

AMANN

GROUP

Intelligent threads



SUSTAINABILITY REPORT

2019



"IN THE HISTORY OF
AMANN, INTEGRATING THE
TEN PRINCIPLES OF THE
UN GLOBAL COMPACT IS
A LOGICAL STEP."

Bodo Th. Bölzle
CEO and Chairman of the Management Board

SUSTAINABILITY PUT INTO PRACTICE SINCE 1854.

Dear reader,

The AMANN Group, as a global company, has a responsibility towards customers, employees, society and the environment. Ecological, social thinking and acting is embedded in the company's DNA. Sustainability, according to the current definition, is a recurring theme in our corporate philosophy. In the history of AMANN, integrating the ten principles of the UN Global Compact is a logical step. We produce our sewing and embroidery threads at our own production sites in Europe and Asia and can therefore guarantee that the principles are being implemented consistently. Beyond the legal requirements, we are also bound by the standards of our Code of Conduct, which defines fundamental, ethical principles of conduct. These principles of conduct determine the decisions and actions taken by management and employees in our daily business, and they also apply to our suppliers and partners. We observe the United Nations' General Declaration of Human Rights and all conventions of the International Labour Organisation (ILO), and have a sophisticated management and control system, which ensures their implementation.

Our objective is the most sustainable and efficient production possible. The timely reduction in resource consumption in production and the development of new, more environmentally friendly and intelligent threads are important steps on the way to achieving this.

We would like to thank our employees for their commitment, expertise and sense of responsibility. And we thank our customers and partners for their loyalty to our company. For us, this is both an incentive and an obligation.

Wolfgang Findeis

Wolfgang Findeis
CFO

Bodo Th. Bölzle

Bodo Th. Bölzle
CEO and Chairman
of the Management
Board

Peter Morgalla

Peter Morgalla
COO



THE AMANN CODE
INNOVATIVE. INDIVIDUAL. INTELLIGENT.

WELCOME TO THE TECHNOLOGY HUB OF THREADS.

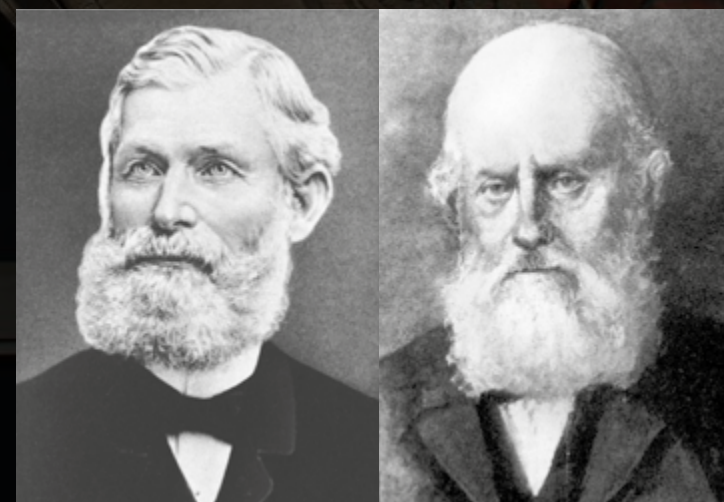
Alois Amann and Immanuel Böhringer founded the company Amann & Böhringer in 1854 "to manufacture twined and coloured silks". Even back then, the company was a pioneer in Europe, because professional processing of silk threads was considered to be an exacting skill, which barely anyone had dared to take on until then.

Today, the AMANN Group is one of the leading international manufacturers of sewing threads, embroidery threads and smart yarns. From universal sewing threads to highly technical special yarns: we offer a wide range of products for a variety of applications.

AMANN produces high-quality sewing and embroidery threads for clothing, shoes & accessories, home interior, automotive, techtex and trade. We are an esteemed and innovative partner for our customers.

The family company, in which the non-profit Hanns A. Pielenz foundation has been a majority shareholder since 2005, has become a global player with a total of seven production sites in Europe and Asia, and more than 2300 employees worldwide.

AMANN relies upon sustainable, fair and safe production processes worldwide.



Alois Amann & Immanuel Böhringer

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COMMITMENT OF THE AMANN GROUP TO THE PRECEPTS OF THE UN GLOBAL COMPACT.



As a global company, AMANN has made a conscious decision to enter into the UN Global Compact.

"The United Nations Global Compact is the world's biggest and most important initiative for responsible corporate management. Based on ten universal principles and the Sustainable Development Goals, it pursues the vision of an inclusive and sustainable global economy to the benefit of all people, communities and markets, today and in the future."¹

It is AMANN's ambition not only to be a pioneer in terms of high-quality, sophisticated products, but also in activities in the spirit of sustainability. With the successful development of innovative threads and yarns, we are actively contributing towards protecting the environment and resources for future generations. Social equality and environmental change go hand in hand with this.

That's why we consider the recognition of international standards to be a matter of course. We are making an impressive commitment in association with more than 13,000 companies and organisations worldwide. In practice, however, we have long since been going beyond the legal requirements and generally valid rules. We consider this to be an urgent requirement, in order to drive sustainable development further forward.

By joining the UN Global Compact, AMANN undertakes to comply with the following ten principles of the UN Global Compact:

1. Businesses should support and respect the protection of internationally proclaimed human rights.
2. Businesses should make sure that they are not complicit in human rights abuses.
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
5. Businesses should uphold the effective abolition of child labour.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.
7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.
10. Businesses should work against corruption in all its forms, including extortion and bribery.

These UN Sustainable Development Goals have already been implemented at AMANN through appropriate measures.



¹ German Global Compact Network office: United Nations Global Compact





"APPRECIATION FOR
OUR EMPLOYEES
IS OUR
FIRST PRIORITY."

Iris Lehmann
Global HR and C & B Manager

IN THE AMANN CODE OF CONDUCT, WE UNDERTAKE TO MEET THE HIGHEST ETHICAL STANDARDS.

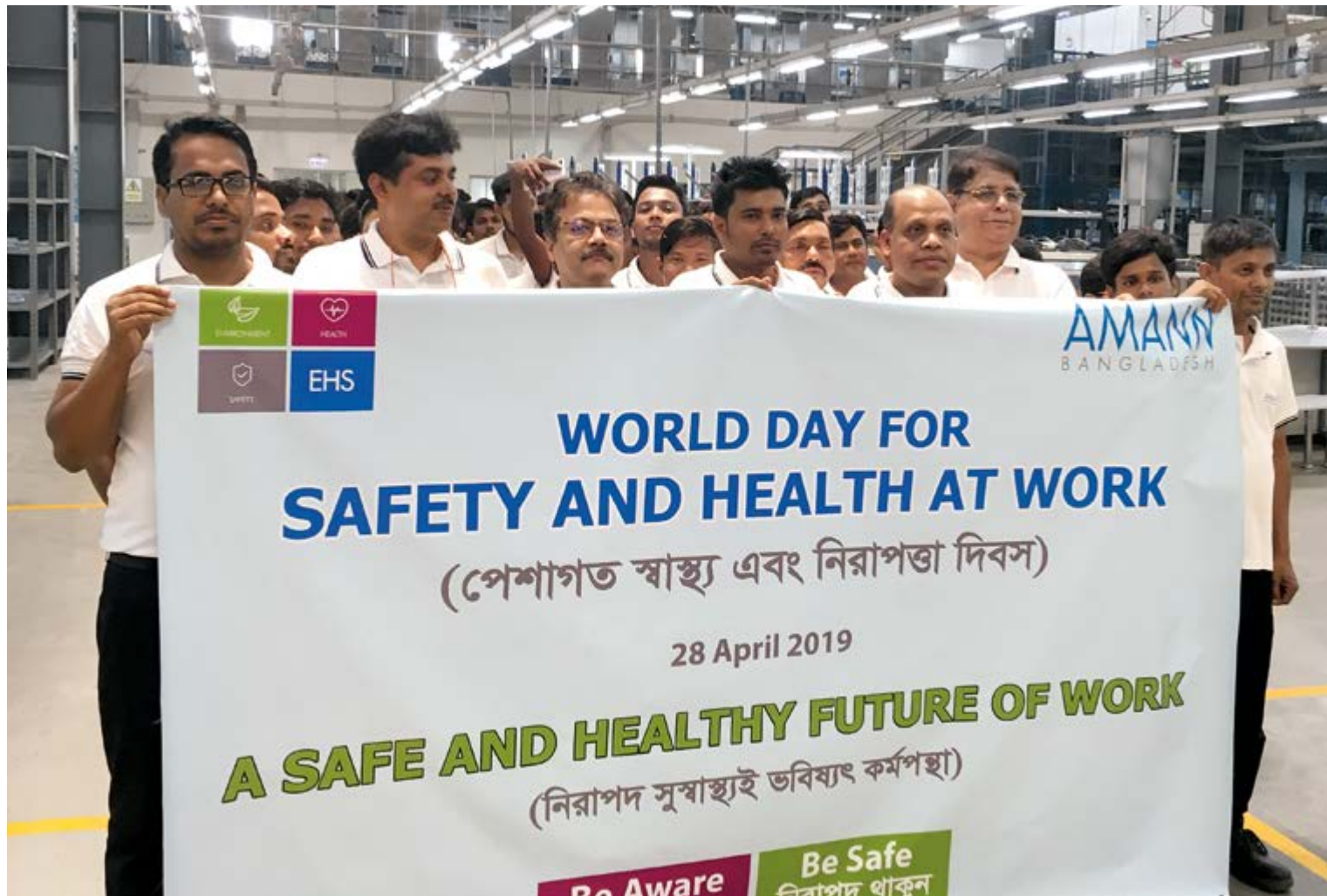
Worldwide, our company's success is guaranteed by 2300 employees. With the AMANN Code of Conduct, we have undertaken to adhere to the highest ethical standards. This includes compliance with all applicable laws and legal requirements, corruption-free business conduct, occupational health and safety as well as the exclusion of forced and child labour. Each employee is provided with the AMANN Code of Conduct in their mother tongue.

In addition, regular training courses are held to raise our employees' awareness of ethical conduct. AMANN considers the ten principles of the UN Global Compact to be the basis for social and ecological economic activity worldwide. To guarantee our understanding of ethical economic activity along the entire value-creation chain, we want to ensure that our suppliers also abide by these standards.

We are proud that the majority of our key suppliers have signed our Supplier Code of Conduct or are complying with their own comparable Code of Conduct. Our objective is to obligate all key suppliers and partners to abide by our standards.

One of our principles is that every AMANN employee must be given a contract of employment, regardless of the country in which they are employed. We regulate occu-

pational health and safety uniformly worldwide, as our production sites are set up in accordance with European standards. To avoid accidents at work, we continually raise awareness of safety among our managers and employees, and all workplaces are equipped with state-of-the-art safety technology. We are pursuing the long-term goal of zero accidents. In addition, all workplaces are designed ergonomically.



WE GUARANTEE EXEMPLARY HEALTHCARE PROVISION FOR ALL EMPLOYEES.

AMANN cooperates with local doctors and hospitals to guarantee employee healthcare provision at all production sites. Doctors come to the company to provide regular medical check-ups. This is particularly important in countries in which the health system does not meet our expectations. Our commitment exceeds the norm by far. Worldwide, we have introduced health days for our employees. Catering is free of charge or is heavily subsidised. In addition, we offer nutritional advice, coaching for a healthy lifestyle and we promote sport such as running events, tennis or badminton. Hiking together generates team spirit.

In many countries, AMANN also goes beyond the statutory regulations in terms of provision for retirement and for the future. "It's not only the financial aspects that count," explains Iris Lehmann, who is responsible for Human Resources International. "Appreciation for our employees is our first priority," she adds.

We are delighted to see that our employees feel closely connected to the company. They know that AMANN makes long-term plans, and this creates trust and ensures certainty.

With our SEWING programme, our employees' children, aged from 15 to 20 years, can spend two to three weeks living with an employee family in a different country, thereby gaining early insights into different ways of life. Living in a different culture supports the personal development of these young people and benefits them in school and at work. Participants, parents and hosts feel even more involved with AMANN.

AMANN promotes gender equality. By 2025, we aim to have a balanced ratio of male and female employees. Employee co-determination, including through trade unions and co-determination committees, is fully recognised. AMANN is resolutely opposed to discrimination against minorities.

For the further development of our employees, we have introduced the AMANN competence model, which aims to describe qualifications and to ensure the use and development of skills within the company in the long term.

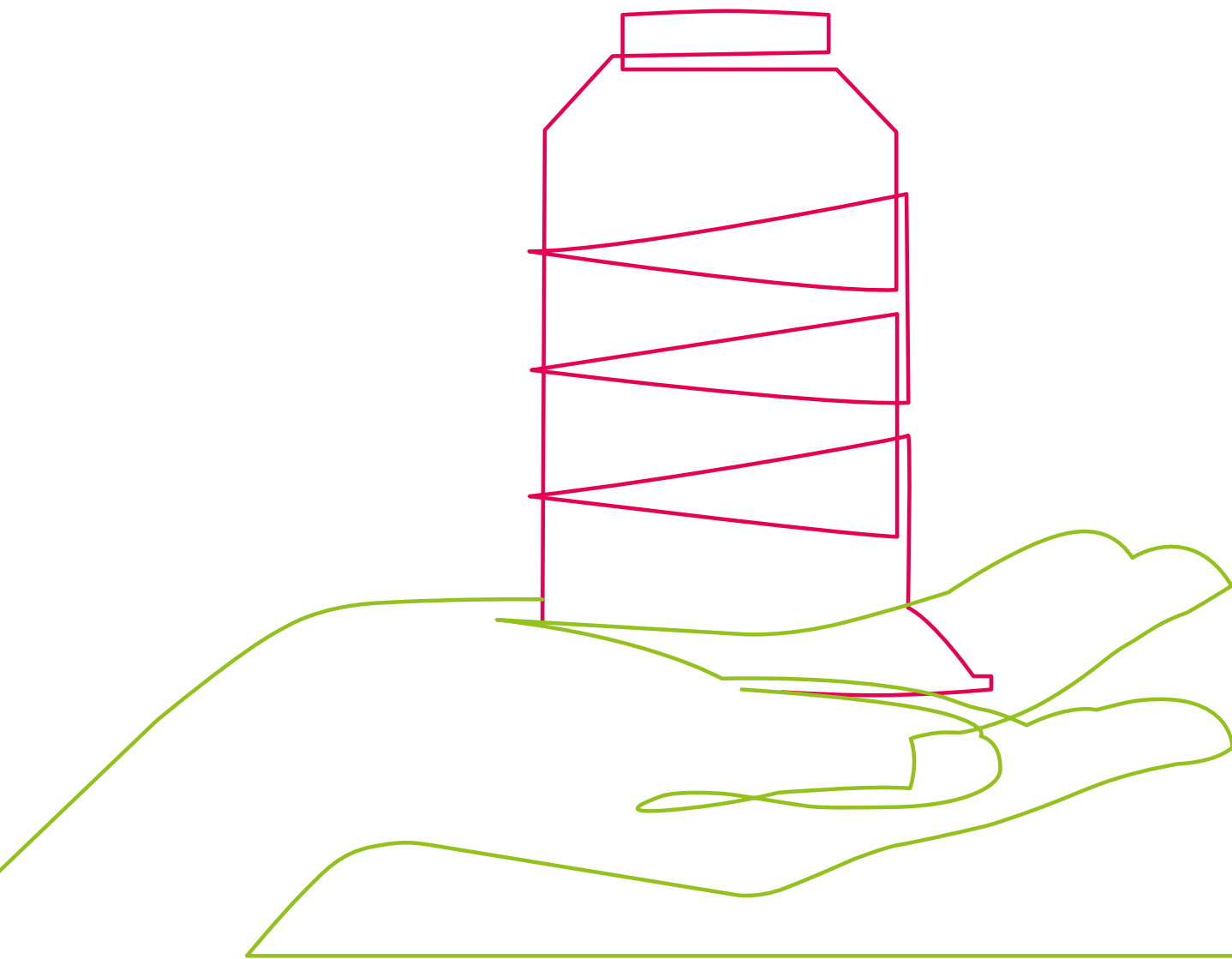
AMANN is also supported by the Hanns A. Pielenz Foundation, which was founded in 2005 and promotes projects in art, culture and education. For example, the foundation supports the "Future fashion at school" initiative, in which the subject of sustainable textiles and conscious consumption, with emphasis on the 17 sustainability objectives, is brought to schools in Baden-Württemberg. Selected pupils from various schools in the districts of Heilbronn and Ludwigsburg were invited to the UNO in Geneva with the aim of organising a youth sustainability summit together, which in turn will be supported by the foundation.



I feel good at AMANN. I'm happy I'm able to work here. Labour protection and occupational safety are very high here. But I'm also thankful for the free medical care.

Hannah Zheng
Final Winding Senior Team Leader





"THE CRADLE-TO-CRADLE
PRINCIPLE IS OUR
MOTIVATION FOR FUTURE
PRODUCT DEVELOPMENTS."

Barbara Binder
Director Global Marketing

OUR PRODUCTS POSE NO RISK TO PEOPLE OR THE ENVIRONMENT THANKS TO OEKO-TEX® AND REACH.

AMANN sewing and embroidery threads have always been characterised by their durability and maximum quality. These are features that are still characteristic of sustainable products to this day. In the meantime, however, requirements have increased dramatically. In light of climate change and environmental destruction, we consider it our obligation to voluntarily follow the strictest requirements.

Our products are certified to STANDARD 100 by OEKO-TEX®, and a large number of them are even certified to the stricter criteria of appendix 6, which guarantees that they do not contain any harmful substances at all. We also fulfil the requirements of the European Chemicals Regulation REACH for the protection of human health and the environment.

Often, however, we are ahead of our time. When AMANN launched a product line made from recycled polyester nearly two decades ago, there was, for a long time, only marginal interest. But demand for such products has increased dramatically today.

That's why we continue to develop our products further, to make them more environmentally friendly and more sustainable. In the manufacture of water-repellent threads, for example, we replace environmentally harmful perfluoro-carbons (PFC) with environmentally compatible alternatives.

"In the AMANN Innovation Lab, we are currently conducting research into a fully ecological product, which can be used in nature without any concern," explained Dr. Frauke Hänsch, who is responsible for research & development. "Our core tasks are not only to continuously test existing products, but also to further develop processes, in order to obtain more environmentally friendly alternatives. For example, we recently developed solvent-free bonding, which meets all requirements of STANDARD 100 by OEKO-TEX®."



AMANN INNOVATION LAB,
the textile think tank, develops new,
more efficient and more sustainable
products in collaboration with the
Sewing Technology Centre (STC) and
the innovation location Augsburg.

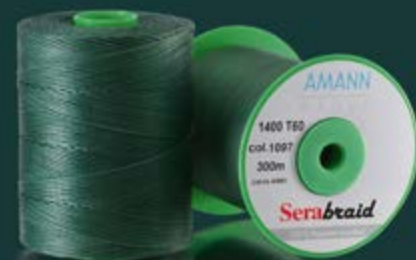




APPAREL



SHOES &
ACCESSOIRES



WE ARE WORKING ON COMPOSTABLE RAW MATERIALS AND RECYCLED MATERIALS.

For AMANN, the full scope of the ecological requirements must be met for all products. This begins with the selection of raw materials.

We only purchase these from manufacturers that meet all environmental requirements. Therefore, our threads, including finishing consist of materials that, when used, pose no risk to people or the environment. It goes without saying, that our products do not contain halogen solvents, fluoroorganic compounds such as PFOA/PFOS or other materials restricted by ZDHC.

We also use recyclable or recycled materials for our spools and packaging. For example, the percentage of recycled content in the cardboard supplied by our European suppliers is 90–95%. The aim for the future is that all spools and packaging materials will have the highest possible percentage of recycled content.

To guarantee the high demands in terms of quality and sustainability, the product must be used properly. For this reason, AMANN not only has an ultra-modern Sewing Technology Centre (STC), but also a global network of technicians, who offer an expert service. Together with our customers, we develop the best solutions on-site, with quality, service and innovation going hand in hand.

It is our aim to replace natural oil-based materials with renewable raw materials. To do this, compostable materials should be used more widely in future. For threads made

from synthetic fibres, AMANN's aim is to develop products from recycled material, which have the same properties as conventional products in terms of central quality features, such as tensile strength, abrasion resistance and sewability.

We are on the path towards a cradle-to-cradle process. This means developing an intelligent resource cycle, which leads from the raw material to the product and from the product back to the raw material. This environmentally-friendly and resource-saving procedure not only has positive effects on the environment, but also on product quality.

At present, it's about reinventing thread. AMANN was the first company which has launched a conductive sewing and embroidery thread. Our trend-setting developments also include so-called "smart yarns" – intelligent threads that can be used, for example, as sensors or transfer media.



EMBROIDERY



HOME INTERIOR



AUTOMOTIVE



TECHTEX



We think in textile solutions to the requirements of today's customers and tomorrow's market. We implement concept solutions in innovative products, which are manufactured ecologically and economically with sustainable processes.

Dr. Frauke Hänsch
Global Director R&D



"THROUGH CONTINUOUS
MONITORING OF RESOURCE
CONSUMPTION
WE GUARANTEE SUSTAINABLE
PRODUCTION AND
CAN ACHIEVE TARGETED
OPTIMISATION POTENTIALS."

Christian Scholz
Director Industrial Engineering

STANDARDISED PROCESSES GUARANTEE SUSTAINABLE, RESOURCE-FRIENDLY PRODUCTION.

At AMANN, we have been actively implementing environment, energy and waste management for many years. We pursue a global strategy for protection of the environment and the climate. Our processes are certified so that the same standard is guaranteed in all our production sites worldwide. Specifically, this means that an employee from Bangladesh could work just as well in the Czech Republic using the usual processes.

In addition to the different national regulations and requirements, we also follow our own higher requirements. In doing so, we are taking on a pioneering role, by implementing our high standards even in countries with lower, customary regulations and, in doing so, knowingly accepting higher costs than necessary.

The main aim of waste management is to avoid waste. Any waste generated is routed into sustainable recycling. By 2025, the aim is that there should no longer be a need for disposal in landfill sites.

In addition to the existing production sites in Germany (Augsburg), the United Kingdom (Manchester), the Czech Republic (Chřibská), Romania (Brasov), Bangladesh (Mawna) and China (Yancheng), a new plant has been

constructed on a 45,000 square metre site in the Vietnamese coastal city of Da Nang. It has become one of our showcase projects in terms of occupational safety, environmental protection and energy efficiency. Around 1200 tonnes of sewing threads are produced there each year, primarily for the production of clothing and shoes. Of course, all production sites are equipped with state-of-the-art systems and technologies from the outset.



SUSTAINABILITY ALSO MEANS DEVELOPING NEW OPTIMISATION POTENTIALS WITH EXTERNAL PARTNERS.

In all our plants, we continuously monitor all production processes and consumption, so that we can ensure their continuous and sustainable optimisation. We have set ourselves the challenge of reducing the demand for fresh water in our processes worldwide, ideally to zero. With the wastewater recycling plant in Romania, we are currently able to recycle and reuse approx. 60% of the water. In the coming years, we will invest in our biological water treatment facility in Bangladesh, for example, so that we can move to "Zero Liquid Discharge". Further investments are planned to optimise the wastewater treatment plants in other factories. Our production in Vietnam obtains its service water from a wastewater recycling plant in the industrial zone, which recycles 100% of the wastewater produced in the industrial zone. In addition, we are looking for ways of dyeing threads without using any water. This is completely different from the conventional method.

Innovation and sustainability are requirements in production. Energy management of our systems is another crucial part of our sustainability strategy. We have converted operation of the steam boiler in the dyeing factory to a low temperature, to reduce energy consumption and carbon dioxide emissions. We have also switched from diesel to gas, which is much more efficient as an energy source.

To further optimise our energy use, we have invested in the lighting technology in our production sites, switching to LED lights.

Alongside these operational measures, we are also pursuing the topic of sustainability strategically, by trying to initiate new sustainable solutions as pilot projects with external partners and implementing them comprehensively. We work closely with machine manufacturers to find resource-saving solutions together. For example, by improving the control and regulation technology in existing machines, we can help reduce energy consumption.

Sustainability at AMANN starts with the procurement process for new machines or other equipment. Each part is analysed in detail with regard to efficiency class and current consumption.

With our production sites we do not only meet ecological standards, we rather strive to continuously optimise our production. And that is worth something to us. In recent years, we have invested more than EUR 1.5 million in measures to reduce resource consumption.



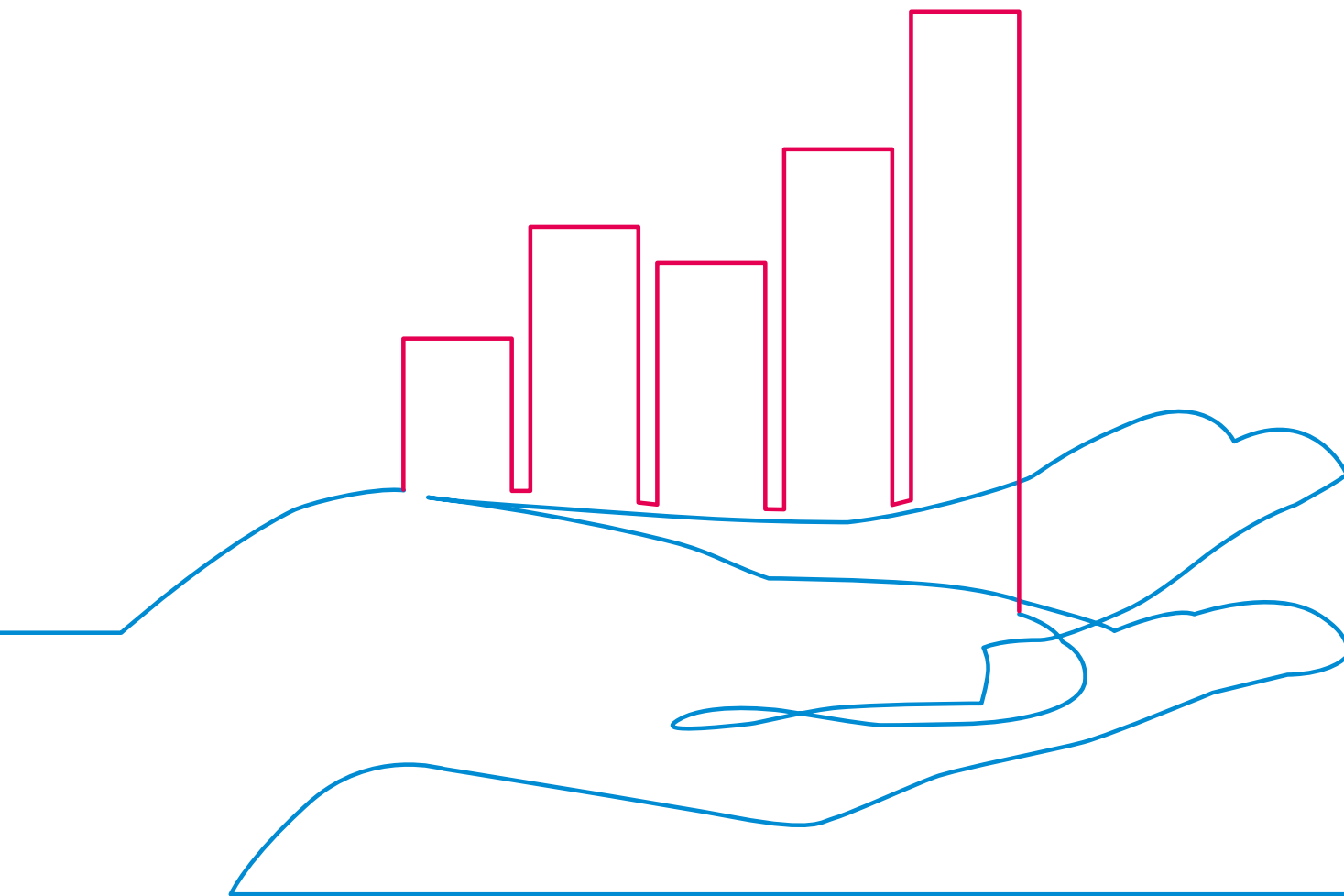
Worldwide, we are successfully working on resource-friendly methods, in order to drastically reduce water and energy consumption.

Cristian Stanciu
Managing Director AMANN
Romania



"FROM 2015–2018, AMANN
WAS ABLE TO REDUCE WATER
CONSUMPTION BY
27% PER KG PRODUCED.
THIS MEANS THAT
WE WERE ABLE TO SAVE
593 MILLION LITRES OF
WATER RESOURCES."

Mario Altfeld
Global Environmental Health and Safety Manager



OUR SUSTAINABILITY SUCCESSES

A glance at the development of the KPIs between 2015 and 2018 shows that AMANN has achieved clear successes in past years and has significantly reduced resource consumption. Our processes and systems are subject to continuous inspection with the aim of optimisation. With all measures, we have been able to reduce power consumption by 29% in recent years, and water consumption by 27% per kg produced.

We have therefore saved 593 million litres of water. In addition, from 2015 to 2018, we reduced our carbon dioxide emissions worldwide by 29%. All of our processes are certified to ensure a uniform standard. Based on our analysis of the sustainability aspects, we have undertaken, in our objectives for 2025, to implement a continuous improvement in comparison with the base year of 2018, and are therefore walking the Road to Zero.

To achieve our ambitious sustainability objectives, we will provide another EUR 6 million by 2023. These investments will flow into extending wastewater treatment plants with different membrane filtration systems, measures for energy savings in steam generation, measures to further reduce water consumption during the dyeing process, and efficiency increases in the media cycles in our dyeing factories.

KEY PERFORMANCE INDICATORS

SIGNIFICANT SAVINGS CAN BE MADE WITH INCREASED PRODUCTION



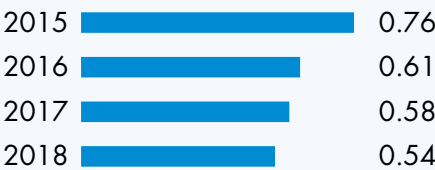
REDUCTION IN POWER CONSUMPTION PER KG PRODUCED.

Power consumption in kWh/kg produced



REDUCTION IN CO₂ EMISSIONS PER KG PRODUCED.

Carbon dioxide (CO₂) emissions in kg/kg produced

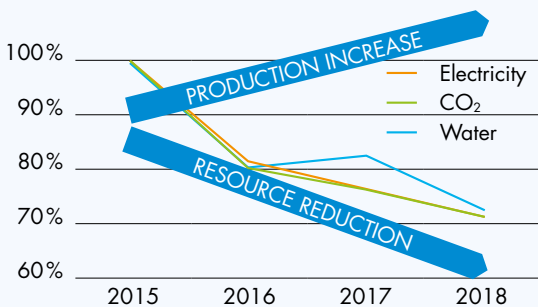


REDUCTION IN WATER CONSUMPTION PER KG PRODUCED.

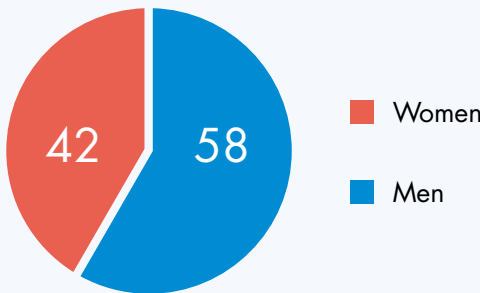
Water consumption in litres/kg produced



DEVELOPMENT OF KPIs 2015 – 2018



RATIO OF FEMALE TO MALE EMPLOYEES



OUR SUSTAINABILITY OBJECTIVES 2025

POWER CONSUMPTION

25% reduction in power consumption per kg produced.

CO₂ EMISSIONS

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

WATER CONSUMPTION

25% reduction in water consumption per kg produced.

WASTE

No waste to landfill.

ACCIDENTS

Vision "zero accidents".

GENDER EQUALITY

Adaptation of the ratio of female to male employees from 42/58 to 50/50.

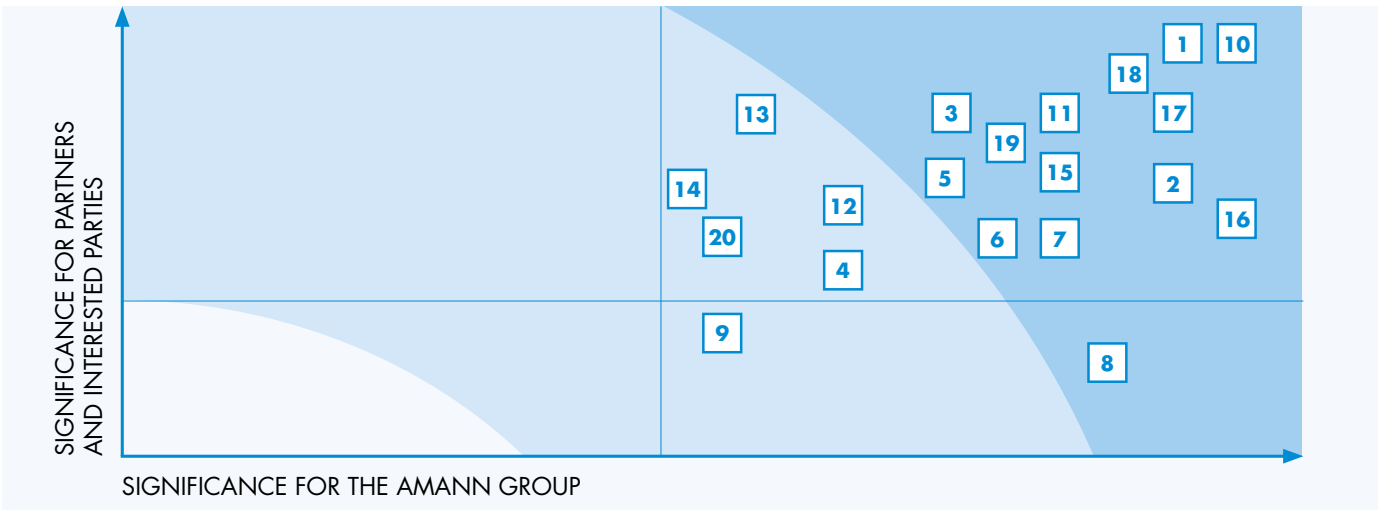
EMPLOYEE DEVELOPMENT

Implementation of a KPI system to define measures and ensure a continuous improvement of employee competencies.

COMPLIANCE

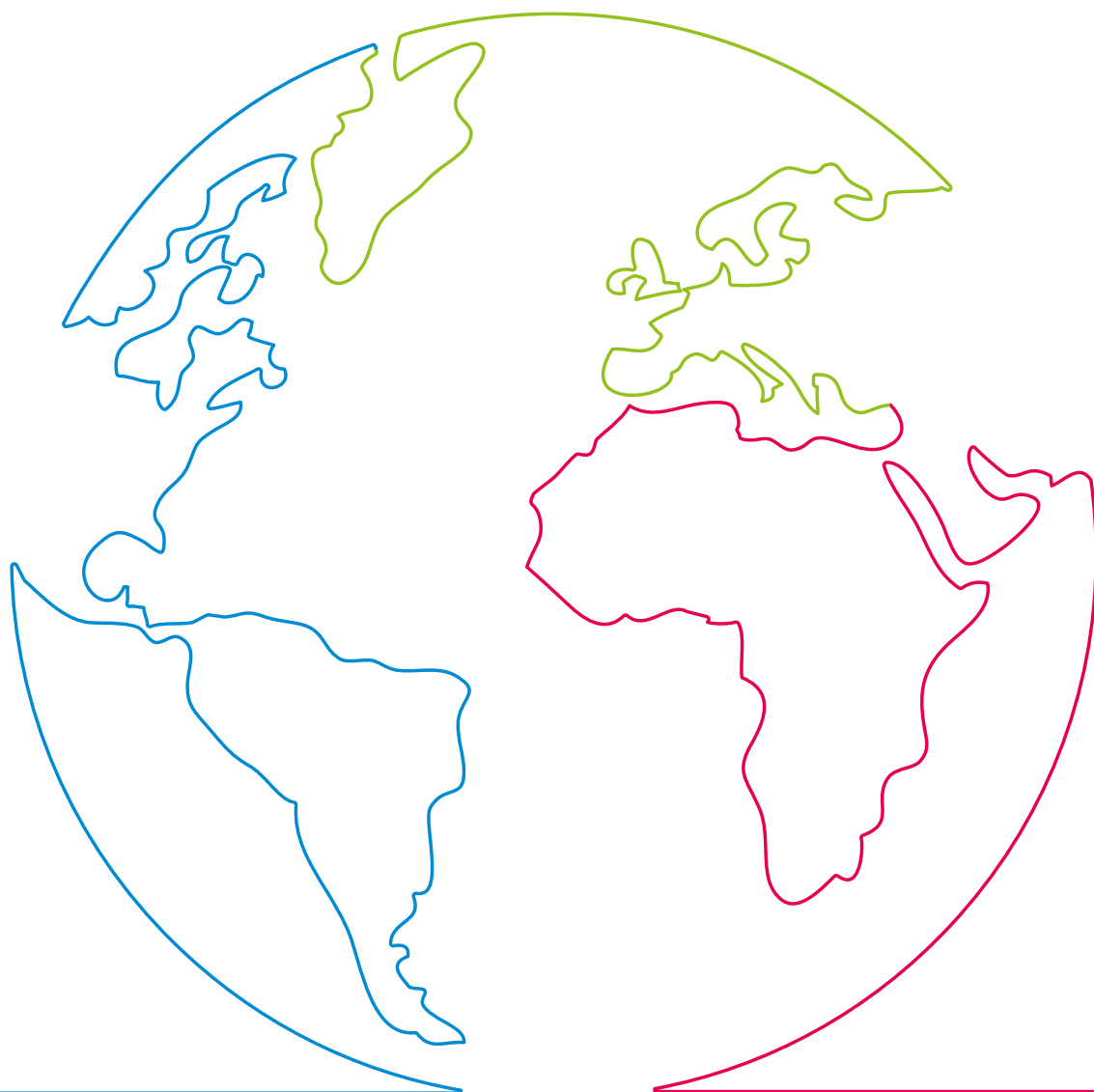
Aim for all key suppliers to sign our SCoC or to provide evidence of their own comparable CoC.

SUSTAINABILITY ASPECTS



THE COMPANY	SOCIAL	ENVIRONMENT	PRODUCT
1 Ethics and compliance	4 Employee relationships	11 Water	16 Customer satisfaction
2 Information security	5 Human rights	12 Waste	17 Product safety and quality
3 Sustainability of the supply chain	6 Employee commitment	13 Energy	18 Innovation
	7 Social commitment	14 Process emissions	19 Chemicals of high concern
	8 Talent management	15 Protection of the ecosystem	20 Material consumption
	9 Diversity and integration		
	10 Health and safety at work		

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



Our management systems are certified to:

