEMENT	Customer satisfaction, Profitability & Growth, Employee happiness

04. GOVERNANCE

4.1 ENSURING INTEGRITY, COMPLIANCE & TRANSPARENCY

CYBERSECURITY AND DATA GOVERNANCE

A cornerstone of effective cybersecurity is informed and vigilant employees. We are committed to fostering a culture of awareness across the organization through regular training and education on key topics such as:

- Phishing and social engineering awareness
- Secure password management and multi-factor authentication
- Safe data handling practices and GDPR principles
- Recognizing and reporting potential security threats

These initiatives help ensure that all team members understand their role in protecting sensitive data and contribute to minimizing security risks. To reduce the risk of unauthorized access, we follow the principle of role-based access control, where employees are granted access only to the data and systems necessary for their responsibilities. Our data governance approach also includes:

- Reviewing access rights regularly to align with organizational changes
- Promoting accountability through clear data ownership structures

By implementing these measures, we aim to ensure that data is handled responsibly throughout its lifecycle. Alongside organizational policies, we employ technical safeguards to protect our IT infrastructure. These measures include:

- Regular monitoring of systems for unusual activities or vulnerabilities
- Periodic security updates and patch management
- Collaboration with external partners where appropriate to assess and strengthen system defences

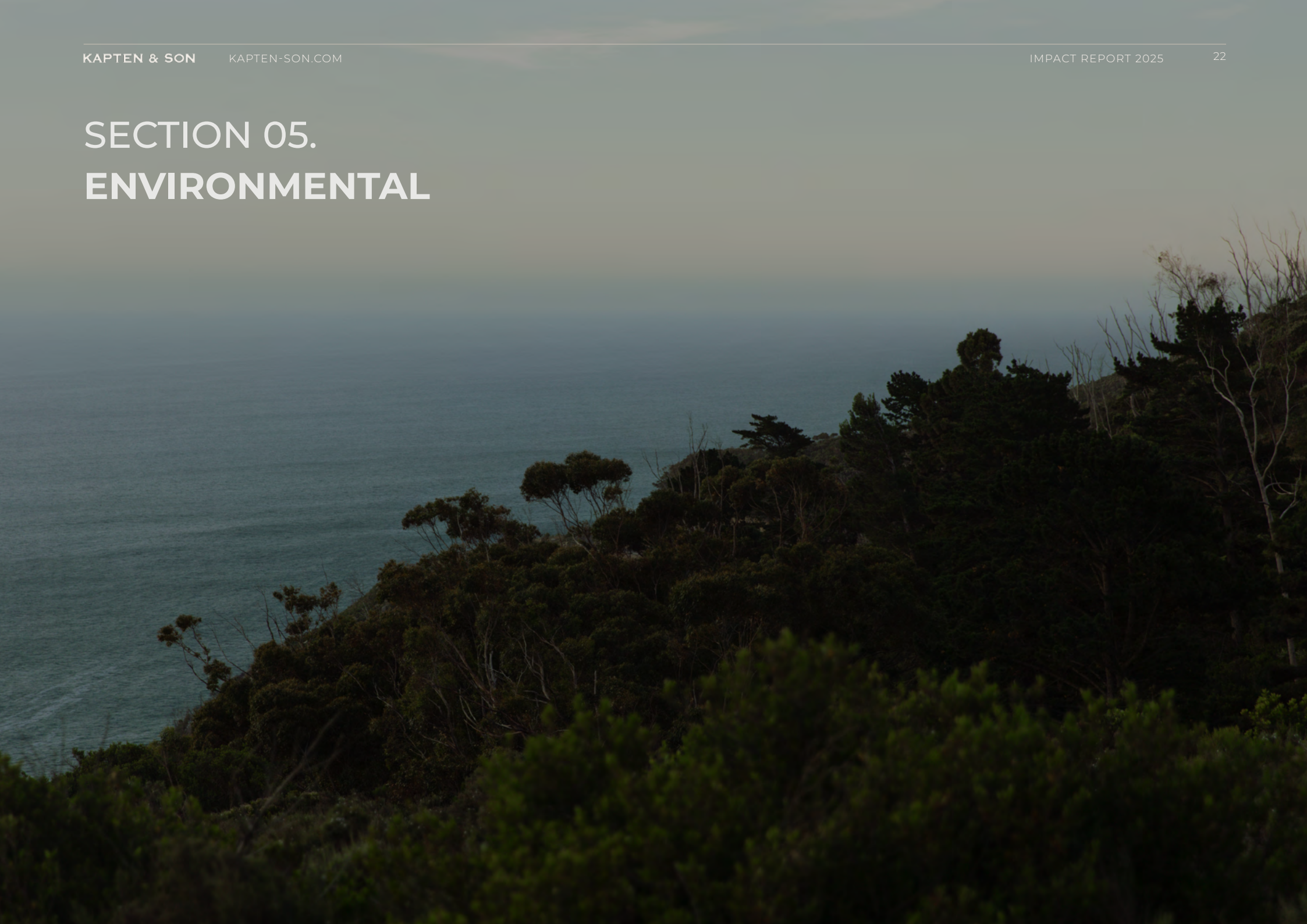
Through the combination of employee awareness, access control, and technical safeguards, we strive to create a secure and compliant environment for the management of sensitive data. Cybersecurity and data governance remain ongoing priorities, and we continue to review and enhance our measures in line with emerging risks and evolving legal requirements.

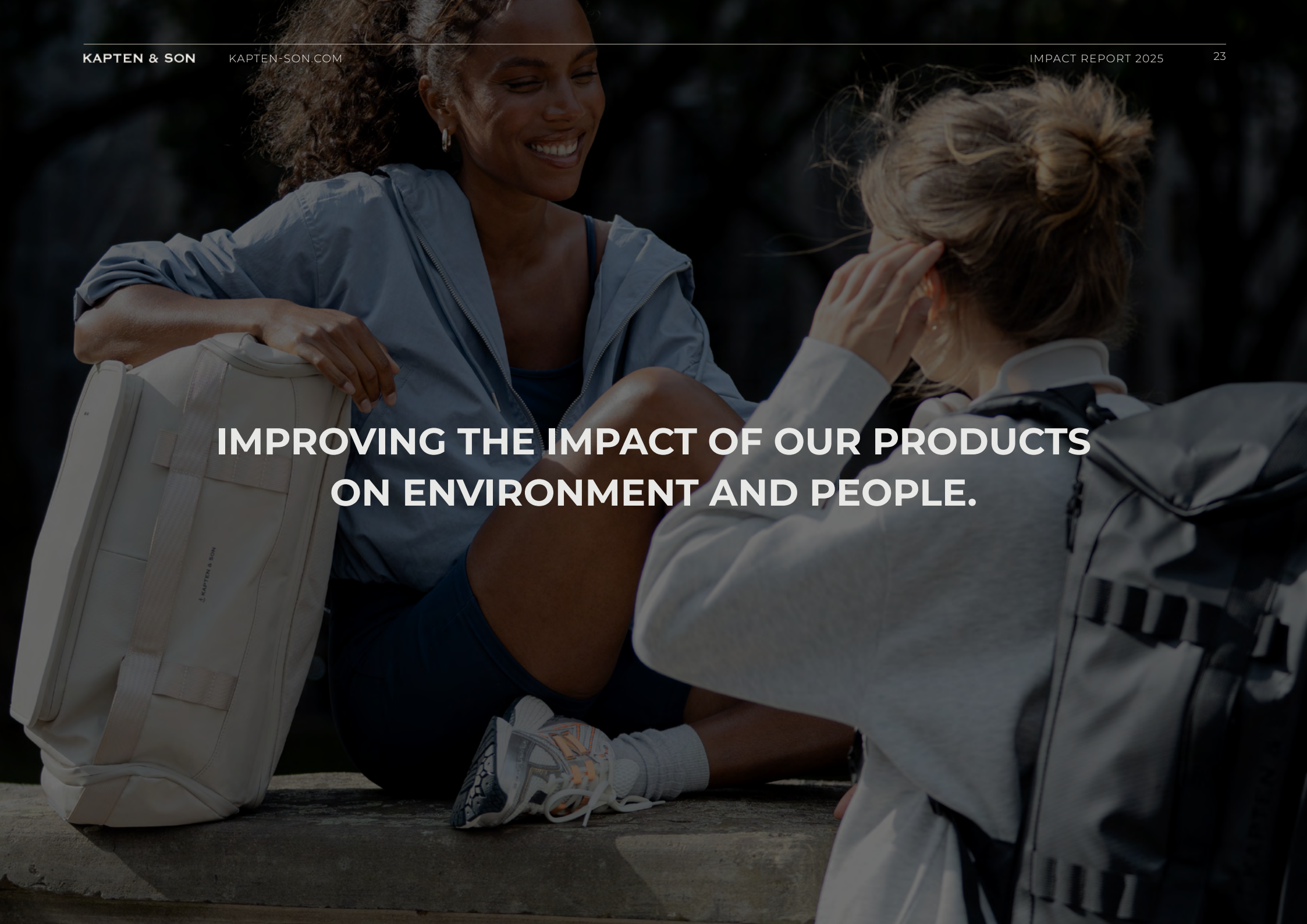
04. GOVERNANCE

4.1 ENSURING INTEGRITY,
COMPLIANCE & TRANSPARENCY

OVERALL TARGETS UNTIL THE END OF FY 2026	DEADLINE
Integrate CSR-related KPIs and metrics into the roles and incentive structures of relevant departments	End of FY 2026
Launch four CSR learning modules on the internal L&D platform and achieve full participation among targeted teams	End of FY 2025
Finalise and implement a comprehensive environmental policy	End of FY 2025
Further embed the CSR strategy into the company's overall strategic framework	End of FY 2026
Develop a centralised data platform to consolidate and manage key ESG data points	End of FY 2026
Align CSR communication with the requirements of the upcoming Green Claims Directive	End of FY 2025

SECTION 05. ENVIRONMENTAL



A photograph of two women sitting on a stone ledge outdoors. The woman on the left is smiling and looking towards the woman on the right. She is wearing a light blue jacket and has a large, light-colored KAPTEN & SON bag next to her. The woman on the right is seen from the back, wearing a light-colored jacket and a backpack. The background is a blurred natural setting.

**IMPROVING THE IMPACT OF OUR PRODUCTS
ON ENVIRONMENT AND PEOPLE.**

05. ENVIRONMENTAL

INTRODUCTION

At Kapten & Son, we are currently in the process of systematically embedding environmental responsibility into our organisational structure and daily decision-making. So far, environmental topics have not been fully integrated into our business processes and departments. Recognising this gap, we have initiated a structured approach to build the necessary foundations for long-term environmental governance.

Together with the management team, we are currently working on defining the level of ambition for key environmental topics across the company. This strategic alignment will form the basis for the development of our first Environmental Policy, which will outline guiding principles, responsibilities, and initial focus areas for our environmental work.

Following this, we aim to gradually anchor more concrete environmental targets into relevant business areas—for example, by introducing reduction goals for emissions or resource use in Product Development and Operations.

To support these efforts, we are also exploring collaboration and learning opportunities tailored to specific departments, ensuring that teams are equipped with the necessary knowledge and tools to contribute meaningfully.

A first step in this direction is a cross-functional workshop planned for August 2025, bringing together team members from CSR, Sourcing and Product Development together with Cologne based consultancy ecosign. The session will focus on innovation and ecological design in textile production, including regulatory developments and environmental challenges in the supply chain.

In parallel, we are reviewing how selected environmental topics, such as carbon footprinting and chemical management, can be integrated into our existing L&D platform to make continuous learning accessible across the whole team.

While we acknowledge that we are still at the beginning of this journey, we are actively setting the course for stronger environmental governance. Our goal is to build a framework that not only reflects our responsibilities but also supports practical and measurable change across all areas of the business.

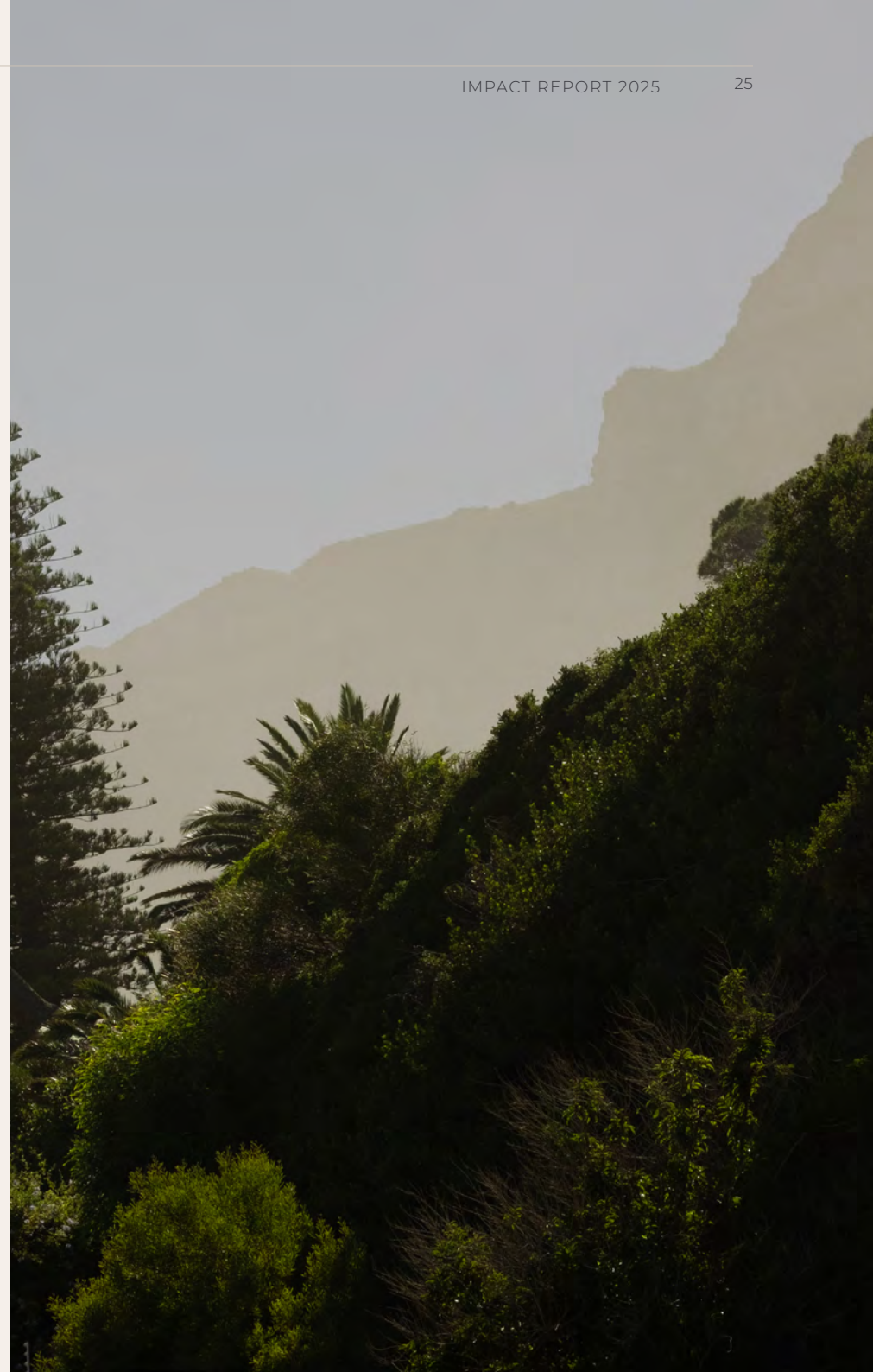
05. ENVIRONMENTAL

5.1. MEASURING & REDUCING OUR EMISSIONS

Originally, our plan for 2025 was to onboard a tool that would allow us to calculate our Corporate Carbon Footprint, and in the near future also support Product Life Cycle Assessments and integrated CSRD-compliant reporting. Throughout late 2024 and 2025, we engaged in discussions with several solution providers and narrowed down a shortlist of potential partners.

However, just before making a final decision, the Omnibus Initiative overturned the CSRD reporting obligation for our company, fundamentally changing our starting point. While we continue to value the CSRD framework as a guiding structure, we decided to pause major investments in this area for now and reallocate the budget toward other sustainability priorities.

In the process, we also realised that in order to fully utilise the product-related features of such tools, we first need to establish a solid Product Information Management (PIM) system as a foundational layer. For this reason, our focus in 2025 will be on building a robust PIM structure, with the clear intention of integrating a sustainability data tool in the next financial year, which then can support the collection and management of various CSR-related datasets that will become relevant in the future.



05. ENVIRONMENTAL

5.1. MEASURING & REDUCING OUR EMISSIONS

CARBON FOOTPRINT 2023 VS. 2022 – FOOTPRINT SLIGHTLY HIGHER DUE TO TRAVEL AND LOGISTICS

		2023			2022			23 vs. 22	
Carbon Footprint	Unit	Consumption	t CO2e	Share %	Consumption	tCO2e	Share %	Delta t CO2e	Delta%
Scope 1	–	–	12,9	0,8%	–	16,9	1,2%	-4,0	-23,8%
Fuels	Liter	5.710	12,9	0,8%	7.289	16,9	1,2%	-4,0	-23,8%
Scope 2	–	–	14,5	1,0%	–	29,9	2,1%	-15,4	-51,5%
Heating (District)	kWh	87.544	8,0	0,5%	212.817	20,1	1,4%	-12,1	-60,2%
Electricity	kWh	33.119	6,5	0,4%	35.784	9,8	0,7%	-3,3	-33,7%
Green electricity	kWh	86.839	–	–	86.783	–	–	–	–
Electricity for vehicles	kWh	3.927	1,5	0,1%	2.967	1,3	0,1%	0,3	20,0%
Scope 3	–	–	1.491,2	98,2%	–	1.399,4	96,8%	91,9	6,6%
Fuel and energy related activities	–	–	8,8	0,6%	–	9,2	0,6%	-0,4	-3,9%
Business travel	–	–	97,9	6,4%	–	56,2	3,9%	41,7	74,2%
Commute	–	–	61,8	4,1%	–	64,8	4,5%	-3,0	-4,6%
Procurement	–	–	336,3	22,1%	–	325,0	22,5%	11,3	3,5%
Logistics	–	–	986,4	65,0%	–	944,2	65,3%	42,2	4,5%
Total	–	–	1.518,6	100%	–	1.446,1	100%	72,5	5,0%
Buffer 10%	–	–	151,9	–	–	114,6	–	7,2	5,0%
Total with buffer	–	–	1.670,5	–	–	1.590,7	–	79,7	5,0%

05. ENVIRONMENTAL

5.1. MEASURING & REDUCING OUR EMISSIONS

DETAIL SCOPE 3 – INCREASE IN FLIGHTS AND TRANSPORT

		2023			2022			23 vs. 22	
Carbon Footprint	Unit	Consumption	t CO2e	Share %	Consumption	tCO2e	Share %	Delta t CO2e	Delta%
Scope 3	–	–	1,491,2	98,2%	–	1.399,4	96,8%	91,9	6,6%
Fuel and energy related activities	–	–	8,8	0,6%	–	9,2	0,6%	-0,4	-3,9%
Business travel	–	–	97,9	6,4%	–	56,2	3,9%	41,7	74,2%
Flights	km	445.610	88,8	5,8%	246.641	41,2	2,8%	47,6	115,4%
Hotel	Nights	307	4,1	0,3%	556	7,3	0,5%	-3,3	-44,8%
Train	km	121.796	3,8	0,2%	101.442	4,7	0,3%	-0,9	-19,1%
Private Car and taxi	km	8.063	1,3	0,1%	17.023	3,0	0,2%	-1,7	-55,5%
Commute	–	–	61,8	4,1%	–	64,8	4,5%	-3,0	-4,6%
Car	km	115.010	19,2	1,3%	107.822	18,4	1,3%	0,8	4,1%
Public	km	254.319	18,1	1,2%	238.424	22,3	1,5%	-4,2	-18,8%
Home Office	Days	17.371	24,5	1,6%	16.285	24,1	1,7%	0,5	1,9%
Procurement	–	–	336,3	22,1%	–	325,0	22,5%	11,3	3,5%
IT-Equipment	€	39.467	11,5	0,8%		52,5	3,6%	-41,1	-78,1%
Cloud & Software	€	1.501.093	195,1	12,8%	866.592	119,9	8,3%	75,1	62,7%
Catering	€	99.318	21,9	1,4%	65.536	13,2	0,9%	8,7	66,0%
Furniture	€	375.876	107,9	7,1%	296.985	139,9	9,6%	-31,4	-22,6%
Logistics	–		986,4	65,0%	–	944,2	65,3%	42,2	4,5%
Transport	t.km	12.323.419	679,3	44,7%	9.736.376	629,6	43,5%	49,6	7,9%
DHL	–	–	265,5	17,5%	–	245,9	17,0%	19,6	8,0%
Storage Furniture	–	–	41,6	2,7%	–	68,7	4,8%	-27,1	-39,4%

05. ENVIRONMENTAL

5.1. MEASURING & REDUCING OUR EMISSIONS

In 2023, our total carbon footprint amounted to 1,670.5 t CO₂e (including a 10% buffer), representing a 5.0% increase compared to 2022. While we successfully reduced emissions in Scope 1 (–23.8%) and Scope 2 (–51.5%), the overall rise was mainly driven by an increase of 6.6% in Scope 3, which currently accounts for over 98% of our calculated footprint. The most prominent drivers of Scope 3 emissions were:

- Logistics, contributing 986.4 t CO₂e (65.0% of total emissions), due to rising shipment volumes.
- Business travel, up 74.2% compared to the previous year, largely driven by the resumption of long-haul flights.
- Procurement, especially IT equipment, cloud services, and furniture, accounting for 22.2% of Scope 3 emissions.

However, it is essential to place this increase in context: our revenue also grew by approximately 21% in the same period. When viewed relative to this growth, the rise in absolute emissions appears rather moderate. Still, we recognise that absolute emissions must be reduced over time, especially as our operations scale.

It is important to note that our current footprint does not yet include Scope 3 emissions from production, which are estimated to represent 90–95% of our total climate impact.

As a result, this footprint provides only a very partial view of our actual value chain emissions. While we initially planned to roll out a product-level carbon footprint calculation in 2024, we had to postpone this due to budget constraints.

Nevertheless, we remain fully aware that product-level carbon data will be essential going forward and are committed to implementing a scalable and reliable tracking solution as soon as feasible. In the meantime, we have already defined two meaningful reduction levers in this area that we consider relevant and actionable, even in the absence of full emission calculations.

The sharp increase in business travel emissions should also be viewed in context: 2023 marked the first year post-pandemic in which we resumed on-site visits to our production partners in China, which had not been possible in previous years. This explains the steep rise in travel-related emissions and reflects our commitment to maintaining direct relationships and dialogue with our suppliers. While some increase is inevitable, we remain committed to minimising the climate impact of business travel where possible. To respond to the identified emission hotspots, we have outlined several key reduction levers:

- Revising our business travel policy, favouring low-emission modes and virtual collaboration wherever feasible.
- Improving procurement choices, by prioritising circular, low-impact, or local alternatives, such as refurbished hardware
- Optimising logistics, through shipment consolidation, modal shifts, and supplier engagement.
- Partner with climate-focused freight forwarders to reduce transport emissions
- Engage with tier 1 suppliers on emission reduction opportunities in the production process
- Increase the use of recycled materials in the product portfolio

05. ENVIRONMENTAL

5.2. MITIGATING POLLUTION IN PRODUCTS & PROCESSES

In early 2024, we introduced a structured chemical management system to ensure the safe handling of substances across our supply chain and to strengthening compliance with relevant regulatory requirements. As a first step, we aligned our approach with existing legal frameworks such as REACH, the Product Safety Regulation, and other applicable standards. This foundation helps us ensure that both our products and production processes meet all chemical safety requirements.

To support the implementation, we published our Chemical Management Guidelines, which were shared with all key suppliers and integrated into our order confirmations and design specification sheets. These guidelines provide a concise overview of relevant legislation, outline clear responsibilities on both sides, and offer practical guidance on how to handle chemicals safely in the workplace.

In 2025, we further strengthened our framework by introducing a Restricted Substances List (RSL). The RSL specifies clearly which substances are restricted or prohibited within our product categories and sets defined limit values for compliance. It serves as a central reference for our suppliers and product development teams alike.

In addition, we offered free chemical management training for our partners to promote awareness and improve handling practices. To complement these efforts, we also implemented a system of randomised material testing, where selected product components are regularly analysed to ensure they comply with legal chemical thresholds.

Looking ahead, we aim to raise our ambition level in this area by gradually aligning with more advanced industry standards, such as OEKO-TEX Standard 100 or Zero Discharge of Hazardous Chemicals (ZDHC), where applicable. While this will also address issues such as wastewater management and water consumption—topics that have not yet been in focus due to their limited material relevance for our current operations—we recognise their growing importance as our supply chain transparency and cooperation in tier 2 evolves. By doing so, we hope to not only reduce risks, but also contribute to safer workplaces and more sustainable production in the long term.

05. ENVIRONMENTAL

5.2. MITIGATING POLLUTION IN PRODUCTS & PROCESSES

100%

of Tier 1 suppliers
have received Chemical
Management Guidelines
and have signed the updated
Supplier Code of Conduct

20%

of Tier 1 Supply Chain
Partners have participated
in the Chemical Management
Training by the GIZ / Asia
Garment Hub

61

randomised third party
chemical tests have been
conducted in the past financial
year since implementation

100%

of materials have passed
our requirements



05. ENVIRONMENTAL

5.3. REDUCING WASTE & INCREASING QUALITY

From the beginning, our products have been defined by their high quality and durability. We deliberately position ourselves against fast fashion by designing timeless pieces that are made to last, both in function and in style.

Our product portfolio remains relatively stable, with only one or two new collections introduced per product category each year. This does not include exclusive collaborations with creators or limited editions, which may be released outside our regular collection cycles.

We believe in the value of longevity, which is why we offer a 24-month warranty on all products to cover manufacturing or material defects. As part of our commitment to more resource-conscious production, we continuously use recycled materials, such as recycled PET in our backpacks and recycled stainless steel in our watches. In our eyewear segment, we have now finished our full transition to using bio acetate across all sunglasses and optical frames.

In the past two years, we have also taken deliberate steps to streamline the depth of our product portfolio. This effort was driven by the understanding that a high number of SKUs not only increases operational complexity, but also creates barriers to implementing meaningful improvements in materials, design, and sustainability.

By focusing more clearly on a core assortment, we are now in a better position to apply design changes consistently across products, ensure higher order volumes per SKU, and thus unlock greater leverage with our suppliers, for example when negotiating for more sustainable materials or processes.

A more focused assortment also allows us to concentrate product development efforts, reduce waste in sampling and production, and increase product lifecycle visibility. In the long term, this streamlining supports not only efficiency and quality, but also opens up clearer pathways for circular design and data-driven impact measurement—especially as we prepare for future requirements such as product-level transparency under the EU Ecodesign for Sustainable Products Regulation (ESPR).

We also recognise the inherent tension between durability and environmental impact. Designing long-lasting products often requires the use of robust materials, which are often fossil-based or virgin in origin, and certain production processes remain relatively energy intensive. Rather than ignoring these contradictions, we see them as a starting point for innovation. Our ambition is to navigate these trade-offs with transparency and intention, gradually shifting toward less resource-intensive and lower-impact material and production choices, without compromising on product performance.

05. ENVIRONMENTAL

5.3. REDUCING WASTE & INCREASING QUALITY

We have continued to increase the percentage of bio acetate, recycled PET, and recycled stainless steel across our product portfolio. For example, 30–40% of the materials used in our backpack and bag portfolio already consist of recycled content. While we remain committed to further increasing this share, we are aware of the limitations and trade-offs associated with some of these materials, particularly recycled PET.

Although recycled PET (rPET), typically sourced from post-consumer plastic bottles, is widely used in the fashion and accessories industry, it is not without limitations. One of the most pressing concerns is that by using rPET in textiles, valuable material is diverted from the food packaging sector, where established recycling systems allow for multiple, closed-loop cycles. In contrast, the textile industry currently lacks the infrastructure and technologies to recycle polyester-based materials at scale, meaning that most garments made from rPET cannot be effectively recycled at the end of their life. While rPET plays a role in reducing dependency on virgin fossil-based plastics, its use in fashion must be seen as a transitional solution, not a long-term fix.

The true potential of circularity will only be unlocked once textile-to-textile recycling becomes widely viable and materials are designed with full lifecycle considerations in mind. Until then, we aim to use rPET thoughtfully and continue exploring more circular and regenerative alternatives, while also looking out for improvements in industry-wide recycling infrastructure.

In our search for more sustainable and durable materials, we also began testing water-based PU in 2024—first introduced in our Lisbon Collection. Unlike conventional solvent-based PU, this innovative material requires significantly fewer chemicals in the manufacturing process, resulting in lower emissions and reduced toxicity for both workers and the environment. It also proved to be substantially more scratch-resistant than our previous PU, making it a compelling option for future premium backpack collections. We aim to expand the use of water-based PU in the coming years as part of our effort to combine performance with environmental responsibility.

05. ENVIRONMENTAL

5.3. REDUCING WASTE & INCREASING QUALITY

In 2024, we explored the use of a recycled reinforcement material in several new backpack prototypes. Reinforcements are used to provide structure and stability within bags and are typically made from virgin synthetic fibres, given the need for strength and dimensional integrity.

The tested material was made from recycled textiles with a nonwoven, felt-like texture, offering an innovative approach to substituting virgin materials in less visible yet structurally important components. While the tests showed potential, the outcome ultimately did not meet our quality expectations; the look and feel of the material did not align with our design standards, and the added weight made the final product too heavy for market introduction.

Nevertheless, we still see strong potential in this area and plan to further evaluate recycled reinforcement solutions in 2025. These internal materials are often overlooked in sustainability strategies, despite their volume and environmental relevance. By continuing to innovate in this space, we aim to uncover viable alternatives that meet both aesthetic and functional requirements and bring us a step closer to a more circular product design.

In early 2025, we also began to assess the topic of production waste generated at Tier 1 level across our supply chain. To do so, we distributed a detailed questionnaire to our key manufacturing partners, gathering information on both waste volumes and handling practices.

Encouragingly, we learned that the production of our backpacks results in very low waste, thanks to advanced cutting systems that minimise offcuts. Across our suppliers, production waste averages only about 3-5% of a backpack's total material weight.

The picture looks different, however, for our eyewear production: here, particularly during the cutting of acetate frames, a substantial amount of waste can be generated. Depending on the frame model, 50-80% of the original acetate sheet may be cut away during production. Technically, this material can be reprocessed and reintegrated into the production cycle and some advanced material suppliers are already doing so.

In response, we initially explored the idea of repurposing the acetate cut-outs into small accessories. However, we soon realised that the processing of these offcuts posed significant technical and design challenges, making it difficult to implement at scale. As a result, we shifted our focus and are currently working on a partnership with a specialised material manufacturer who is able to take back our acetate production waste and recycle it into new acetate material.

This collaboration marks a promising step toward a more resource saving eyewear production. Moving forward, we plan to track the exact quantities of offcut material collected from Kapten & Son's production that are returned to the recycler, allowing us to better understand our material flows and scale our impact over time.

05. ENVIRONMENTAL

5.3. REDUCING WASTE & INCREASING QUALITY

Since early 2024, we have been evaluating how product take-back programmes could be meaningfully integrated into our product life cycle—not only as a sustainability measure, but also as an added service and additional touchpoint for our customers. As expected, we quickly encountered key challenges, particularly regarding our backpacks, which currently represent the largest share of our sales volume.

In dialogue with several recycling partners, we had to acknowledge the technical limitations of end-of-life solutions for our backpacks and bags. At present, these products are difficult to recycle or downcycle, largely due to the complexity of materials and the high level of manual effort required for disassembly. In addition, certain minimum order quantities are required that we cannot meet on our own. In most cases, the environmental and economic cost of recycling exceeds the output value.

Despite these constraints, we were able to identify a promising solution in the eyewear category. In 2025, we became a collection point for 'Brillen Weltweit', a non-profit initiative that collects used eyewear, refurbishes it, and donates it to people in need around the world. This not only gives our glasses a second life and reduces waste but also contributes to a socially meaningful cause.

We remain committed to exploring viable recycling solutions for backpacks for the future and continue to engage in dialogue with other companies and recycling solutions to jointly advance progress in this area.

This journey also reinforced another key learning: to enable circular solutions, we must begin at the design stage, beneath relying on advances in recycling technologies and infrastructure that can one day process complex textile products in a more efficient way.

Building on that, we have also recognised the need to further strengthen our internal expertise in sustainable product development. To design truly circular solutions that are tailored to our product types and realistic within our operational context, we must first deepen our understanding of materials, systems thinking, and future regulatory frameworks. To this end, we are planning an in-depth workshop in August 2025 in collaboration with the ecosign institute, focusing on eco design principles, upcoming legal requirements such as ESPR, and practical approaches to circularity. This initiative is intended to spark a deeper dialogue between our CSR, product development and sourcing teams and serve as a foundation for long-term capability building.

05. ENVIRONMENTAL

5.3. REDUCING WASTE & INCREASING QUALITY

Since 2024, we have expanded our offering of spare parts for a wide range of products in order to prevent avoidable product returns and reduce unnecessary waste. Many customer complaints can be resolved through the simple replacement of individual components rather than exchanging the entire product. In our fiscal year 2024/25 alone, we provided 7258 spare parts free of charge to our customers. This approach not only reduces environmental impact, but also improves the customer experience.

We also see a strong feedback loop between our spare parts programme and continuous product improvement. By analysing data from customer requests and returned components, we gain valuable insights into material performance and product wear patterns. These findings feed directly into our product development process, where we review material choices, identify weak points, and explore more durable or repair-friendly alternatives. This creates a virtuous cycle in which user feedback, service experience, and design evolution reinforce one another.

KPIs – Spare Parts & Repair Enablement

- #6 reason for customer contact: Spare part requests currently rank sixth among all inquiries received by our Customer Service team.
- 7,258 spare parts distributed in FY 2024/25 through both online requests and in-store services.
- ~900 spare parts are distributed per month on average (April 2025)
- Top requested components include straps, buckles, and pullers



05. ENVIRONMENTAL

5.3. REDUCING WASTE & INCREASING QUALITY

Repairability is becoming an increasingly important design principle alongside durability and material quality. Rather than treating repairs as a reactive measure, we aim to embed repairability from the outset, by incorporating modular design, easy-to-replace components, and accessible construction into our development processes. It also involves close collaboration between our design, sourcing and customer service teams to identify components with a high likelihood of wear or failure, and to ensure that those can be repaired or replaced with minimal effort—ideally by the customer themselves.

A strong example of this approach is our luggage category, where we have already started to implement a repair-friendly design system. Components most subject to stress, such as wheels, handles, and telescopic rods, have been engineered to be easily removed and replaced, using standardised fixings and accessible construction. This not only helps to extend the lifespan of the product, but also reduces the need for full returns or replacements due to minor damage.

Our overarching goal is to extend the lifespan of our products, reduce resource use, and foster a more circular mindset. Just as important to us is raising awareness among customers that repair is not just an afterthought, but a smart, sustainable, and empowering alternative to disposal. By making repair more accessible, more intuitive, and more visible step by step, we hope to encourage more people to keep their products in use for as long as possible.



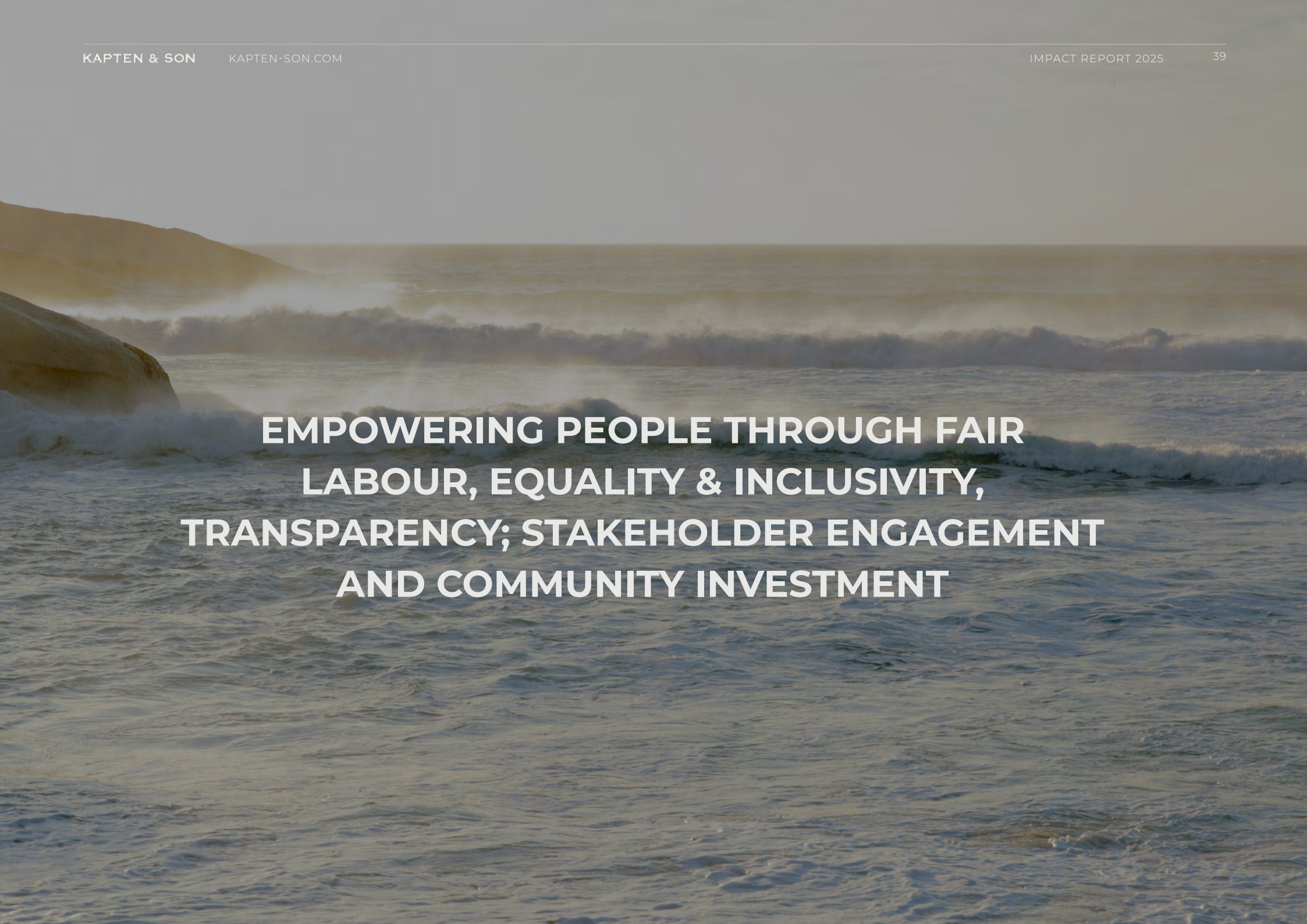
05. ENVIRONMENTAL

5.3. REDUCING WASTE & INCREASING QUALITY

OVERALL TARGETS UNTIL THE END OF FY 2026	DEADLINE
Define clear and time bound emission reduction targets based on Company Carbon Footprint of 2024	Q4 2025
Establish a PIM system that supports structured collection of product sustainability and quality data	Q4 2025
Hold workshop with Sourcing, Product Development and CSR on Eco Design	Q3 2025
100 % of Tier 1 Supply Chain Partners have participated in Chemical Management Training	Q1 2026
Certify kids' backpack collection according to the OEKO-TEX® Standard 100	Q4 2026
Implement GRS certification for recycled RPET across overall backpack and bag portfolio	Q4 2026
Maintain monthly spare part distribution average at ≥900 units	FY 2025
Start collecting structured data on product longevity to inform future quality improvements and warranty strategy	Q2 2026
Implement visual repair guidance (e.g. video tutorials or online manuals) for top 5 spare parts	Q4 2025
Ensure 30% of new product developments in 2026 follow defined eco/circular design checklist	FY 2026
Evaluate feasibility of a pop up repair and refurbish service in one store	Q1 2026
Continue to evaluate resale, recycling and take back options for the backpack category	FY 2026

SECTION 06. SOCIAL





**EMPOWERING PEOPLE THROUGH FAIR
LABOUR, EQUALITY & INCLUSIVITY,
TRANSPARENCY; STAKEHOLDER ENGAGEMENT
AND COMMUNITY INVESTMENT**

06. SOCIAL

6.1. FOSTERING EMPLOYEE ENGAGEMENT&DEVELOPMENT

Kapten & Son GmbH

Number of FTEs in FY24-25:
around 125

Permanent fulltime: 58,27%
Non permanent fulltime: 10%
Parttime: 12,23%
Interns/Working Students: 15,1%
Nationalities: 8

% of women in Leadership: 42%

Absenteeism rate: 1,44%
Turnover rate: 9,5%
Employee eNPS: 55
Work related accidents: 5

Kapten & Son Vertriebs GmbH

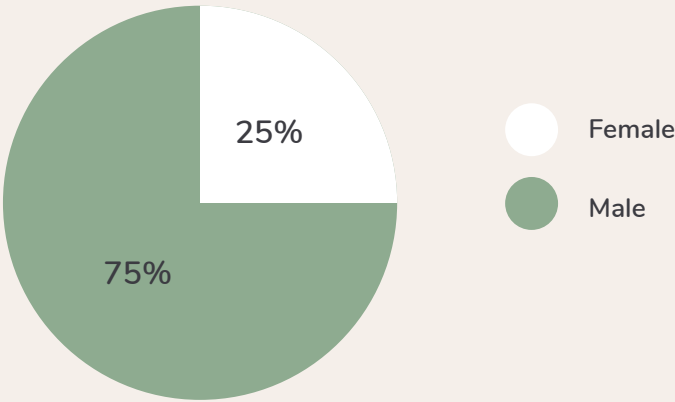
Number of FTEs in FY24-25:
around 67,5

Permanent fulltime: 21,05%
Non permanent fulltime: 18,95%
Parttime: 26,32%
Interns/Working Students: 33,68%
Nationalities: 13

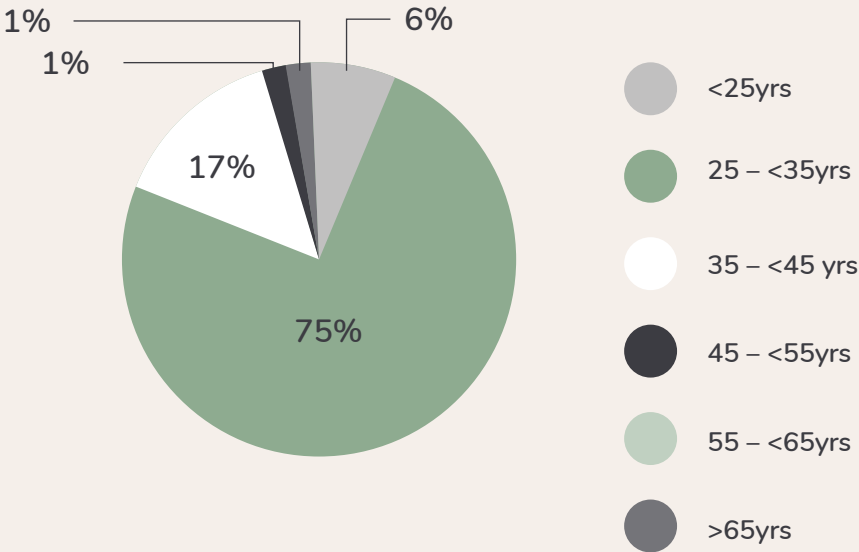
% of women in Leadership: 47%

Absenteeism rate: 2,89%
Turnover rate: 31,88%
Employee eNPS: 49
Work related accidents: 1

GENDER SPLIT



AGE DISTRIBUTION



06. SOCIAL

6.1. FOSTERING EMPLOYEE ENGAGEMENT & DEVELOPMENT

At Kapten & Son, we employ the majority of our workforce at our headquarters in Cologne, Germany. In addition, we have team members working remotely or in retail stores across other European countries. We confirm that all employees receive remuneration that meets or exceeds the statutory minimum wage applicable in their respective country of employment. This applies across all employment types and locations.

At present, no collective bargaining agreements exist within the company, and therefore, remuneration is not determined through such mechanisms. Instead, we ensure compliance with national wage laws through internal controls and alignment with local legal standards. Our aim is to uphold fair and transparent pay practices across all regions in which we operate, and to regularly review compensation structures to maintain this standard as we grow.



06. SOCIAL

6.1. FOSTERING EMPLOYEE ENGAGEMENT & DEVELOPMENT



EMPATHY

We meet with goodwill and show interest in each others' needs. By understanding and managing our own emotions, we empathize with others, communicate effectively, overcome challenges, and defuse conflicts.



AUTHENTICITY

We are true to our own personality, values & spirit. We are honest with ourselves and with others and take responsibility for our doing. Our values, ideals, and actions align.



PRAGMATISM

We make conscious, prudent and smart decisions by using clear and respectful communication, and by being open to others' opinions.

→ We find solutions, and don't get stuck into problems.



CURIOSITY

We question the status quo, with a problem-solving mindset and a can-do attitude to enter new ways.

→ We look into places where others do not, and are open to the ideas of others.

06. SOCIAL

6.1. FOSTERING EMPLOYEE ENGAGEMENT & DEVELOPMENT

THE KAPTEN BENEFITS

We are continuously working to create a work environment that promotes well-being, connection, and personal growth. Over the past two years, we've launched a number of initiatives aimed at strengthening team spirit and supporting the mental and physical health of our employees. A dedicated mindfulness course was introduced for full-time staff to foster resilience and healthier ways of dealing with stress. In addition, our annual „Kapten is Giving Week“ offers space for appreciation and self-care with activities ranging from massages, vitamin boosts, and active breaks to laughter yoga and meditation sessions.

To foster a shared identity and reinforce our culture, we collaboratively redesigned our Culture Values, under the motto CREWLOVE IS TRUE LOVE, placing even more emphasis on togetherness and a strong „we“ feeling.

Through our regular &frankly employee survey, we continue to listen to what matters most to our team. The steady increase of our internal eNPS score from around 20 to currently 55–60 reflects that we are on the right path, while our goal remains a consistent score of at least 35.

To enhance the quality of daily life at work, we also introduced FOODJI, a smart food vending system offering fresh, balanced meals. It makes lunch breaks easier and healthier and creates more time for meaningful exchange. We also improved our onboarding process, ensuring that new Kaptens feel welcomed, informed, and supported from day one.

To offer greater flexibility and support personal freedom, we follow a hybrid work mode and employees also have the option to work remotely from anywhere in Europe for up to two weeks per year. In addition, all team members are eligible to take a four-week sabbatical every three years, providing space for rest, personal development, or travel. Both offerings are designed to promote long-term motivation, work–life balance, and a modern, trust-based work culture.

All employees have access to a company pension scheme, which we support with the legally required minimum employer contribution. Beyond long-term financial planning, we also aim to support employees in their everyday lives: To help working parents, particularly women, better reconcile work and family life, we offer a 50% subsidy on childcare (Kita) fees.

In addition, we continue to encourage sustainable commuting and physical wellbeing through our bike leasing programme, which is available to all permanent employees. This initiative not only promotes healthy movement but also supports a more climate-friendly commute.

To further promote an active lifestyle, we continue to provide Urban Sports Club memberships, giving employees access to a wide range of fitness and wellness offerings across Germany. These benefits are part of our broader goal to foster a workplace culture that values health, balance, and long-term employee engagement.

Going forward, we aim to evaluate these offerings regularly and expand them where meaningful, to ensure they continue to reflect the evolving needs of our team and support both individual well-being and a more sustainable way of working.

06. SOCIAL

6.1. FOSTERING EMPLOYEE ENGAGEMENT & DEVELOPMENT

At Kapten & Son, we believe that personal and professional growth is key to building a strong and future-ready organisation. Over the past year, we have taken important steps to expand and structure our Learning & Development offering.

We launched a new L&D Library and rolled out a diverse range of workshops and training sessions covering topics such as communication, time and self-management, conflict resolution, rhetoric, Excel, and Qlik. While most sessions were successfully completed, some formats, such as project management training and expert talks, have been postponed and are planned for future rollouts.

To support leadership culture, we introduced a development programme for new leaders, including a foundational leadership workshop that has been well received. In parallel, we facilitated the creation and internal implementation of leadership values, which are now also reflected in our quarterly feedback cycles.

Our strategy and leadership survey was designed to understand how employees perceive company direction, communication, and their relationship with their direct managers. The insights gained were followed by structured conversations with team leads and helped uncover actionable areas for improvement.

We also made important progress in the area of cybersecurity awareness. Through a new online training platform, employees now regularly complete modules on cybersecurity, compliance, GDPR, and emergency behaviour. Although not all employees participate consistently, the rollout itself was smooth and marks a valuable step in building awareness and accountability.

In terms of onboarding, we began developing video and content materials to make the onboarding process more informative and engaging. Due to shifting priorities, completion has been postponed and will continue in FY25/26.

TRAININGS AND WORKSHOPS CONDUCTED:

4	Communication workshops
8	Conflict workshops
3	Feedback workshops
2	Excel Basic training sessions
1	Excel Advanced training session
2	Self reflexion and personal development workshops
1	Self, time and stress management workshop
2	Rhetoric workshops
1	Creativity workshop
1	Qlik workshop
23	digital micro learning sessions on cybersecurity, fire protection and compliance
over 90 employees participated in workshops	

over 300 hours of trainings and workshops have been offered

On average around 2,5 h training per FTE have been absolved

06. SOCIAL

6.1. FOSTERING EMPLOYEE ENGAGEMENT & DEVELOPMENT

OVERALL TARGETS UNTIL THE END OF FY 2026

DEADLINE

Publish clearly defined role profiles for various positions and seniority levels to increase role clarity and career transparency	End of FY 2026
Conduct leadership workshops to further embed the updated leadership values into day-to-day management practices	End of FY 2026
Design and implement individual development plans to support personal and professional growth across all teams	End of FY 2026
Maintain an eNPS of at least +50 to ensure a healthy, engaged workplace culture	Ongoing
Achieve &frankly survey response rates consistently above 75% to strengthen participation and internal feedback culture	Ongoing
Introduce regular guided breathing sessions to support stress regulation in everyday work life	End of FY 2025
Offer at least one mindfulness course per year to promote mental well-being and resilience	Ongoing

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

At the end of 2024, we achieved Fair Wear Leader status with a score of 75 points – the highest membership category awarded by the Fair Wear Foundation. This milestone marks a significant achievement after over two years of membership and reflects the extensive work we have invested in strengthening our Human Rights Due Diligence (HRDD) processes.

Being recognised as a Leader confirms that we are on the right track in building more transparent, responsible, and fair supply chains. The rating takes into account our commitment to improving working conditions, the structures we have put in place to manage risks, and our progress in collaborating with suppliers on remediation and capacity building.

While this status is an important recognition, it also motivates us to continue pushing for long-term, systemic change for the people behind our products and for a fairer fashion industry.



06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

SOURCING STRATEGY

Looking ahead, we remain committed to further diversifying our supply chain to reduce dependency on single production countries and to enhance resilience. While we had initially launched a pilot phase in Bangladesh for our jacket production, the initiative was not pursued further, as the operational and social challenges at that time required a disproportionate level of effort compared to the potential benefits. Instead, we have decided to focus our expansion efforts on our newly onboarded production countries, Vietnam and Indonesia, following careful consideration of social, environmental, and operational factors. We are also currently exploring potential production countries outside of Asia as part of our long-term sourcing strategy. This evaluation includes assessing social, environmental, and operational factors to identify regions that align with our sustainability goals and offer opportunities for further diversifying our supply chain.

In FY24, we started a sampling phase with one supplier in Vietnam, widely following our Onboarding process, which was laid out in our last Social Report. However, we are still in the early stages of Onboarding, as key steps such as sampling and price negotiations are still ongoing, and a formal partnership has not yet been established. No partnerships have been cancelled in the past financial year, showing our commitment to establishing meaningful long-term partnerships.

69% of our order volume in the past financial year has been produced with partners, with whom we had a long-term relationship over 5 years. However, should a business relationship need to be terminated, we follow a Responsible Exit Policy designed to minimise any negative human rights consequences.

In addition to geographical diversification, we have also taken important steps to embed CSR more deeply into our sourcing decisions. Within our existing supplier base, we have begun integrating CSR criteria from our Supplier Grading into communication and performance review with partners. We hope that this approach incentivises suppliers to continuously improve their performance in areas such as working conditions, wage transparency, and environmental management, while aligning business decisions with our CSR objectives.

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

HUMAN RIGHTS DUE DILIGENCE PROCESS

Respecting human rights is a core part of our responsibility as a business. Our Human Rights Due Diligence (HRDD) process is closely aligned with the OECD Guidelines for Multinational Enterprises and is designed to systematically identify, prevent, mitigate, and address human rights risks across our operations and supply chain.

We follow a structured 6-step approach that ensures continuous monitoring and improvement. This process enables us to take meaningful action where it matters most and to engage transparently with all relevant stakeholders.

At Kapten & Son, the responsibility for respecting human rights is embedded in our corporate governance structure. Senior leadership is involved in approving key policies and actions, which are regularly updated.

The direct responsibility for overseeing our HRDD policy lies with the Senior CSR Manager (CSR). This role includes coordinating our due diligence efforts, monitoring potential and actual human rights risks, and ensuring that appropriate measures are taken in collaboration with internal teams and external partners. The Senior CSR Manager also reports regularly to Senior Leadership, ensuring transparency and accountability across all levels of the organisation.

By anchoring human rights due diligence within our governance structure, we strengthen our ability to act responsibly and to continuously improve our impact across our operations and supply chain.



1. Responsible Business Conduct Policy

First and foremost, the commitment to social needs to be anchored in the company's core values and business practices, which make the establishment of policies a necessity.

Human Rights Due Diligence Policy

We have stated our commitment to social responsibility by establishing a Human Rights Due Diligence Policy that outlines our commitment to ethical and responsible business practices. This policy guides all subsequent actions and decisions in our supply chain management and is updated regularly.

Supplier Code of Conduct

Closely aligned with our HRDD Policy is the Supplier Code of Conduct. It defines the standards we expect from our partners and sets the basis for future collaborations. New suppliers must sign the Code of Conduct as part of the Onboarding process.

Responsible Exit Policy

If the termination of a business relationship becomes necessary, we aim to minimise potential negative impacts on human rights by following our Responsible Exit Policy.

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

2. Identify actual and potential harm

We continuously identify actual and potential harm in our supply chain to ensure the safety and rights of workers are upheld.

Continuous risk assessment

We regularly update our risk assessment at both country and partner levels to monitor changes and address the most significant risks in our supply chain.

Regular questionnaires

We conduct regular questionnaires to gather information on grievances, workforce changes, and other relevant issues that inform the risk assessment.

Complaint mechanism

We ensure that the Global Services Worker Information Sheet is posted in factories and regularly check grievances raised through suggestion boxes or via direct communication with factory management to maintain an effective complaint mechanism.

Factory visits

During our regular factory visits, we take a close look into the factory's premises, conduct Health & Safety assessments and engage with factory management and workers.

3. Cease, prevent, and mitigate harm

Upon identifying potential harm, we take immediate Steps to cease, prevent, and mitigate any adverse impacts, such as corrective actions and trainings.

General agreements

We are establishing General Agreements with key supply chain partners to formalise our mutual commitments to improving labour conditions and business practices.

Responsible supplier selection

We have a clear process for screening and onboarding new supply chain partners, ensuring they align with our HRDD Policy and Supplier Code of Conduct.

Responsible purchasing practices

To alleviate pressure on supply chain partners and reduce excessive overtime, we are improving our forecasting and smoothing out peak seasons. Moreover, we grant our partners payment terms that fit their business practices.

Management and worker training

We provide Fair Wear Onboarding trainings for our key supply chain partners on the Code of Labour Practices. Moreover, we conduct individual training based on risk and audit findings. We also conduct additional training options, such as those offered by GIZ fabric asia, focusing on environmental topics like chemical management and climate action.

Sourcing dialogue

We regularly seek feedback from supply chain partners. In feedback questionnaires, we ask our suppliers how we can improve our sourcing practices.

Regular meetings and personal visits

Maintaining close relationships with supply chain partners through regular personal and virtual meetings ensures any issues can be addressed directly and promptly.

Worker & stakeholder involvement

We collaborate with various stakeholders, including fair wear, clients, other member brands, and workers in the value chain. Through anonymous worker surveys, we strive to understand the realities and needs of workers and align them with our strategic focus.

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6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

4. Track

To ensure continuous improvement and compliance, we track the status quo of working conditions at our supply chain partners' factories.

External audits and follow up assessments

We employ third-party audits, such as those of QIMA and Fair Wear, to assess our supply chain's compliance with the Code of Labour Practices and HRDD policy. These audits provide customised insights where necessary.

Fair wear member hub

Within the Fair Wear member hub, we document our supplier risk assessments, individual action plan, audit findings and CAPs to better keep track of progress made towards the Code of Labour Practices.

Supplier grading system

Twice a year, we rank our partners based on operational and CSR criteria. Feedback from this grading is shared with partners to promote improvement.

5. Communicate

Transparent communication is key to maintaining trust with relevant stakeholders and fostering improvement.

Reporting

As part of our Fair Wear membership, we publish an annual Social Report and, starting in 2023, a biennial impact report. We also monitor and prepare for evolving EU legislation, to stay compliant with reporting requirements.

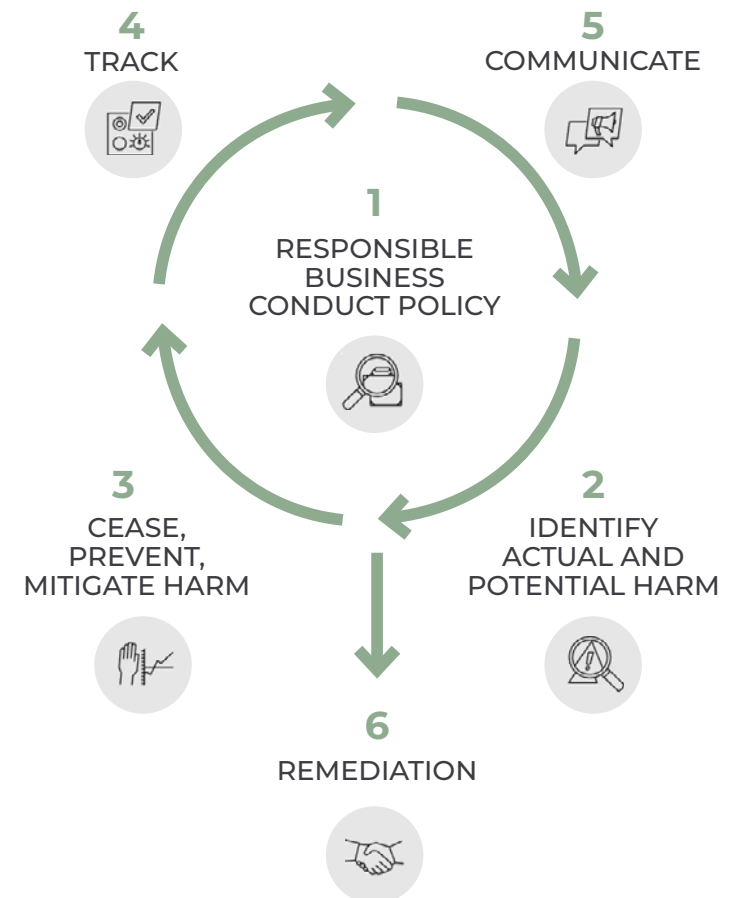
6. Remediate

When harm is identified, we implement remediation measures to rectify the situation and prevent recurrence.

Corrective action plans

Following audits and factory visits, we develop Corrective Action Plans in collaboration with factory management to address identified issues.

THE 6 HRDD STEPS



06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

POLICIES THAT ANCHOR HRDD IN OUR PROCESSES

At Kapten & Son, we have established a structured set of policies to anchor human rights due diligence (HRDD) within our corporate governance and daily operations. These policies are aligned with internationally recognised standards such as the OECD Guidelines for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights (UNGPs).

HRDD Policy:

Our overarching Human Rights Due Diligence policy defines our company's commitments to respect human rights across all areas of our business and value chain. It outlines how due diligence is embedded in our organisational structures and decision-making processes, ensuring that human rights considerations are systematically integrated rather than treated as standalone issues.

Supplier Code of Conduct:

To translate our values into practice across our supply chain, we have developed a Supplier Code of Conduct. This document sets clear and binding expectations for our suppliers, covering issues such as fair wages, safe working conditions, freedom of association, and the prohibition of child and forced labour. It serves as the ethical foundation for all supplier relationships and is a key requirement for onboarding and continued collaboration.

Supplier Code of Conduct:

To translate our values into practice across our supply chain, we have developed a Supplier Code of Conduct. This document sets clear and binding expectations for our suppliers, covering issues such as fair wages, safe working conditions, freedom of association, and the prohibition of child and forced labour. It serves as the ethical foundation for all supplier relationships and is a key requirement for onboarding and continued collaboration.

Responsible Exit Policy:

Recognising that business relationships may evolve or end, we have established a Responsible Exit policy. This ensures that when we terminate partnerships, particularly with suppliers, we do so in a way that mitigates potential negative impacts on workers and local communities. The policy guides us in evaluating risk, exploring mitigation options, and, where feasible, engaging in dialogue and support before exiting.



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6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

KEY RESULTS OF IDENTIFYING ACTUAL AND POTENTIAL HARM

We follow a structured and continuous approach to managing human rights risks in our supply chain. Our risk assessment process is largely embedded within the Fair Wear Hub and takes place on both country and supplier level as well as risks arising from products and our business model.

Risk assessments are informed by a wide range of internal and external sources, ensuring a well-rounded understanding of potential and actual human rights issues. These sources include country studies and global risk indicators, audit results, supplier self-assessments, and information gathered through internal and external complaint mechanisms. In addition, regular personal visits to production sites allow us to gain first-hand insights into working conditions and strengthen relationships with suppliers.

China remains our primary production country, resulting in a high level of dependency within our sourcing model. While the country offers a well-established manufacturing infrastructure, several structural and socio-economic developments are increasingly heightening risk exposure – both for workers and for our business.

A significant challenge is the demographic shift in China: an ageing population is placing additional pressure on factories that are already struggling to maintain a stable workforce. At the same time, rising wages and overall cost increases in the manufacturing sector are intensifying the tension between legal minimum wages and the need for living wages.

In an attempt to offset these growing costs, the risk of unauthorised subcontracting is increasing, undermining transparency and compliance across the supply chain.

The high prevalence of migrant labour within China's textile sector increases the risk of discrimination, forced labour, and exploitative working conditions.

Moreover, only a small proportion of workers in most factories receive the full range of legally required social insurances, leaving many without essential protection.

Excessive overtime remains a widespread issue, often driven by short lead times and unpredictable order volumes, which is linked to the dynamic nature of our business model.

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6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

KEY RESULTS OF IDENTIFYING ACTUAL AND POTENTIAL HARM

Another concern is the indirect payment of suppliers through agencies, which can reduce visibility over employment conditions and financial flows. Additionally, there are ongoing gaps in the consistent implementation of health and safety measures, such as the proper use of personal protective equipment (PPE), in certain production sites.

A fundamental, overarching challenge is the restricted freedom of association and limited access to collective bargaining in China. This lack of effective worker representation makes it more difficult for workers to raise concerns, report violations, or negotiate improved working conditions. As a result, many of the above risks are further reinforced, as the voices of workers often go unheard.

Finally, due to the technical complexity of our products, a wide variety of materials and processing steps are required, and workers must possess a certain level of skill and training. This increases the risk of labour exploitation, particularly if factories rely on underqualified or temporary workers without providing adequate training.

It can also heighten pressure on skilled workers, contributing to burnout, longer working hours, and unsafe conditions when production demands are high, and timeframes are tight.

These challenges highlight the need for strong human rights due diligence and long-term supplier relationships. By working closely with our partners, we aim to address these risks, drive improvement, and support fair and safe working conditions throughout our supply chain.

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6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

SUPPLY CHAIN PARTNERS FOR BACKPACK, BAGS & JACKETS

Total number of Tier 1 supply chain partners (excluding subcontractors)	9	Number of factories with worker representation	5
Total number of subcontractors	4	% of workers covered by all eligible social insurances	50%
Conducted audits	3	Conducted Social Insurance trainings	0
Conducted trainings	3	Conducted Fairprice App trainings	1
Number of factories visited	7	Conducted Fairwear Onboarding trainings	3
Conducted health & safety checklists	6	Number of workers interviewed for anonymous worker survey in FY2024	50
Number of business terminations	0	Number of work accidents	2
Grievances through fair wear greivance mechanism	0	Number of factories with grievance mechanism	11
		Number of partners with >5 years relationship	3
		Number of factories with transparent wage data	5

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

CHINA - PARTNER 1

Partnership Since: 2018

% Of Overall Production Volume: 37%

Audit: Fairwear Audit August 2024

Training: Fairprice App Training May 2024

Climate Action & Chemical Management Training

Factory Visit: April 2024

Supplier Grading Score: 68/172

Grievances: 0

% Of Female Workers: 62%

We have been working with this supplier since the launch of our backpacks in 2018, making them one of our longest-standing partners. This factory currently produces nearly 37% of our textile order volume, reflecting the strategic importance of this partnership within our supply chain. In 2024, we have been collaborating with this partner on transparent costing as part of a living wage pilot project, which we aim to gradually roll out over the coming years.

Specific Risks

During the reporting period, several key human rights risks were identified. These include the absence of worker representation, excessive overtime during peak production periods, and the lack of a wage comparison system to monitor piece-rate workers receive at least the legal minimum wage.

Minor violations of health & safety precautions could be identified. In addition, limited awareness of workers' rights can contribute to a reluctance or inability to raise grievances or report violations.

While our analysis has not indicated a particular impact on female workers, they are often more prone to risks of low pay, accessing social protection and voicing workplace concerns.

Corrective Actions and Remediation

To address the identified risks and support continuous improvement, we have initiated a range of measures in collaboration with our supplier. These include supporting workplace training for both management and workers to strengthen awareness of rights and responsibilities, and facilitating the democratic election of worker representatives in October 2024. We are also assisting in the implementation of a wage comparison system to ensure compliance with minimum wage requirements for piece-rate workers. As part of our commitment to fair compensation, we have provided training on the Fairprice App, enabling transparent price calculation that reflects actual labour costs. It is worth highlighting that the factory has already ensured full social insurance coverage for all employees. To mitigate excessive overtime, we have adjusted our sourcing practices by placing peak season orders earlier. In addition, we are working with the supplier to improve fire safety standards and ensure clearly marked and unobstructed emergency exits, contributing to a safer working environment overall.

Action Plan FY 2025

- Verify minimum wage requirements related to the wage comparison system
- Further define the Living Wage Pilot Project and implement next steps according to the agreed roadmap
- Organise additional training sessions on health & safety and workers' rights
- Validate improvements in health and safety standards through on-site follow-up and documentation checks
- Conduct Social Insurance training for workers

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

CHINA - PARTNER 2

Partnership Since: 2023

% Of Overall Production Volume: 16%

Audit: QIMA Ethical Audit 2024

Training: Fairprice App Training May 2024

Climate Action & Chemical Management Training

Factory Visit: April 2024

Supplier Grading Score: 47/172

Grievances: 0

% Of Female Workers: 60%

This supplier is a subcontractor of our China - Partner 1 and is responsible for producing specific backpack styles. The facility currently accounts for approximately 16% of our textile order volume and plays a key role in fulfilling specialised product lines within our accessories segment.

Specific Risks

During the reporting period, several key human rights risks were identified. These include the lack of worker representation and the occurrence of excessive overtime. Additionally, only a fraction of workers are enrolled in the full range of statutory social insurance schemes, and minor breaches of health and safety protocols were observed. A general lack of awareness regarding workers' rights may also contribute to hesitation or inability to raise grievances or report issues.

As part of our due diligence, we have begun collecting wage and working hour records and identified violations of legal minimum wage requirements, including the right compensation of overtime premiums.

While our analysis has not indicated a particular impact on female workers, they are often more prone to risks of low pay, accessing social protection and voicing workplace concerns.

Corrective Actions and Remediation

Over the past year, several measures were implemented with this partner to strengthen compliance and improve working conditions. During a personal factory visit in April 2024, we conducted a Health & Safety checklist, which was followed by a third-party audit carried out by QIMA in September 2024. Based on the findings from both the visit and the audit, we closely monitored the implementation of necessary H&S improvements. In addition, we reviewed wage and working hour records to assess legal compliance and verified the payment terms between the factory and our main supplier to ensure timely compensation. We also began tracking the participation of workers in social insurance schemes to better understand coverage levels and identify areas for improvement.

Action Plan FY 2025

- Conduct Fair Wear onboarding training for management and workers
- Support the democratic election of worker representatives
- Assist in setting up a wage comparison system
- Monitor wage payments to ensure consistent compliance with legal minimum wage, including payment of overtime premiums
- Review and assess lead times of the main factory to reduce production pressure

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

CHINA - PARTNER 3

Partnership Since: 2019

% Of Overall Production Volume: 12%

Audit: Fairwear Audit October 2023, Fairwear Validation Assessment November 2024

Training: Fairwear Onboarding Training May 2024

Factory Visit: April 2024

Supplier Grading Score: 50/172

Grievances: 0

% Of Female Workers: 61%

This supplier, managed through our sourcing agency, has been producing backpacks for us since 2019. Accounting for 12% of our textile portfolio, they have played a key role in our production operations over the past years.

Specific Risks

During a Fair Wear audit conducted in October 2023, several critical issues related to minimum wage compliance were identified. These included instances where not all workers received the legally mandated minimum wage and overtime premiums, partly due to the lack of a functioning wage comparison system to verify compliance for piece-rate workers. In addition, excessive overtime was observed, with some workers not receiving the required day off within a seven-day work period.

The risk assessment also highlighted gaps in social insurance coverage, with not all eligible workers enrolled, as well as the absence of worker representation structures within the factory. Minor violations of health and safety standards could be identified.

An analysis of wage records showed that women were especially at risk of minimum wage violations, as they were overrepresented in lower-paid roles. Consequently, female workers received particular attention during remediation and corrective actions to ensure wage compliance and improved protection.

Corrective Actions and Remediation

Throughout 2024, we worked closely with factory management to address and remediate the identified issues. We held in-person meetings in December 2023 and April 2024 to discuss the situation in detail and support the factory in identifying root causes and appropriate corrective actions. From April 2024 onwards, we began collecting wage and working hour records to monitor progress and ensure compliance. In addition, we provided targeted training to both management and workers, covering the specific corrective measures as well as general work-related rights through both our CSR Associate and Fair Wear. In October 2024, the factory conducted a democratic election of worker representatives. A validation assessment conducted in November 2024 confirmed that while the situation had improved significantly, it had not yet been fully rectified. In particular, the wage comparison system required further adjustment by factory management. We are currently in the process of evaluating whether full remediation has been achieved. In March 2025, the factory submitted a wage increase plan to address the rising cost of living and production in China.

Action Plan FY 2025

- Continue assessing wage and working hour records with a gender lens
- Monitor progress through regular anonymous worker surveys
- Track the number of workers enrolled in social insurance schemes
- Evaluate opportunities for training on (gender) discrimination and H&S
- Conduct Social Insurance training with workers
- Regularly verify the validity of H&S certifications

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

CHINA - PARTNER 4

Partnership Since: 2020

% Of Overall Production Volume: 4%

Audit: Fairwear Audit June 2023

Training: Fairwear Onboarding Training June 2024

Factory Visit: April 2024

Supplier Grading Score: 55/172

Grievances: 0

% Of Female Workers: 75%

This supplier, managed through our sourcing agency, has been producing backpacks for us since 2020. This supplier is accounting for 4% of our textile production.

Specific Risks

During an audit conducted in June 2023, several critical risks were identified. Due to the absence of a proper wage comparison system, it was not possible to verify compliance with minimum wage requirements or overtime premium payments. In addition, workers did not receive compensation for statutory leave as required by law, and the majority did not benefit from one day off within a seven-day work period. Furthermore, regular medical checks were missing for some eligible workers, raising concerns about compliance with occupational health requirements. While the factory has appointed worker representatives, it was assumed that they are not able to fully exercise their role and responsibilities.

The majority of workers were not enrolled in the required social insurance schemes.

Given that a significant proportion of the workforce in this factory is female, it is essential to assess risks through a gender lens. For example, one female worker expressed safety concerns for women, such as having to travel home alone late in the evening, as factory premises are in a more rural area.

Corrective Actions and Remediation

To increase transparency, the factory shared wage and working hour documentation with us over several months, allowing for a clearer understanding of wage structures and working time patterns. We provided practical guidance on the implementation of a wage comparison system to ensure that legal wage requirements, particularly for piece-rate workers, can be consistently tracked. However, excessive overtime and the lack of a guaranteed day off per seven-day work period remained ongoing concerns. In a personal meeting in April 2024, factory management explained that many workers preferred to take time off more flexibly, for example to attend family celebrations or medical appointments. While this feedback was acknowledged, we repeatedly clarified that such arrangements do not align with national labour law, especially as they obstruct the proper payment of overtime premiums and statutory leaves. Continued dialogue and monitoring are in place to ensure that legal requirements are fully met moving forward. As part of the corrective actions implemented in 2024, the factory appointed a dedicated CSR responsible to oversee compliance and improvement efforts in the beginning of 2025. We also encouraged the factory for a democratic election of worker representatives that took place in March 2025. Initial discussions with worker representatives focused on health and safety measures within the factory. The factory has also presented a wage increase plan and an anti-discrimination policy in March 2025.

Action Plan FY 2025

- Review compliance with statutory leave entitlements
- Conduct regular checks of health & safety licenses and documentation
- Monitor and track enrolment in social security schemes
- Reassess wage and working hour records for compliance with legal standards
- Review working hours to ensure safe commuting for female workers
- Monitor inclusion of women in worker representation
- Monitor progress through regular anonymous worker surveys

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

CHINA - PARTNER 5

Partnership Since: 2021

% Of Overall Production Volume: 19%

Audit: QIMA Audit December 2023

Training: Fairwear Onboarding Training November 2024

Factory Visit: April 2024

Supplier Grading Score: 50/172

Grievances: 0

% Of Female Workers: 51%

We have been working with this partner since 2021 and have intensified our collaboration ever since. This factory currently accounts for nearly 19% of our textile order volume, highlighting its strategic role within our supply chain.

Specific Risks

Based on the audit findings and our risk assessment, the most prominent risks at this factory relate to excessive overtime and non-compliance with monitoring legal wage requirements. The absence of a wage comparison system prevents the factory from ensuring that minimum wage standards are consistently met. In addition, several health and safety-related risks were identified. The lack of a functioning worker representation structure increases the likelihood that worker

grievances remain unvoiced. Furthermore, only a small portion of workers are enrolled in all eligible social insurance schemes.

While our analysis has not revealed a disproportionate impact on female workers, they often face heightened vulnerability in areas such as low wages, limited access to social protection, and restricted channels to express workplace concerns.

Corrective Actions and Remediation

Following the audit in December 2023, we supported the factory in implementing a range of corrective actions, including the introduction of a wage comparison system. Throughout 2024, we collected wage and working hour records to monitor progress. Our review confirmed that the supplier succeeded in meeting legal wage requirements and correctly paid overtime premiums. Moreover, the factory managed to slightly reduce overtime hours and provide workers with the legally required one day off within a seven-day work period. In addition, we conducted workplace training in November 2024, with strong participation from both factory management and workers. The training focused on workplace rights and helped raise awareness of key compliance topics. The factory also addressed several health and safety violations, such as installing smoke detectors and fire sprinklers in all workshops, fitting all sewing machines with proper safety guards, and ensuring secondary containment measures were in place for chemical storage. In September 2024, the factory held democratic elections for worker representatives, which were thoroughly documented by factory management.

Action Plan FY 2025

- Continue monitoring the implementation and effectiveness of the wage comparison system
- Provide training for workers on Social Insurance rights and entitlements
- Deliver Fairprice App training to factory management to support transparent costing
- Organise a Fair Wear audit to assess ongoing compliance and progress

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

CHINA - PARTNER 6

Partnership Since: 2021

% Of Overall Production Volume: 8%

Audit: Fairwear Audit October 2024

Training: N/A

Factory Visit: April 2024

Supplier Grading Score: 42/172

Grievances: 0

% Of Female Workers: 52%

This supplier, managed through our sourcing agency, has been producing backpacks for us since 2020. This supplier is accounting for 8% of our textile production.

Specific Risks

During the audit conducted in October 2024, several risks were identified at the factory. A majority of workers were unaware of the Code of Labour Practices (CoLP) and the available grievance mechanisms, highlighting a gap in rights awareness and communication. Although worker representatives had been democratically elected in December 2024 and were found to understand their responsibilities, no workers had approached them with concerns at the time of assessment. Excessive overtime was observed, with some workers not receiving the legally mandated day off within

a seven-day work period. In addition, statutory leave payments were not made in full accordance with legal requirements, and some discrepancies were found in overtime compensation. The audit also revealed several breaches in health and safety standards, and it was noted that only about half of the workforce was enrolled in all applicable social insurance schemes—an area identified for further improvement.

Corrective Actions and Remediation

Following the audit, the factory has taken several steps to address the identified risks and improve compliance. To strengthen worker engagement, the contact information of worker representatives was visibly posted within the factory premises, ensuring accessibility for all employees. Management also delivered in-house training sessions on the Code of Labour Practices to raise awareness about worker rights and grievance channels. In response to excessive overtime findings, wage and working hour records were reviewed, and the factory demonstrated progress in providing the legally required one day off within a seven-day period. Root cause analysis was initiated to determine if excessive overtime was linked to Kapten & Son's order placements, but factory management confirmed that our production share was relatively small and that peak season pressure and voluntary overtime for increased income were more likely contributors. Statutory leave payments were corrected by shifting from fixed-rate compensation to actual payment based on leave taken. Regarding overtime wages, minor gaps were acknowledged, and the factory committed to resolving these in the short term. Several health and safety improvements were implemented, including the repair of a fire alarm, proper marking of evacuation routes, updated fire-fighting equipment, secure chemical storage with secondary containment, and encouraging usage of PPE. While social insurance coverage is relatively high compared to regional benchmarks, additional training is planned to further increase enrolment across all eligible schemes.

Action Plan FY 2025

- Conduct Fair Wear onboarding training to raise awareness of worker rights
- Complete remaining open health and safety corrective actions
- Interview worker representatives to assess engagement and effectiveness
- Monitor progress through regular anonymous worker surveys
- Provide training for workers on social insurance rights and entitlements

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

CHINA - PARTNER 7

Partnership Since: 2024

% Of Overall Production Volume: 3%

Audit: Fairwear Audit October 2022

Training: N/A

Factory Visit: December 2024

Supplier Grading Score: 35/172

Grievances: 0

% Of Female Workers: 82%

This factory was onboarded in early 2024 to produce our jacket portfolio and currently serves as our sole supplier for this product category. As another Fair Wear member brand has maintained a long-standing partnership with the factory, it was already familiar with the Code of Labour Practices (CoLP), and a Fair Wear assessment had previously been conducted in October 2022. As our partnership is still new, we began by assessing the current situation and are now drafting corrective measures and a future action plan.

Specific Risks

According to the Fairwear audit report and the factory's self-assessment, the most significant risks identified relate to inconsistencies between attendance records and worker interviews. These discrepancies prevented the assessment team from accurately verifying actual wage payments and working hours.

As a result, it is assumed that excessive overtime may be occurring and that compliance with legal minimum wage requirements is not consistently ensured. Workers also reported not receiving statutory payments in full accordance with legal obligations.

While the factory is unionised under the ACFTU and has approximately ten worker representatives, providing workers with multiple channels to raise concerns, it was found that not all employees were fully familiar with the standards outlined in the Code of Labour Practices. Additionally, the audit identified minor health and safety issues, including gaps in the use of personal protective equipment (PPE), electrical and fire safety, and ergonomic practices. On a more positive note, the majority of workers were enrolled in the applicable social security schemes, indicating a strong level of compliance in this area.

Corrective Actions and Remediation

In the first year of our partnership, we focused on building a foundational understanding of the factory's operations and compliance status. To achieve this, we collected data through a series of supplier self-assessments, which provided valuable insights into existing practices and potential areas for improvement. As part of our onboarding efforts, our CSR Associate conducted an on-site visit in December 2024. This visit not only allowed us to gain a first-hand impression of the factory's working environment and facilities, but also served to strengthen personal relationships with factory management. Establishing this direct connection is a crucial step toward fostering open communication and long-term collaboration on social and environmental topics.

Action Plan FY 2025

- Conduct Fair Wear Onboarding training with factory management and workers
- Complete Health & Safety checklist during the next on-site factory visit
- Carry out worker interviews to assess the effectiveness of complaint mechanisms
- Interview worker representatives to better understand workers' needs
- Organise a Fair Wear audit
- Collect and review wage and working hour records to check for consistency
- Review compliance with statutory leave entitlements

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

CHINA - SUBCONTRACTORS

Number Of Factories: 4

Factory Visit: N/A

H&S Checklists: N/A

Grievances: 0

Some of our key suppliers work with subcontractors for specific production steps, such as edge painting and silk printing. These processes are typically carried out for very minor components of our products, which is also why many of our suppliers do not perform these tasks in-house. While it is important to acknowledge that subcontracting generally comes with heightened risks—often due to more informal labour arrangements—it is also particularly challenging to engage in dialogue or implement effective remediation measures. This is largely due to the absence of direct business relationships and very limited leverage, as the share of production capacity dedicated to our products at these subcontractors is minimal. Although these sites are included in our Human Rights Due Diligence (HRDD) framework, the scope and intensity of our monitoring activities cannot be compared to those in our direct supplier network.

Specific Risks

Small, specialised workshops are often associated with a heightened risk of informal or exploitative labour practices. These facilities typically operate

with a small workforce, often relying on seasonal or migrant workers, many of whom lack formal employment contracts and have no access to social insurance schemes.

The absence of proper monitoring systems for working hours and wage records increases the risk of violations of legal minimum wage requirements and excessive overtime. Moreover, the specialised nature of certain production steps demands robust health and safety standards, which are frequently lacking in smaller setups. These workshops often do not have effective grievance mechanisms in place, leaving workers without safe channels to raise concerns. Finally, the lack of direct business relationships and the limited scale of production for brands like Kapten & Son means that such subcontracted units are rarely audited or externally monitored, further reducing transparency and oversight.

Corrective Actions and Remediation

To begin addressing the identified risks in subcontracted workshops, we have initiated several corrective measures aimed at improving transparency and social compliance. As a first step, we distributed detailed supplier questionnaires to gain a clearer understanding of the current social conditions and employment practices at these sites. In parallel, we posted the Worker Information Sheet provided by the Fair Wear Foundation in visible areas of the factories to ensure workers are informed about their rights and have access to a functioning grievance mechanism. In addition, we sent out our Supplier Code of Conduct and transparency consent forms, which have been signed by factory management to formalise shared commitments to ethical standards and open communication. We are currently in the process of nominating one subcontractor for these specific production steps so that we can engage in increased monitoring activities, such as factory visits and assessments to define further areas for improvement.

Action Plan FY 2025

- Conduct on-site visit and perform H&S check for nominated factory
- Commission third-party audit for nominated factory
- Monitor outcomes and track implementation of corrective actions
- Track baseline conditions and ongoing improvements using the Fair Wear Member Hub

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

INDONESIA – PARTNER 1

Partnership Since: 2024

% Of Overall Production Volume: >1%

Audit: N/A

Training: N/A

Factory Visit: N/A

Supplier Grading Score: 27/172

Grievances: 0

% Of Female Workers: 94%

In 2024, we began working with our first production partner in Indonesia, marking the start of production in a new sourcing country. As this is our first collaboration in the region, it introduces a set of risks that differ slightly from those in our existing sourcing countries.

Specific Risks

While we have not yet conducted an in-depth assessment of specific risks in this factory, general sector insights point to several relevant concerns. The payment of a living wage is often not guaranteed, and excessive overtime remains a common practice, particularly during peak seasons. Additionally, there is an elevated risk of

discrimination, especially for vulnerable worker groups. Ensuring a legally binding employment relationship is another area that requires close attention, as informal or precarious contracts remain prevalent in parts of the industry. Health and safety standards also vary widely and can pose risks to worker well-being.

In Indonesia, women also make up a significant share of the garment workforce and face heightened risks of discrimination, limited access to grievance mechanisms, and underrepresentation in decision-making roles. Gender-based vulnerabilities are often compounded by informal employment arrangements and a lack of gender-sensitive workplace policies.

Corrective Actions and Remediation

As our partnership in Indonesia is still at an early stage, we have not yet implemented a broad set of corrective actions or remediation measures. However, we have gathered initial data through supplier self-assessments and relevant country studies to better understand the local risk landscape. Based on these insights, we have developed a first action plan to guide our engagement. As part of our onboarding process, we have already posted the Worker Information Sheet on factory premises and received signed confirmations of our Supplier Code of Conduct and Chemical Management Guidelines from factory management.

Action Plan FY 2025

- Conduct a Fair Wear audit to assess current working conditions and compliance
- Verify compliance with legal minimum wage requirements in the production region
- Organise a Fair Wear onboarding training for both management and workers
- Carry out personal factory visit to strengthen dialogue and deeper insights
- Interview worker representatives to evaluate worker engagement
- Review and discuss the internal grievance mechanism to ensure accessibility and effectiveness
- Investigate the root causes of excessive overtime and discuss possible mitigation strategies
- Review existing anti-discrimination policies and procedures with factory management

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

VIETNAM – PARTNER 1 (CURRENTLY INACTIVE)

Partnership Since: 2023

% Of Overall Production Volume: 0%

Audit: N/A

Training: N/A

Factory Visit: N/A

Supplier Grading Score: 29/172

Grievances: 0

% Of Female Workers: 82%

This factory is a subsidiary of one of our Chinese production partners and represents our first manufacturing location in Vietnam. It was initially onboarded in 2023 and fulfilled a small order quantity; however, production has remained inactive over the past two years, as the parent company opted to fulfil orders through its Chinese facility. Looking ahead, we are planning to expand production to the Vietnamese branch in FY 2025, marking a step toward further diversifying our supply chain.

Specific Risks

In the Vietnamese garment sector, several risks have been identified as particularly relevant. Safe and healthy working conditions remain a concern,

especially in factories with limited investment in infrastructure, ventilation, or protective equipment. Excessive overtime is also common, often driven by tight production deadlines and limited workforce flexibility. While workers may receive the legal minimum wage, the payment of a living wage is generally not ensured, leaving many unable to meet basic living costs.

Women, who make up a large portion of the workforce, are particularly vulnerable to discrimination and are often overrepresented in lower-paid, less secure positions, increasing their exposure to economic and social risks.

Corrective Actions and Remediation

As our partnership with the Vietnamese factory has not yet been fully activated, we have so far implemented only a limited set of corrective actions or remediation measures. Nonetheless, we have collected initial information through supplier self-assessments and country-specific research to gain a better understanding of the local context and potential risks. Based on these findings, we have prepared an initial action plan to support future collaboration. As part of the onboarding process, the Worker Information Sheet has been displayed on-site, and factory management has signed both our Supplier Code of Conduct and Chemical Management Guidelines.

Action Plan FY 2025

- Conduct a Fair Wear audit to evaluate current working conditions and compliance with labour standards
- Assess adherence to legal minimum wage requirements based on local regulations
- Deliver Fair Wear onboarding training tailored for both factory management and workers
- Undertake a personal factory visit to build trust, foster dialogue, and gain first-hand insights
- Engage with worker representatives to better understand their role and level of participation
- Review and strengthen the factory's internal grievance mechanism to ensure it is accessible, trusted, and effective
- Explore the underlying causes of excessive overtime and work with factory leadership on feasible mitigation strategies
- Review existing anti-discrimination policies and procedures with factory management

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

MEASURES TO CEASE, PREVENT AND MITIGATE HARM

We recognise our responsibility to actively prevent and address harm in our supply chain and have developed a targeted approach to doing so.

One of the core components of this approach is the establishment of General Agreements with key partners. These agreements define shared expectations around social compliance, transparency, and continuous improvement. However, in the current politically and economically volatile global environment, we have been unable to make long-term order commitments, as such commitments currently carry a high level of uncertainty and risk.

Despite these limitations, we continue to strengthen our partnerships through regular on-site visits. In May 2023 and April 2024, we visited several production partners in person to maintain close relationships and engage in open dialogue. We believe that face-to-face conversations remain essential in building trust and enabling effective collaboration around complex social issues.

→ Continued



06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

MEASURES TO CEASE, PREVENT AND MITIGATE HARM

Our experience has shown that many violations of the Code of Labour Practices (CoLP) stem not from ill intent, but from a lack of awareness or technical expertise in specific areas. For this reason, we have increased our support for capacity-building initiatives. We held onboarding trainings for both management and workers focused on work-related rights and responsibilities, including in-depth explanations of priority topics such as wage systems, participation in social insurance schemes, and worker engagement in collective bargaining. In one case, we conducted a tailored training for a selected supplier on transparent product costing using the Fairprice App, supporting the long-term goal of achieving fairer wage structures.

In parallel, we recognise the need to improve our own purchasing practices, as these play a crucial role in enabling or hindering fair working conditions. To that end, we have worked to place orders more evenly among partners and recognizing their production capacity, placed peak season orders earlier to reduce overtime pressure, and provided more detailed and accurate forecasting. Where delays occurred, we have shown flexibility by accommodating adjusted delivery timelines and offering alternative transportation options to ease pressure on production.

We regularly use time and motion studies to ensure that factory capacities align broadly with order volumes, helping us monitor for any unauthorised subcontracting or the use of homeworkers.

To maximise impact and avoid duplicating efforts, we also seek to collaborate closely with other Fair Wear member brands in shared factories. By aligning our efforts, sharing action plans, and working together on follow-up measures, we aim to increase our leverage and create consistent messaging towards suppliers, which ultimately strengthens our ability to drive positive change.

Through these collective actions, we aim not only to address immediate risks but also to build more resilient, informed, and ethical supply chain partnerships in the long run.

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

TRACKING PROGRESS OF CORRECTIVE ACTIONS AND IMPROVEMENTS

A crucial part of our Human Rights Due Diligence (HRDD) work is monitoring and tracking progress to assess whether corrective actions and improvement measures have had the intended effect. This step ensures that our interventions are not only implemented but are also driving meaningful change on the ground.

To evaluate impact and identify areas for further improvement, we rely on regular stakeholder engagement across different levels. One important tool in this process is our Anonymous Worker Surveys, which we first conducted in April 2024. In April 2025, we started to repeat and expand the surveys to cover more workers and tailor them more specifically to each factory's situation and corresponding Corrective Action Plans. This time, workers were also asked explicitly about perceived improvements, hopefully giving us valuable insights into the effectiveness of measures taken.

In addition, we actively seek dialogue with elected worker representatives, particularly in factories where democratic elections have taken place. These conversations help us understand which issues have been raised internally, what improvements have been implemented, and how workers experience the changes in their daily environment.

We also regularly ask our supplier partners for feedback on our purchasing practices, as part of our commitment to responsible sourcing. While many partners have positively acknowledged improvements over the past two years, especially in terms of more accurate and detailed forecasting, balancing peak season production remains a challenge.

Despite efforts, we have not yet succeeded in significantly levelling out seasonal demand, which continues to put pressure on production planning and working hours.

In 2024, we also made significant progress in our supplier performance evaluation by fundamentally improving our Supplier Grading system. The revised framework provides clearer guidance on which CSR measures suppliers can implement and how these are categorised into different levels of progress. Based on specific indicators, a scoring system, and a defined performance level, suppliers are now able to better understand, assess, and benchmark their own CSR performance. The grading is shared on a biannual or annual basis, with a focus on achievements and areas for improvement. Feedback from suppliers has been largely positive, with many noting that the grading system has helped them gain a clearer understanding of expectations and how to advance.

Another essential pillar of our monitoring process is the validation of corrective actions. This includes the review of photo documentation, regular screening of wage and working hour records, and follow-up assessments either conducted by Fair Wear or our CSR Associate. Thanks to the presence of our CSR Associate based in China, we are able to carry out these validation activities on a regular basis. This local presence strengthens our ability to ensure that improvements are not only implemented but also sustained over time.

Through this multi-layered approach that combines structured feedback, data-driven evaluation, and on-the-ground verification, we strive to create a transparent and responsive system that drives meaningful improvements for workers and partners alike.

Communicating progress on HRDD

For the first time, we have undertaken advanced social reporting, offering detailed insights into risk assessments and action plans at the individual supplier level. This approach allows for a more in-depth and transparent view of our tier 1 textile supply chain partners for backpacks and jackets.

06. SOCIAL

6.2. ADVOCATING FOR ETHICAL SUPPLY CHAINS

OVERALL TARGETS UNTIL THE END OF FY 2026

DEADLINE

Hold Fairwear Leader status and maintain score of >75 points	End of FY 2025
Ensure all key suppliers for backpacks and jackets have functioning worker representation structures	End of FY 2025
Increase the share of suppliers with a verified wage comparison system to 100%	End of FY 2025
Implement key milestones of the Living Wage Pilot in collaboration with one selected supply chain partner	Ongoing
Have reliable and transparent wage level data of more than 80% of supply chain partners	End of FY 2025
Conduct Fairprice App training with one additional key supply chain partner	End of FY 2025
Work with suppliers to close gaps in social insurance coverage through monitoring and guidance	Ongoing
Conduct Social Insurance training with all backpack and jacket suppliers	End of FY 2026
Conduct Fairwear Onboarding training for all backpack and jacket suppliers	End of FY 2026
Expand General Agreements with key supply chain partners to a longer term commitment	End of FY 2026
Survey around 20% of workforce of key supply chain partners annually	Ongoing
Share annual summary of audit & improvement progress with key suppliers via Supplier Grading System	Ongoing
Improve internal purchasing practices to reduce overtime pressure	Ongoing
Regularly update risk assessment on country and supplier and business model level	Ongoing
Expand HRDD approach to all remaining tier 1 supply chain partners outside of textile	End of FY 2026

06. SOCIAL

6.3. SUPPORTING COMMUNITIES AND SOCIAL IMPACT PROJECTS

THE KAPTEN & SON FOUNDATION

In February 2025, we launched our own foundation in collaboration with bcause, enabling us to expand our philanthropic work in a more structured and transparent way. Thanks to bcause's digital platform, the setup was simple and free from bureaucratic hurdles, which allows us to focus directly on creating impact.

A major benefit of working with bcause is the transparency and credibility it brings: all donations are traceable through a public donation history and are independently verified by bcause. This ensures full accountability and builds trust with everyone who supports our mission.

Looking ahead, the foundation will also allow us to involve our community, who will have the opportunity to support selected projects and become part of our long-term impact journey.

Our first commitment: a multi-year partnership with Evidence Action. Until 2026, we are financially supporting their Safe Water Programmes, helping to expand access to clean and safe drinking water in underserved communities.

Our goal is to donate €120,000 in total, which gives 90,000 people access to safe drinking water for an entire year.

You want to join us in creating impact? Just follow the link to support our foundation.

06. SOCIAL

6.3. SUPPORTING COMMUNITIES AND SOCIAL IMPACT PROJECTS

THE KAPTEN & SON FOUNDATION

42500 €

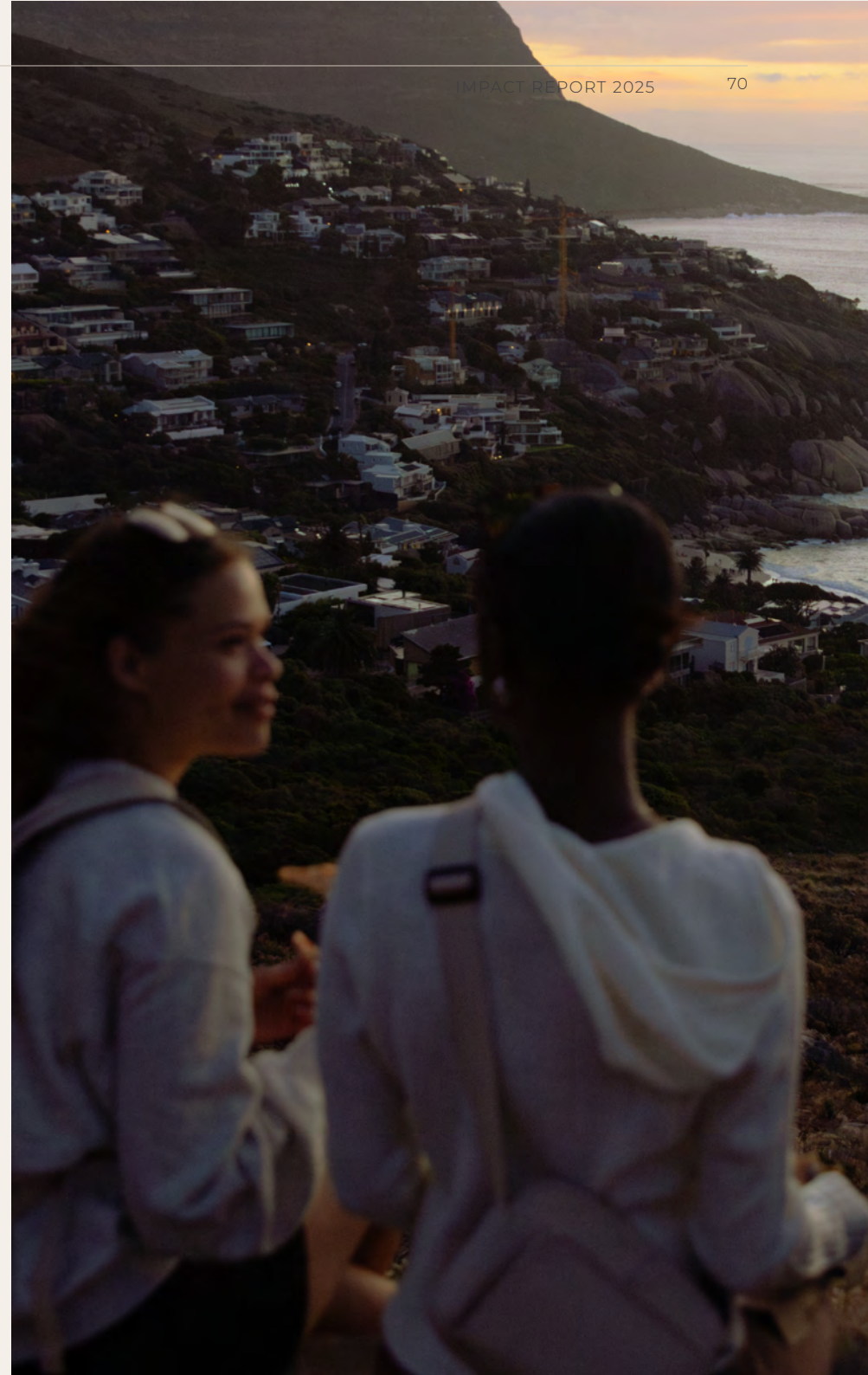
Donations in
FY 2024

77500 €

Overall donations
to Evidence Action

≈300

Number of
products donated



SECTION 07. FINAL WORDS



7. SOME FINAL WORDS

This report marks another step forward on our journey toward greater transparency, accountability, and impact. As a growing company, we are well aware that we are still in the early phases of embedding sustainability into every corner of our organisation. Yet, we believe that even small and medium-sized companies carry responsibility and that progress is not only measured in results, but in the willingness to question, (un)learn, and improve.

Throughout this report, we've shared where we stand today: the actions we've taken, the challenges we face, and the direction we're heading. From advancing social standards in our supply chain to improving our data-driven understanding of environmental impacts, we are steadily building the systems and partnerships needed to act more responsibly and make better decisions.

We are grateful to all the people within Kapten & Son, in our partner factories, and beyond, who contribute to this progress every day. Collaboration, honesty, and a shared sense of responsibility will continue to guide us as we grow.

This report is by no means the final word, but a transparent snapshot of where we are today and where we aim to go. We will continue to report, reflect and, most importantly, act.

Thank you for reading.



A photograph of three people sitting on a cliff edge, looking out over a coastal town and the ocean at sunset. The person on the left is a woman with curly hair, wearing a light-colored hoodie and a large tan backpack, holding a slice of pizza. The person in the middle is a woman with dark hair, wearing a white hoodie and a tan backpack. The person on the right is a man wearing a dark cap, a striped shirt, and a dark backpack. The background shows a coastal town with white buildings on a hillside, the ocean, and a large mountain peak under a sunset sky.

KAPTEN & SON

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