

FOND OF Corporate Responsibility



Booklet 2022

How we
act today,
will
decide,

...

→

Content

1 About FOND OF

- 1.1 Transformation of the organisational structure:
Professionalisation of a StartUp
- 1.2 FOND OF in figures
- 1.3 Our partners: Trust is good, control is better
- 1.4 Our path to climate neutrality
- 1.5 Risk assessment FOND OF

2 Experiencing CR – five examples

- 2.1 satch – The new e-zero fabric
- 2.2 FOND OF Shoes – An interview with our shoe expert Judith
- 2.3 Fair Wear – Covid Lockdown in Vietnam
- 2.4 retraced – More transparency for us and our customers
- 2.5 FOND OF Sustainability SWAT

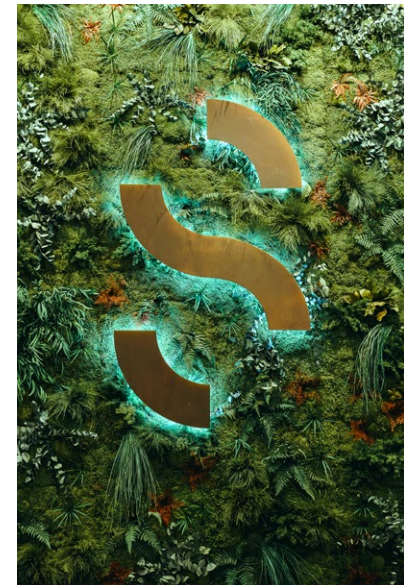
3 A look into the future

- 3.1 The next steps
- 3.2 Nobody is perfect

¹ About FOND OF

From a start-up to a globally active company:
In 2010, FOND OF – then known as ergobag GmbH – revolutionized the international school bag market. 12 years later, we are part of a whole FOND OF world consisting of three companies and seven brands.

We have remained true to our roots and continue to set standards in design, functionality and sustainability. For our commitment to sustainability and social responsibility, the Fair Wear Foundation has again awarded us »Leader Status« in 2021. Further, we see ourselves as a platform for joint growth and development of personal potential. In doing so, we do not close ourselves off to the outside world but try to share our knowledge and learn from others as well. For example, we share our SHIP COLOGNE office building with the xdeck, a floor for aspiring start-ups that we want to accompany and support on their growth journey.



1.1 Transformation of the organisational structure: Professionalisation of a start-up

The first ten years of FOND OF were characterized by constant growth – turnover, products, number of team players, it always went uphill and usually with a lot of fun and partying, or as we also call it: »playful performance«.



Nevertheless, the Covid crisis revealed that various areas did not »grow« healthily. For instance, the expansion of systematic processes has been neglected. There was and is potential for professionalization everywhere. Ultimately, this reflects the classic transition from a start-up to a medium-sized company.

In order to create an appropriate structure for professionalization, FOND OF GmbH – under whose umbrella all brands were united – decided to transform itself into a so-called holding structure. In concrete terms, this means that FOB Holding GmbH was founded as an investment company, under whose umbrella FOND OF GmbH (Affenzahn, ergobag, satch) and baesiq GmbH (AEVOR and pinqponq) are incorporated as fully owned affiliates. Both affiliates are characterized by a high degree of independence, for example in connection with the development of the product portfolio. As the owner, FOB Holding currently assumes central functions and support in areas such as finance (accounting & controlling), legal and people & culture management for its current and potential future investments.

In the area of corporate responsibility and sustainability, there will also be some targets from the holding company that will be reported centrally (e. g. on topics such as CO₂ emissions, social audits and material selection). This should ensure that high sustainability standards continue to be pursued in the new structure. All affiliates have their own CR teams or CR officers who continue to drive sustainability issues forward and develop them beyond the holding company's targets.

Ultimately, this reflects the classic transition from start-up to medium-sized company.

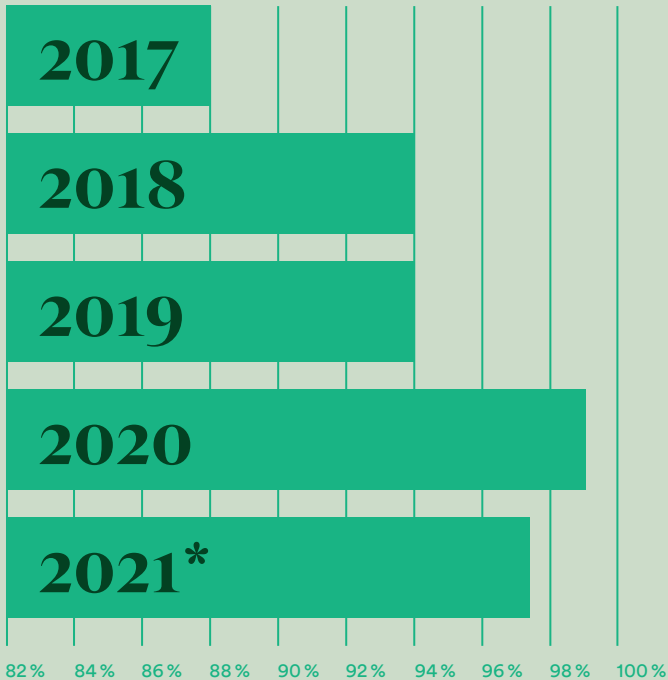
1.2 FOND OF in figures

Number of employees

Status 18.11.2021



Share of audited factories



* due to the COVID-19 pandemic, some audits could not be carried out

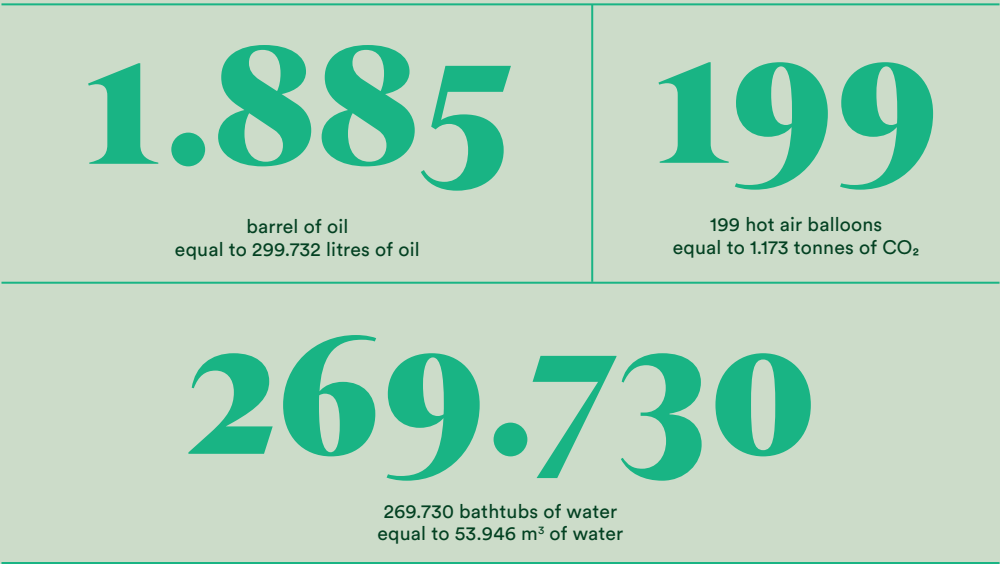
Recycling numbers & savings

Number of bottles recycled by FOND OF (ergobag, satch, Affenzahn):

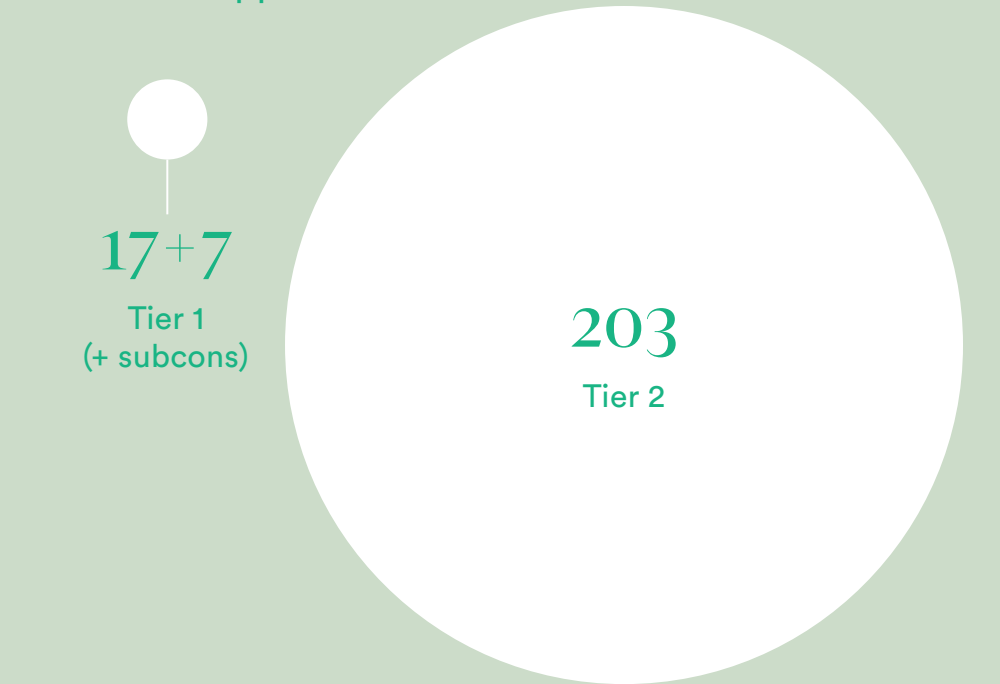


Associated resource savings

financial year 2020/21



Number of suppliers



bluesign® certification



Purchasing volume by country

financial year 2020/2021



1.3 Our partners:

Trust is good, control is better



Fair Wear

The FAIR WEAR FOUNDATION (FWF) is a Dutch non-profit, multi-stakeholder organization. It is made up of NGOs, business associations, trade unions and companies like us. Together, we have set ourselves the goal of improving working conditions in the textile industry. One of the ways we achieve this is by keeping a close eye on our manufacturing partners and conducting social audits to see exactly what the working conditions are like on site.

Once a year, Fair Wear also inspects us and looks at how we deal with our suppliers. This so-called Brand Performance Check examines whether our purchasing processes support the implementation of the strict Fair Wear labor standards at our producers. Do we carry out enough audits? Do we train our producers about working conditions? How high are the wages paid at supplier level? Is there a functioning complaints mechanism on site? We have to ask ourselves these and many other questions every year. This year we were once again put through our paces and were awarded »Leader« status – the best possible Fair Wear rating – for the fourth time in a row. This means that we continue to belong to the elite circle of member companies that holds this status.



bluesign®

The bluesign® system is currently the strictest approach to guaranteeing the chemically clean production of a product. FOND OF is a so-called bluesign® system partner, just like many of our suppliers. System partners must comply with the demanding bluesign® principles and criteria. This means that particularly questionable chemicals may not be used in the production of our materials (especially in dyeing). Furthermore, bluesign® controls that all chemicals used are filtered via a certified wastewater treatment. In such a way that they cannot be released into the environment in an uncontrolled way. To this end, bluesign® specifies strict rules that generally exceed legal requirements. The bluesign® system not only pays attention to the chemical purity of the final product, but also to the entire production process. In addition, all bluesign® system partners commit to the following five principles: Resource productivity, consumer protection, water protection, emission protection and occupational safety.



Grüner Knopf

The Green Button is a government-run certification label for sustainable textiles that covers both strict social and ecological criteria. It sets and monitors binding requirements for decent work, such as the payment of minimum wages or the ban on child and forced labor. It also prohibits, among other things, the use of hazardous chemicals and sets compulsory limits for wastewater in production. The Green Button was founded on the initiative of the Federal Ministry for Economic Cooperation and Development and functions as a so-called meta label. In concrete terms, this means that the Green Button does not set its own standards but accepts other certifications.

To be allowed to label a product with the Green Button, both product-related ecological (e.g. bluesign® Product) and social (e.g. Fair Wear Leader Status) certificates must be available.

WIR FÜHREN PRODUKTE MIT DEM SIEGEL:



ClimatePartner

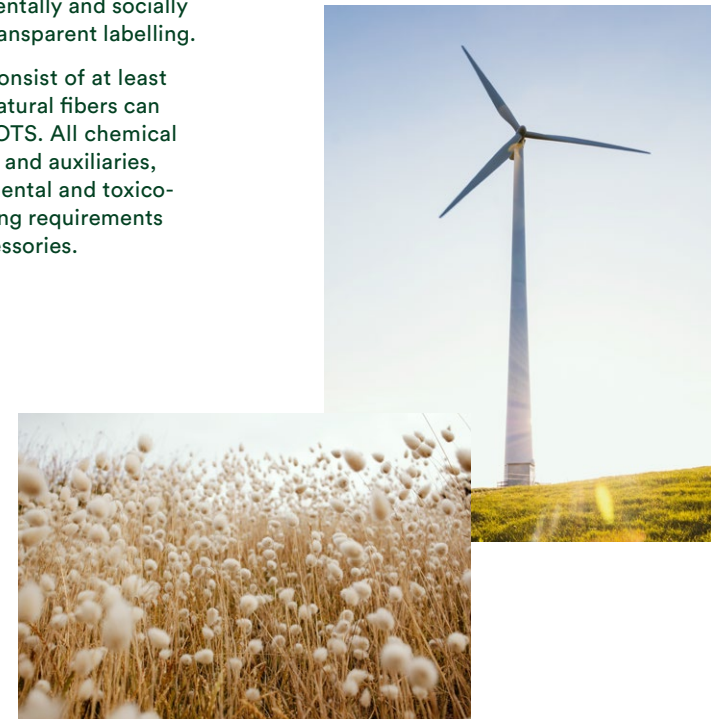
Together with ClimatePartner, we are working on our company-wide climate protection strategy. This is primarily based on tracking our CO₂ emissions caused by our business activities. Based on this data, we can derive and tackle possible CO₂ reduction measures. These measures include, for example, the improvement of container utilization or the conversion of our car fleet. For emissions that we cannot reduce, ClimatePartner gives us the option of CO₂ offsetting. In doing so, we invest in projects that save CO₂. These can be, for example, reforestation projects or projects for the use of renewable energies. You can find more information on this in the next chapter.



GOTS

The Global Organic Textile Standard (GOTS) stands for ecologically and socially responsible processing of textiles made from organically produced natural fibers (such as organic cotton). It encompasses globally recognized guidelines that guarantee the sustainable production of textiles, from the extraction of raw materials and environmentally and socially responsible production to transparent labelling.

Only textile products that consist of at least 70% organically produced natural fibers can be certified according to GOTS. All chemical additives used, such as dyes and auxiliaries, must meet certain environmental and toxicological criteria. Corresponding requirements also apply to the use of accessories.



Together for the climate!



1.4 Our path to climate neutrality

We have been planning to offset our corporate emissions for several years now. Now we have finally been able to do so and are proud to call ourselves a climate-neutral company since 01.01.2022. In this chapter, we will explain why this does not mean that all our products are climate neutral and why we see this as only the first important step towards climate neutrality.

Small explanation on climate neutrality

According to the current climate protection law, Germany will become climate neutral by 2045. But what does that actually mean? Climate neutrality is achieved by emitting greenhouse gases at an equal rate to its reabsorption by nature (e.g. trees), thus creating a state of equilibrium in our atmosphere. CO₂ is emitted in a wide range of processes as a result of our business activities. There are two approaches to optimizing our CO₂ footprint: First, we continuously analyze our own activities for potential CO₂ reduction measures.

However, it is currently impossible to reduce our emissions completely to zero. For example, if something is transported by sea freight, current technologies automatically generate CO₂ emissions. Therefore, our second approach is based on offsetting the remaining emissions. Offsetting CO₂ emissions works by investing money in climate protection projects where CO₂ can be saved (e.g. through reforestation or the expansion of renewable energies). Thus, we can offset our emissions by co-financing projects that save CO₂.

Corporate carbon footprint 2020/21

For both reduction and offsetting, detailed recording of all emissions is essential. Here we distinguish between our so-called Corporate Carbon Footprint (CCF) – our CO₂ footprint that arises from our own, corporate processes – and the Product Carbon Footprint (PCF) – emissions that arise from the production of our products.

Compared to the previous year, we have already been able to save almost 700 tons of CO₂. Fortunately, this is significantly more than we had planned. However, this is mainly because of the Covid pandemic. Many team players mainly worked from home, which meant that they did not have to travel to the office. In addition, there were hardly any business trips by plane this year.

Our corporate carbon footprint in the 2020/21 financial year comprises a total of 2,252 tons of CO₂ (see Fig. 3).

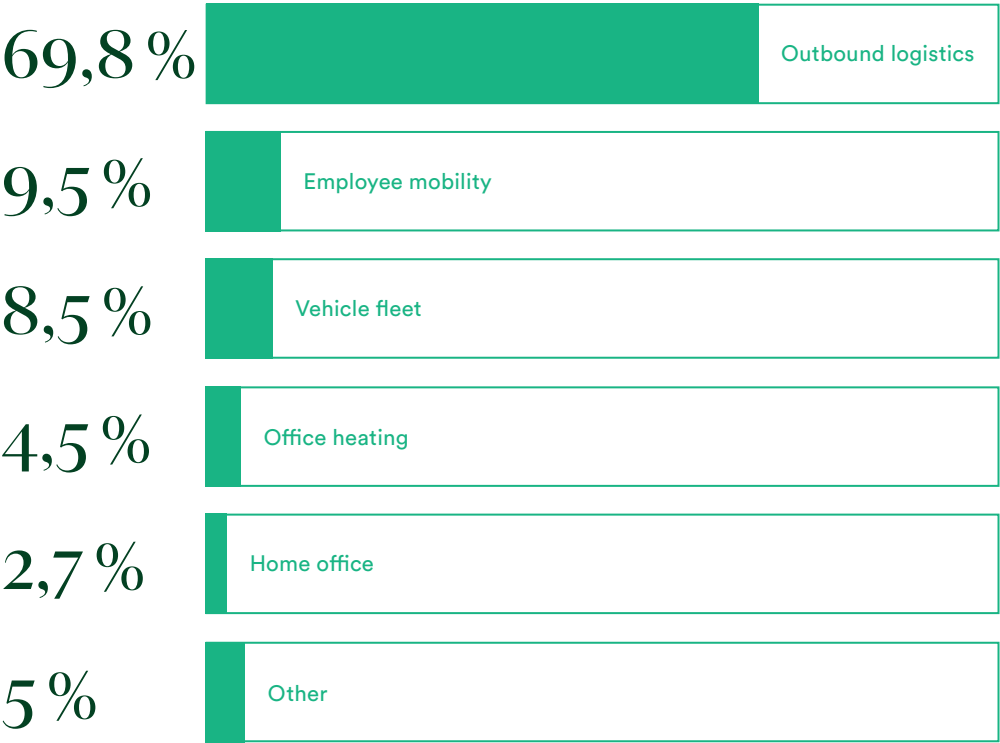


Fig. 3: Corporate carbon footprint in the financial year 2020/21

Finally climate neutral

This year, we offset our entire corporate carbon footprint in cooperation with ClimatePartner and can thus call ourselves a climate-neutral company. We achieved this by investing in a project that finances the expansion of a wind farm in the Philippines. In addition, this project is linked to a project dedicated to the protection of our oceans. Waste collectors in South-east Asia are financially supported to collect plastic near the sea and feed it into the recycling cycle. In this way, the plastic does not end up in the oceans in the first place, and for every ton of CO₂ offset, an additional 10 kilograms of plastic waste can be avoided.

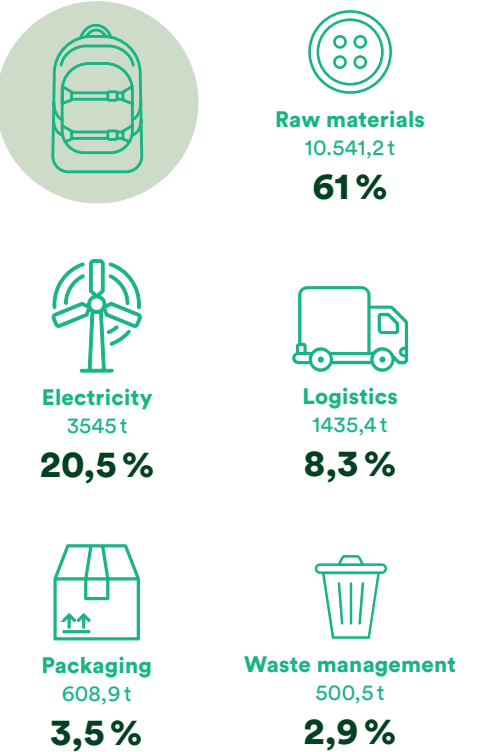


Fig. 4: Percent savings (backpack production)

Product carbon footprint 2020/21

The step towards becoming a climate-neutral company is a very important one to us. However, we want to be 100% transparent. Therefore, it is important for us to clarify that »climate-neutral company« does not mean that our products are also climate-neutral. This would not only require us to offset our Corporate Carbon Footprint (see above), but also our Product Carbon Footprint (PCF). The creation of a PCF involves a lot more effort, as there is a large amount of data to be collected. How many kilograms of material do we process? How many cartons do we use? And how is our suppliers' electricity generated? All these questions and many more have to be answered first. This year, for the first time, we collected all the necessary data and obtained the following result (see Figure 4).

The figures clearly show us where the real leverage for CO₂ reduction measures lies. In total, we emit around 17,200 tons of CO₂ with our brands Affenzahn, ergobag and satch. So, if you add CCF and PCF together, PCF accounts for about 90 % of the emissions. This provides an ideal basis for the introduction of product-related reduction measures. For example, if we replace our polybags made of conventional polyester with recycled polyester, we can already save about 50 tons of CO₂. We definitely want to examine and tackle such measures in the coming year in order to take a further step towards climate neutrality.

1.5 Risk assessment

FOND OF Kids

A fundamental challenge of our CR work is to implement measures where they are necessary. This means that they are carried out both in the right place and at the right time.

The measures chosen are intended to have a preventive effect in order to avoid negative impacts on people and the environment from the outset. If, for example, we find that wastewater has not been properly filtered in a production facility and pollutants have leaked into the environment, we can of course strive for improvements in the future, but nevertheless irreversible damage has already occurred.

Since we cannot look into the future and therefore do not know where exactly damage will occur, we have to take a risk-based approach in choosing our measures. For this purpose, we developed a risk analysis two years ago, for which we first systematically collected data on eleven risk areas (see p. 23, top right).

We then assess all our production countries against these risks. For this purpose, we primarily use indices and risk assessments by recognized institutions.

As in the previous year, the determining social risks relate to freedom of association, discrimination and occupational health and safety. In the environmental field, the main risks relate to chemicals and wastewater as well as greenhouse gas emissions. The focus is particularly on China, Vietnam and Turkey. We therefore take a closer look at suppliers that are based in those countries and, for example, conduct training sessions that focus on the issue of freedom of association.

Due to the current political situation in Myanmar, a very close exchange with local suppliers and manufacturers is necessary until further notice. It is also important to keep a close eye on the political situation.

Compared to last year, we had to add two new sourcing countries to our risk assessment: Bosnia and Romania.



While the risks in Bosnia and Herzegovina are very manageable, the risks in Romania, are considerably greater. These relate primarily to the issues of freedom of association, wages and working hours.

Risk matrix

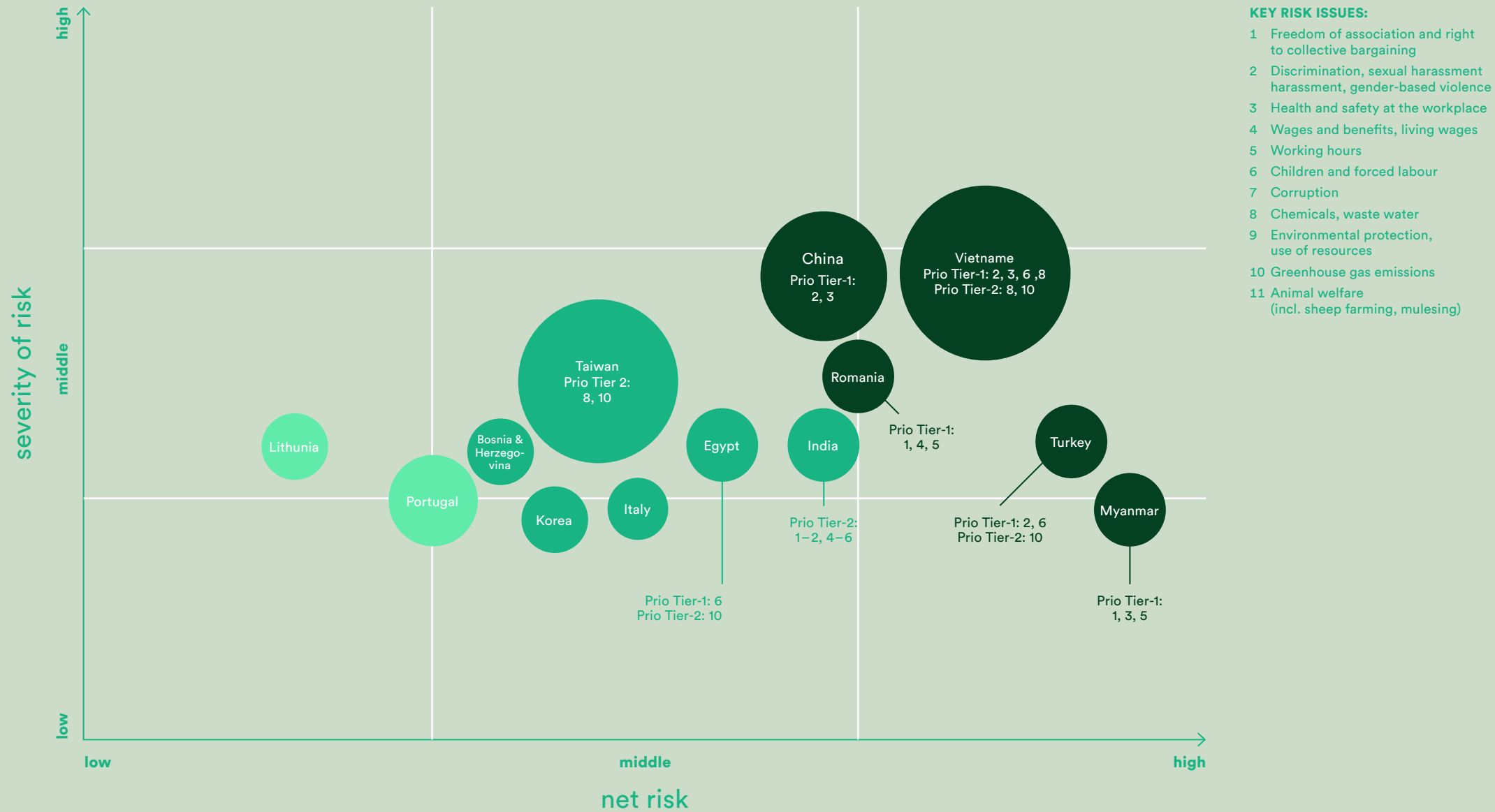
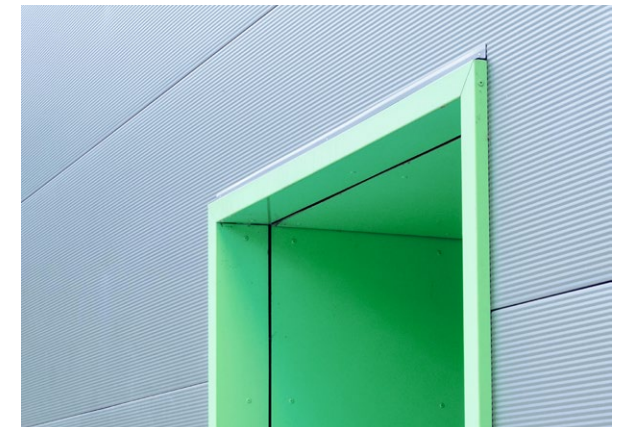


Fig. 5: FOND OF CR risk matrix

² Experiencing CR – five examples

The following five examples illustrate how we pursue the UN's goals at FOND OF. They are embedded in the FOND OF CR Framework, which in turn is aligned with our value chain – from our office to the end of life of our products.

1. [satch e-zero](#)
2. [FOND OF Shoes](#)
3. [Fair Wear – Lockdown in Vietnam](#)
4. [retraced](#)
5. [Sustainability SWAT](#)



2.0 Sustainable Development Goals with the FOND OF CR Framework

In the FOND OF CR Booklet 2021, we already explained our CR framework and the connection to the Sustainable Development Goals (SDGs) of the United Nations (UN). In the current booklet, we want to continue with this, because the SDGs are at the heart of the UN's 2030 Agenda, which runs until 2030 and to whose goals we are fundamentally oriented. The international community has agreed on a total of 17 SDGs. →



United Nations Sustainable Development Goal

The following SDGs are the ones where we have the greatest leverage in our supply chain to contribute to positive developments:

- 1 No Poverty
- 6 Clean Water and Sanitation
- 8 Decent Work and Economic Growth
- 12 Sustainable Consumption and Production
- 13 Climate Action
- 17 Partnerships for the Goals

2.0 FOND OF CR Framework and five example projects

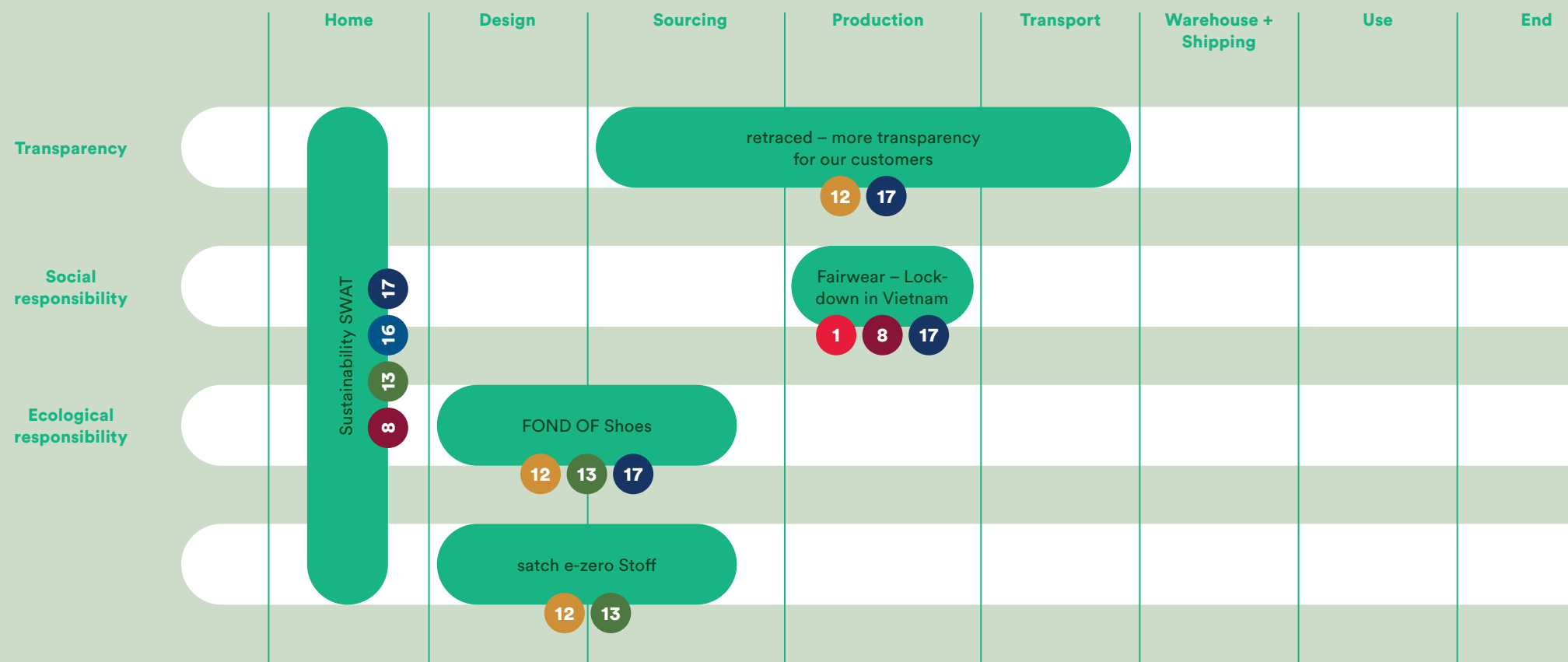


Fig. 6: FOND OF CR Framework



2.1 satch – the new e-zero fabric

We have been using fabrics made from recycled PET bottles for over ten years. What may have been a novelty on the market back then is now widespread standard. But we continue to take our role as a pioneer very seriously and want to keep innovating in the future.

We are convinced that individual innovations on a small scale can bring out major changes in the long term. Recycling is always a major issue in ecological production. Although we already use a large proportion of PET-recycled materials, there is still room for improvement.

In the production of our fabrics, there are always processes that generate waste in the form of fabric scraps and yarn remnants. Traditionally, these are reused as raw material in the so-called »postindustrial recycling« process, i. e. melted down and spun into yarn again. Although this saves valuable resources, there is a theoretical possibility to improve this process even further by using the fabric scraps and fibers themselves to spin a yarn directly from them. This not only saves resources, but also the energy-intensive melting process.

In collaboration with one of our fabric suppliers, we tried to do just that – make a fabric from fiber and fabric scraps. In doing so, we faced several challenges at once: Since the production wastes consist to a large extent of small fabric scraps and fiber remnants, the

biggest problem was to get the required fiber length to ensure our usual tear strength.

We were also unaccustomed to not being able to determine the exact color of the material. Normally, our designers specify the colors exactly and then coordinate them with the suppliers in the development process. In the case of the e-zero yarn, however, our choice of colors was very limited because we were dealing with production wastes that had already been dyed.

The result of this development is a fabric that you can see is partly made from recycled yarns. For us, however, this is one more reason to be fond of this fabric, as now every user of the backpack proudly shows that it is made of recycled material.

2.2 FOND OF Shoes – An interview with our shoe expert Judith

In the past twelve years, we owed the lion's share of our turnover to our (school) backpacks. But with the introduction of the shoes category in our Affenzahn brand, this has changed fundamentally. We discussed how this came about and why it is so difficult to produce sustainable shoes with our shoe expert Judith:

Hannes: How did shoes get into our portfolio, and what do you have to do with it?

Judith: You have me to thank for all that (laughs). I talked to a friend 3 years ago who had already worked at FOND OF and she convinced me to apply here on my own initiative. Shortly afterwards, Flo (one of the founders of FOND OF) contacted me and made an appointment with me. This appointment was called »Kick-Off Shoes« and I gave a presentation in front of about 10 people about what I knew about shoes and what kind of shoe concept would fit into the FOND OF portfolio. At the end of this appointment, I was presented with my employment contract and signed it immediately.

Hannes: A lot of time has passed since then and shoes are now an established part of our portfolio. Why were you so sure that shoes would be a good opportunity for FOND OF?

Judith: Our concept was convincing from the beginning. Already during the first appointment we focused on the topic of ergonomics and foot health. We wanted to launch a shoe that promotes children's foot health – a so-called barefoot shoe. At the same time, we were aware that with Affenzahn's strong design and the sustainable approach of the brand, we were bringing together two other very important points that did not yet exist on the market.

Hannes: What exactly is a barefoot shoe and why is it better than the conventional shoe?

Judith: There is no standard definition for a barefoot shoe. What they have in common, however, is that they have a very thin sole and do not have a heel crack – in other words, they have no height difference between the heel and the forefoot. The aim of this is to let the feet work themselves and thus strengthen the muscles. Anyone who has ever worn a cast can roughly imagine how quickly muscles can degenerate if they are constricted and supported too much. This is exactly what we want to prevent with our barefoot shoes and promote healthy foot muscles in children.

Hannes: Although you are a trained shoemaker and a true expert in this field, I remember that it took quite a long time from the first idea to the final prototype. Why is shoe production so complex?

Judith: The basic challenge is to develop a cut that offers the perfect fit. And since feet are very individual, this is anything but easy. We have taken our time with the fit of our shoes to make sure that we cover the majority of children's feet. In addition to that we also want to use only high-quality materials that are breathable, abrasion-resistant, lightweight and durable at the same time.

Hannes: It is also challenging in an ecological sense to make a good shoe – what is the reason for that?

Judith: This is primarily due to the many different materials that a shoe contains. For example, there is the outer fabric, which alone consists of three layers. One of these three layers is a basically a foam, whose production is always associated with ecological risks. So, to make a sustainable shoe, every single material has to be purchased as a sustainable option – this is not only time-consuming, but also very cost-intensive.

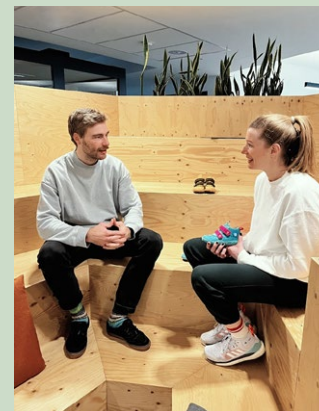
Hannes: To put it in concrete terms: are our Affenzahn shoes sustainable?

Judith: There is no such thing as a 100% sustainable shoe – not even our Affenzahn shoe. But compared to many other shoes, we have already come a long way. Where possible, we use recycled materials, our most important fabrics are

bluesign® certified and we use a foam made from algae.

Hannes: And what would the perfect sustainable shoe look like for you?

Judith: For me, a truly sustainable shoe would be one that is 100% recyclable. That in turn means that we have to greatly reduce the variety of materials on the shoe. Foams and fabrics, as well as reinforcements and insoles, should then only be made of a basic material that is easy to recycle. When the shoe is no longer needed, only the sole has to be separated from the rest of the shoe so that it can be recycled. And who knows, maybe we are already working on such a solution ...



Hannes Weber in conversation
with Judith Hörstensmeyer

»For me, a truly sustainable shoe would be one that is recyclable. This in turn means that we have to greatly reduce the variety of materials on the shoe.«

2.3 Fair Wear – Corona Lockdown in Vietnam

The pandemic in Asia has been the focus of our attention in our last financial year:

After the number of infections had skyrocketed for weeks, all factories in Vietnam had to close their doors in mid-July. Initially, this measure was to be applied until the end of August. But it quickly became clear that the pandemic situation in the country was not calming down. For this reason, the lockdown was extended for another four weeks.

Over 70% of our products are produced in Vietnam. From a business perspective, this was a worst-case scenario. Many companies that had production in Vietnam cancelled their orders and looked for another production country instead. While we were able to keep almost all our orders, we were mainly concerned with the sometimes dramatic living situations of the local people. Our main focus was on the wages paid. We produce exclusively in factories that pay at least the local minimum wage. But we also know that this is often not enough for a secure life. So what happens when workers lose part of their already low wages?

On site in Vietnam

By linking various special holidays, workers were able to continue to receive their normal wages in July. In August, however, most workers were no longer paid normal wages. Many of them had to be dismissed at short notice. The workers were then promised government assistance. However, these were clearly below the local minimum wage and were not paid until weeks later. In September, the factories were again unable to pay wages to their workers, but they were able to claim further government assistance through the unemployment insurance scheme. To avoid a complete closure of all factories, the government introduced the so-called »3 on-site« system, which allowed production to continue under certain circumstances. To qualify for the 3-on-site system, factories must ensure that workers work, eat and sleep on the factory premises. This was to prevent workers from becoming infected outside the factory premises.

Over 70% of our products are produced in Vietnam. From a business perspective, this was the worst-case scenario.



In order to guarantee the production of a few very important articles, one of our suppliers also decided to implement this system. Through regular exchanges and Fair Wear webinars, we learned about the risks involved. We were particularly concerned that workers were not allowed to leave the factory premises, which could lead to forced labor-like conditions. However, through close communication with our supplier, we were able to ensure that the workers were working on a completely voluntary basis and were free to leave the system at any time and without any consequences.

After 2 months of lockdown, work could be resumed at the beginning of October under strict hygiene conditions.

What we have been able to do

Through long-term business relationships with our producers, our cooperation is based on strong mutual trust. This has enabled us to get a good idea of the day-to-day problems in the factories through regular discussions.

Especially the financial situation was getting worse and worse. In order to support here, we were able to make some advance payments and thus ensure that the payment bottlenecks did not get any worse.

2.4 retraced – More transparency for us and our customers

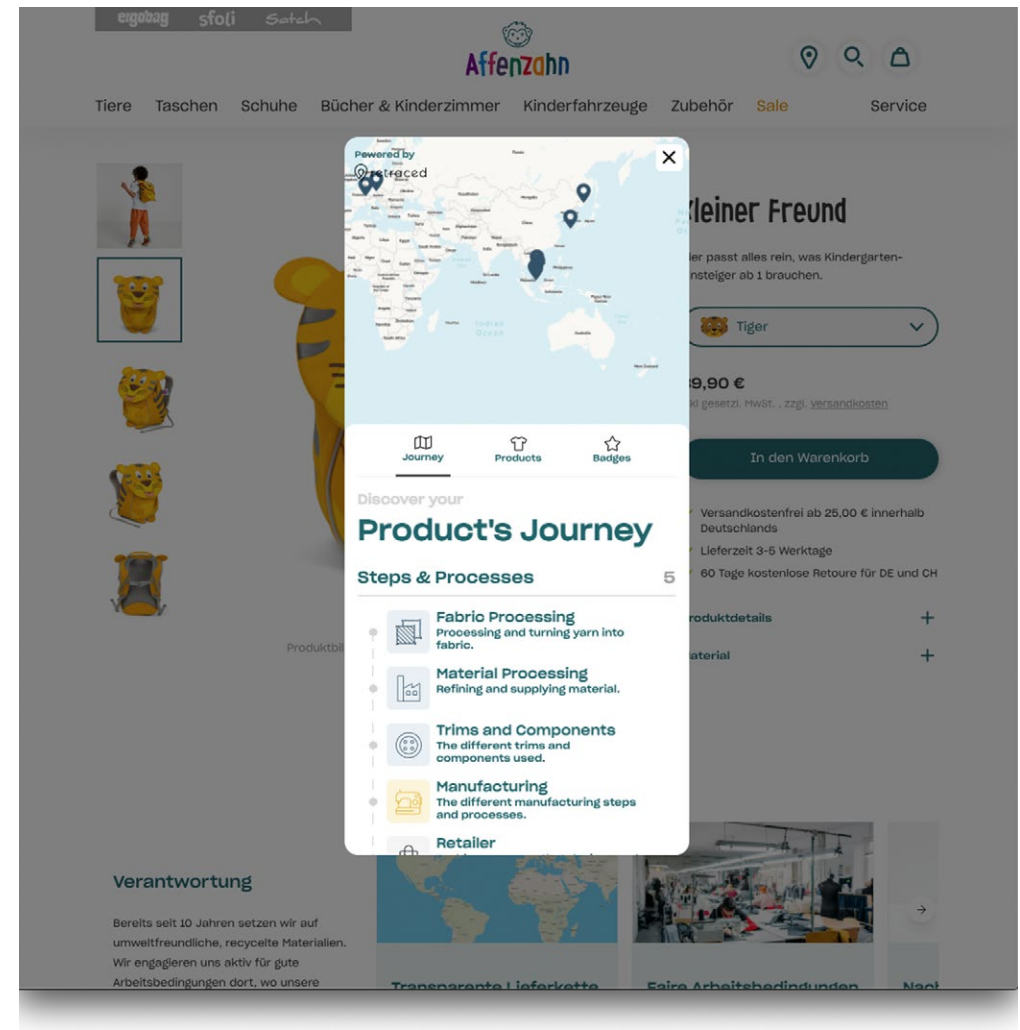
Our products often consist of more than 50 different components from several suppliers. Maintaining an overview of the entire supply chain is more than challenging.

This involves high risks for us. Knowing where a certain part is produced is essential for us to be able to assess which risks and problems can be associated with the production.

We have a total of almost 230 different suppliers. We distinguish between so-called Tier 1 suppliers, their sub-suppliers and Tier 2 suppliers. We have a total of 17 Tier 1 suppliers, which is what we call our main suppliers with whom we have a direct business relationship. This is where our products are being sewn and manufactured. Two of our Tier 1 suppliers work with a total of 7 sub-suppliers. These in turn take over certain outsourced processes from our Tier 1 suppliers when their capacities are not sufficient. In addition, we have over 200 Tier 2 suppliers. They manufacture the materials from which our products are made and deliver them directly to our Tier 1 suppliers. If you take all the suppliers together, the result is a very complex network that has to be monitored.

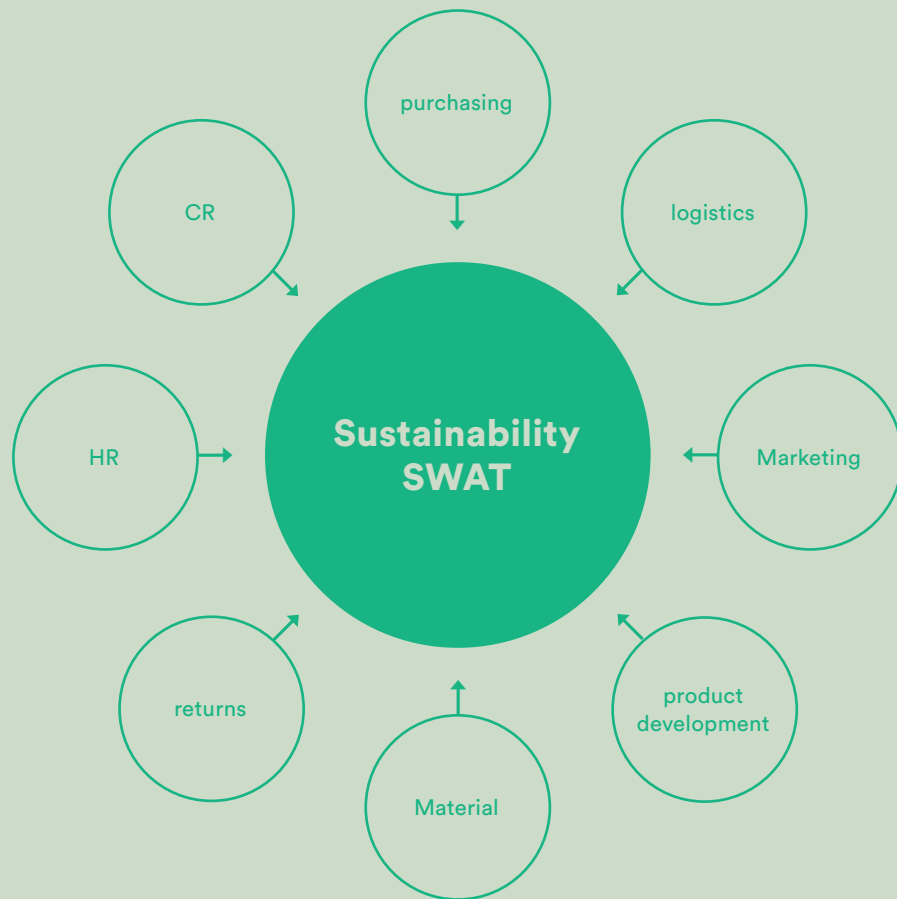
To give us a better overview, we have been working for a year now with the start-up retraced on the detailed recording and presentation of our supply chain information. The company pursues the vision of promoting working conditions and sustainable production through transparent supply chains, and thus also influencing consumer behavior in the long term. At FOND OF, we currently use retraced for our internal CR data management. It serves us primarily as a supplier and product database. Here we have an overview of our entire supplier network and can thus ideally visualize and trace our supply chains. We can also assign all relevant documents, certificates and audit reports to the respective suppliers and thus also create individualized supplier evaluations.

Since we have already collected the data internally anyway, we certainly do not want to withhold it from our customers, because we are convinced that everyone has a right to know what is behind the product they are buying. Retraced has a solution for this as well.



With a plug-in, we can visualize our supply chains on our product detail pages and thus communicate very concretely about our sustainability activities. We can transparently show which processing steps our products go through, where the production sites are located and which social and ecological certificates our producers have.

In this way, we give our customers even more background information on the products and at the same time can see for ourselves where there is still potential for optimization. We are currently running an initial pilot project with our Affenzahn brand, which we would like to expand to our entire portfolio if it is successful.



2.5 FOND OF Sustainability SWAT

SWAT is the official abbreviation for Special Weapons and Tactics. We would not express our mission in quite such martial terms, but sustainability also has a certain urgency.

For this year, we have set ourselves the task of anchoring CR work even more deeply in the entire FOND OF world and have founded the so-called Sustainability SWAT. In this working group across teams, we look at our CR issues from a wide variety of perspectives. We have put together a team in which different departments come together. Among others, employees from logistics, materials, purchasing, marketing and HR are represented here.

In recent years, we have focused to a large extent on our core supply chain work. There has been a strong focus on issues such as improving working conditions at our producers and specifying certain materials. This was important and right, because through this work we were able to establish a good basis for our successes and certifications.

At the same time, this strong focus has meant that some important issues have fallen by the wayside. These are topics that are also often neglected by stakeholders, but together they have a big impact on our overall sustainability performance. For example, we have so far neglected:

- to optimize the cardboard boxes from our own warehouse to avoid waste
- to optimize our container loads to avoid unnecessary CO₂ emissions
- to improve our internal repair rate
- to measure our external CR impact
- to continuously reduce our CO₂ emissions

In the Sustainability SWAT that has now been set up, we want to precisely address these issues. Therefore, we set ourselves very specific goals and consider various measures on how these goals can be achieved. We are convinced that a community can only develop its full potential if everyone pulls together. This is exactly how we see it with our sustainability efforts. A small, effective CR team can, of course, achieve a lot and set a big, important course. However, if we want to think about the issue holistically and anchor it fundamentally in the company, the help of all team players is needed.



³ A look into the future

Another year of pandemic. We, too, can no longer hear the C-word any more, but we still have to write about it at least briefly. Because this year has not passed us by without leaving a trace.

Some projects that we had planned for the past year had to be cancelled or postponed at short notice. So some of the topics below will already be familiar to some of you.

Nevertheless, we would like to transparently show which topics we were not able to implement on the one hand, and on the other hand, which topics will continue to be relevant for us in the future.



3.1 The next steps

① Second-hand offers

Extending the lifetime has a huge impact on the life cycle assessment of a textile product. For example, the longer a shirt is worn, the smaller its ecological footprint over the years. Basically, this means for us that we develop our products in such a way that they are long-lasting due to their quality and design. In the best case, the products are resold via a second-hand platform at the end of their life cycle. A large part of our clientele already goes this way. Nevertheless, we see potential for improvement here, as selling via these platforms is often still too time-consuming or the knowledge is generally lacking. We want to fill exactly this gap and offer our customers the sale of used articles via our online shop in the future. Although there are still some questions to be clarified, we have already set the first course and are full of confidence that we will be able to report more about this project next year.

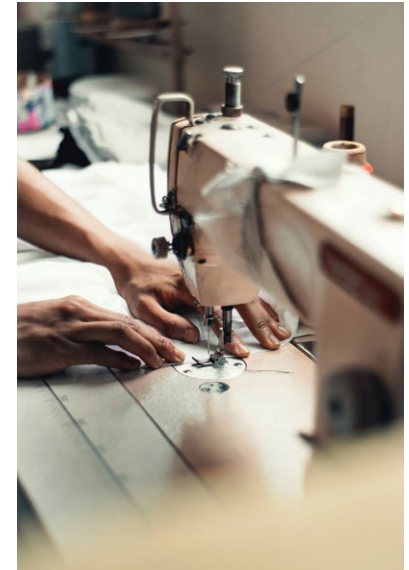
② »Living Wage«

The Living Wage issue has been with us for a long time and is one of the most complex issues facing the textile industry. At its core, it is about ensuring that sewers receive a wage – even without overtime – that enables them to live a dignified life. Although sewing workers are paid above the national minimum wage, they are not paid a wage that corresponds to a »living wage«. Why not? There are many reasons for this: we ourselves only pay for finished products that are manufactured in independent companies. The level of wages paid to the employees is left to the entrepreneurial freedom of the producers. Similarly, we as consumers can only buy products in the supermarket and cannot determine the wages of the cashiers. At the same time, we have to offer our products at competitive prices, cover our costs and make a profit. Higher wage costs make this very difficult. These arguments are not really convincing, and we do not want to take ourselves out of the responsibility. Rather, we are specifically addressing this issue and want to do better! Together with the Fair Wear Foundation and their tools, we are trying to start a pilot project with one of our partners and slowly adjust wages in cooperation. We would then like to gradually roll out the knowledge gained in this way to other factories.

Details about the Fair Wear Programme can be found here:
fairwear.org/programmes/living-wage

③ CO₂-reduction roadmap

In chapter 1.4 we have already shown how large our carbon footprint is and reported on our compensation measures. This year, for the first time, we have also calculated the carbon footprint of our products. Compared to last year, we have already taken a big step forward. Nevertheless, we are still missing one big piece of the puzzle in our overall CO₂ strategy. In future, we would like to take you on a concrete journey and show you where we have implemented which measures to save CO₂. The first step has already been taken as we have drawn up an exact CO₂ balance and now have a precise insight into our biggest challenges. On the basis of this balance, we will select individual measures in the coming year that will then lead to a targeted reduction of our CO₂ footprint. We will then report next year on what these measures will be and how big an impact they will have.



3.2 Nobody is perfect

Reducing our environmental impact and ensuring compliance with our social standards along the entire supply chain are our daily challenges in the CR team. However, we are far from perfect.



On the one hand, this is in the nature of things: a company that puts consumer goods on the market inevitably leaves an ecological footprint.

On the other hand, however, we are also subject to economic constraints. Because not all the measures we would like to implement can actually be realised. So we have been trying for years:

- to develop recyclable products (Cradle to Cradle)
- to use 100% recycled materials
- to use recycled polybags
- to fly less (products)
- to pay living wages everywhere

Unfortunately, we are not yet able to do everything we set out to do. But we are working on the issues and keep setting ourselves ambitious goals.

Our promise

FOND OF products are durable, sustainable and designed with great attention to detail. We strive to do our utmost to constantly extend the life cycle of our products. Thereby the quality of our products is uncompromisingly and constantly put to the test. *We promise to keep it that way!*

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FOND OF CR

...how the
world
will look like
tomorrow.

Thank You.



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