

SUSTAINABILITY REPORT 2025-2026

15.04.2026



As a textile company, we recognize our responsibility to promote sustainable and socially responsible business practices throughout the entire value chain. Climate change and the social challenges within the global supply chain make it necessary to develop new approaches to textile production that take both environmental and social aspects into account.

As part of our policy statement on responsible corporate governance, we are committed to the following principles: respect for human rights, environmental responsibility, integrity and business ethics, responsible sourcing and procurement practices, the promotion of living wages, and the continuous increase in the use of sustainable materials. These principles form the foundation of our actions and set standards for our business processes. Our high expectations apply not only to our own company, but also extend to our suppliers and all stakeholders along the value chain. We expect all our partners to comply with the same ethical, social, and environmental standards and to actively contribute to their continuous improvement. Only through close cooperation and the consistent implementation of these standards can we jointly ensure a sustainable, fair, and future-oriented supply chain that meets the demands of global challenges.

We integrate due diligence processes into our daily business operations and reduce significant risks through grievance mechanisms and protective measures.

A SUSTAINABLE PROCUREMENT MODEL IS THE WAY FORWARD

FL Textil positions itself as a high-performing supplier in the field of workwear and offers its customers integrated solutions. Our services range from design and development to production, warehousing organization, inventory management, and delivery to our customers' points of sale. In doing so, we pursue an integrated approach to ensure that our customers receive everything from a single source.

Our business model is based on an annual production cycle per customer. This structure enables careful planning and sufficient lead times for the development and production of garments. Through continuous inventory monitoring, we are able to proactively manage our production planning and thus prevent bottlenecks or delays. Our suppliers are informed at an early stage so that they can reserve the necessary capacities and organize raw material procurement in a timely manner. This minimizes the risk of markdowns or inaccurate forecasts and prevents us from encountering difficulties due

to short-term adjustments in order volumes. Furthermore, in 2025 all Key Account Managers who are primarily responsible for managing production completed training on KPIs in purchasing and procurement.

We plan order quantities based on a thorough analysis of incoming orders while taking realistic buffer quantities into account. This enables us to respond even to unexpectedly high order volumes without having to rely on additional small-scale production runs.

Our products are designed for intensive daily industrial use, which is why we maintain high quality standards. Regular testing and a strong focus on the long service life of our products are central aspects of our quality assurance.

Long-term and cooperative business relationships are particularly important to us. We maintain regular communication with our production facilities and agencies and work closely together on joint projects such as production planning and quality assurance. Through this close cooperation, we ensure that all parties involved – from suppliers to logistics partners – fully understand their responsibilities, product expectations, and timelines. In this way, we can guarantee on-time deliveries and avoid excessive overtime.

Our expectations regarding products and the required quality standards are clearly communicated through specification documents. Should any uncertainties nevertheless arise during the production process, our production team ensures rapid clarification. This also includes the timely feedback and approval of color sample submissions, quality samples, and other relevant production samples.

Our expectations towards our suppliers are clearly communicated through our Code of Conduct and the related Severe Risk and Crisis Management Guideline. The CoC, including the Severe Risk and Crisis Management Guideline, is signed by 100% of our suppliers. Each year, we conduct supplier evaluations for 89% of our direct suppliers based on criteria including social standards, sustainability standards, and occupational health and safety.

We focus our production activities on Bangladesh, China, and India. Most of our partners in Bangladesh are located in the Dhaka region, in India in Tirupur, and in China in Fuzhou and Ganzhou. This regional focus enables us to efficiently manage production processes and maintain a high level of product quality. Through on-site audits as well as follow-up audits conducted by our local CR team at our direct suppliers (2025: 100%), we are able to ensure compliance with our high standards. Through the corrective action plan (CAP) prepared after each audit, we monitor the corrective measures and progress of our suppliers.

Whenever possible, the materials and components required for our products are sourced locally by our partners. In some cases, however, components must be imported from other countries due to availability or quality requirements. Our suppliers source cotton from cultivation regions such as India, Brazil, Burkina Faso, and Cameroon.

Through the business model described above and through systematic risk management, we continuously work to identify and minimize our risks.

OUR RISKS

Responsible action requires the continuous review of potential risks to people and the environment. Therefore, we systematically and comprehensively analyze our supply chain in order to identify risks at an early stage and implement appropriate preventive measures. Through close cooperation with our partners as well as regular assessments, we ensure that ethical and environmental standards are upheld throughout the entire value chain.

Our risk analysis is based on ILO risks and is conducted on several levels. First, we assess country-specific risks using tools such as the MVO Risk Checker and the amfori Risk Compass, as well as other publicly available studies. In addition, we analyze risks within our partner companies and production facilities through on-site social audits and BSCI reports.

Subsequently, we transfer the identified risks to our product groups and assess them specifically. Furthermore, we review our business model with regard to possible structural risks, particularly in connection with sourcing strategies, timelines, as well as supplier selection and management. Finally, all identified risks are evaluated and prioritized as a whole.

Our production takes place in both locally and globally interconnected supply chains, which are often associated with risks to people and the environment. The most significant general risks (according to the ILO) include:

- Child labor
- Forced labor
- Discrimination
- Working hours / overtime
- Occupational health and safety
- Freedom of association and collective bargaining
- Non-compliance with minimum wage legislation and lack of living wages
- Corruption and bribery
- Chemical management
- Water consumption and water pollution
- Greenhouse gas emissions
- Treatment of homeworkers

In addition to the general risks of the apparel industry, there are also product-specific challenges. Our workwear consists predominantly of cotton and polyester.

Cotton cultivation is particularly associated with high water consumption as well as the use of pesticides and fertilizers, which can have negative impacts on the environment and human health. The production of polyester is based on fossil raw materials, generates high CO₂ emissions, and additionally contributes to environmental pollution through microplastics.

Wet processing also represents a critical production step, as large quantities of water, chemicals, and energy are used in this process. Insufficiently treated wastewater can endanger both the environment and human health.

At the garment manufacturing level, social risks are of particular concern, including excessive working hours, overtime, inadequate occupational health and safety measures, and discrimination. Especially during time-critical production phases, tight deadlines can lead to increased pressure.

Within our supply chains, risks particularly exist in relation to working time regulations, overtime, weekly rest periods, and uninterrupted working phases. These risks occur especially during time-sensitive production periods, for example in new projects where tight deadlines and high market pressure may result in extended working hours.

Additional risks concern safety standards, such as missing protective equipment, inadequate machine safeguarding, blocked emergency exits, or insufficient evacuation plans.

Despite these challenges, no serious cases of corruption, child labor, or sexual discrimination were identified within our supply chain.

We pursue a continuous approach to identifying and reducing risks in order to detect potential weaknesses at an early stage and ensure a sustainable and resilient supply chain.

SUSTAINABILITY CERTIFICATIONS AND MEMBERSHIPS

To ensure that our products and manufacturing processes meet the highest environmental and social standards, we cooperate with various international organizations and certification schemes:

- **GOTS-Certification (Global Organic Textile Standard)**

Since October 2023, we have been proud to be officially GOTS certified, marking a significant milestone in our commitment to promoting sustainable and responsible textile production. The Global Organic Textile Standard (GOTS) is the world's leading standard for the processing of textiles made from organically produced natural fibers. It ensures that strict environmental and social criteria are met throughout the entire supply chain – from the environmentally responsible sourcing of raw materials and socially responsible processing to final production. GOTS certification guarantees that no harmful chemicals are used, that working conditions are fair, and that the entire production process is environmentally friendly and socially responsible.

In the meantime, we have successfully achieved certification once again and have been able to expand our GOTS production activities. Since then, we have not only continuously developed our internal standards further, but also expanded our production portfolio in the field of sustainable textiles. In this way, we are able to meet the growing expectations of our environmentally conscious partners even more effectively – while providing responsible quality within the textile industry.

- **AMFORI / BSCI (Business Social Compliance Initiative)**

For several years, we have been a member of amfori, one of the world's leading networks for open and sustainable trade. Through the amfori BSCI program, we work to systematically monitor and continuously improve social standards throughout our supply chain.

The BSCI Code of Conduct is based on the conventions of the International Labour Organization (ILO), the United Nations declarations on human rights, the UN Global Compact, and the OECD Guidelines, and supports companies in implementing responsible business practices.

Through our amfori membership and the use of BSCI reports, we are able to assess our partners at an early stage, identify risks in a targeted manner, and strengthen social and environmental standards within our supply chain.

In addition, our employees once again participated in amfori training sessions over the past year. At the same time, we also enabled our supply chain partners to access these training programs in order to jointly further develop responsible and sustainable business practices.

- **FAIRTRADE-Production**

As part of our sustainability strategy, we place great importance on fair production conditions. By using FAIRTRADE cotton, we advocate for stable minimum prices and additional premiums. This improves the living and working conditions of people in the countries of origin and also makes an important contribution to combating exploitative child labor and forced labor. FAIRTRADE cotton – like all other certified raw materials – is free from genetically modified organisms (non-GMO).

- **Green Button**

Since 2024, FL Textil has been offering products bearing the Green Button label, thereby ensuring that social and environmental standards are upheld throughout the supply chain. The certification includes strict criteria ranging from raw material sourcing to production.

- **BCI Cotton (Better Cotton Initiative)**

We are increasingly relying on BCI Cotton (Better Cotton Initiative) in our production processes in order to further strengthen our commitment to sustainable textiles. BCI is a global program aimed at improving cotton production worldwide – both for the environment and for the living conditions of farmers and the future of the sector.

BCI Cotton is cultivated according to strict criteria that reduce water consumption, promote soil health, and minimize the

use of pesticides, while also ensuring fair working conditions for farmers. Through the increased purchase of BCI Cotton, we actively contribute to the promotion of more environmentally friendly cultivation methods and social responsibility. Our goal is to continuously increase the share of sustainable materials and to offer our customers high-quality textiles that are responsibly manufactured.

- Cotton made in Africa

In June 2025, FL Textil entered into a licensing partnership with Cotton made in Africa® (CmiA). Through this step, we are taking responsibility for a more sustainable future for the textile industry. Cotton made in Africa®, an initiative of the Aid by Trade Foundation, is one of the world's leading standards for sustainably produced cotton. Its objective is to provide help for self-help – not through donations, but through fair trade. In this way, the living and working conditions of smallholder farmers in Africa are improved while at the same time protecting our environment.

To ensure this, CmiA works together with a broad network in cotton-producing countries – ranging from partners along the entire textile value chain to governmental and non-governmental organizations. This ensures that the standards are implemented consistently and that certified raw materials are processed correctly worldwide.

For our customers, this means receiving products that not only impress through quality and design, but also make a real difference. We are proud to have already successfully completed our first productions with Cotton made in Africa® and look forward to continuing this sustainable journey together with you.

- Recycled Polyester

Our product portfolio increasingly includes items made from recycled polyester. By using recycled materials, we reduce the consumption of new resources and contribute to reducing the amount of waste in the environment. The recycled polyester is sourced, among other things, from recycled PET bottles, which further minimizes the CO₂ footprint of our products. In addition, this approach supports a circular economy by meaningfully reusing waste materials. By focusing on sustainability in our material selection, we promote more environmentally friendly production processes and make an important contribution to reducing plastic waste in oceans and landfills.

In order to verify the origin of recycled polyester (rPET), TÜV Süd Hungary has developed a new testing method. Together with FL Textil, the TÜV laboratory has now successfully carried out the first tests on recycled PET. With this new method, we are able to transparently verify the origin of our polyester and strengthen trust in recycled textiles.

Overview of Sustainable Sourcing Initiatives Over the past 3 Years

	GOTS		Fairtrade	Green Button	BCI	CMIA	Recycled PES
Year	GOTS level	Pieces	Pieces	Pieces	Pieces	Pieces	Pieces
2023	100% Organic Cotton	51.385	51.385		260.029	License from 2025	
2024	100% Organic Cotton	465.510		489.772	122.445	License from 2025	136.722
	Made with	24.262					
2025	100% Organic Cotton	186.032		218.057	131.725	227.620	57.544
	Made with	32.025					

CHEMICAL MANAGEMENT

The use of hazardous chemicals represents a significant risk in the production of workwear, both for the environment and for the health of employees. In order to counteract this risk, we have begun monitoring the use of chemicals in some of

our production facilities with the help of a dedicated tracking tool.

By introducing the BHive and BVE3 systems for chemical inventory tracking in selected production facilities, we are able to monitor the use of chemicals within our production processes in detail. This system enables us to identify potentially harmful substances used in our production processes at an early stage and gradually replace them with more environmentally friendly alternatives.

EFFICIENT TRANSPORT MANAGEMENT

Efficient logistics management and the optimization of transport routes are central components of our sustainable corporate strategy. Through careful transport planning, efficient packaging management, and the consolidation of deliveries, we minimize empty runs and reduce fuel consumption.

We optimize our route planning using modern technologies in order to further reduce CO₂ emissions. Through these measures, we actively contribute to the reduction of greenhouse gas emissions and improve the environmental footprint throughout our entire supply chain.

COMPLAINT MECHANISMS AND PROTECTIVE MEASURES

Efficient complaint mechanisms are an important component of fulfilling our responsibility within the supply chain. Our production partners maintain internal grievance mechanisms within their facilities. We regularly review these through audits and on-site worker interviews. In addition, together with our local CR managers, we have introduced the “Speak for Change” initiative and the FL Textil grievance mechanism in some of our most important production facilities. The objective is to give employees within our global supply chain a voice, strengthen their rights, and ensure access to remedy. These initiatives create a platform that enables disadvantaged groups in particular – such as women, minorities, and homeworkers – to openly express their concerns and experiences.

Through “Speak for Change” and the FL Textil grievance mechanism, employees have the opportunity to submit complaints anonymously via email or telephone. Through notices and training sessions, employees are informed where and how they can file complaints. In this way, we promote dialogue between employees, our company, and other stakeholders in order to jointly develop solutions for improving working conditions. Our goal is to create transparency, identify grievances, and implement concrete corrective and remedial actions. In 2025, no complaints were submitted to FL Textil through the FL Textil grievance mechanism.

The grievance mechanism includes the following key elements:

- Posters containing the relevant contact information for the respective country’s CR Manager are displayed in the production facilities in order to enable employees to contact us directly.
- Potentially affected persons may contact us in the event of violations, and we are committed to protecting complainants from retaliation and ensuring their anonymity.
- In the case of legitimate complaints or indications of negative impacts on human rights, the environment, or integrity resulting from our actions or contribution thereto, we provide or participate in remediation and corrective measures.
- Within our own company, there is also an anonymous complaint box that is reviewed regularly to ensure that concerns or suggestions for improvement can be handled confidentially and in a timely manner. To date, no complaints have been submitted, which may indicate that our employees are satisfied with the current working conditions. Nevertheless, we would like to encourage everyone to make use of this opportunity to anonymously communicate open issues or suggestions for improvement.

INVOLVEMENT OF EXTERNAL STAKEHOLDERS AND POTENTIALLY AFFECTED PERSONS

The continuous involvement of our suppliers takes place both through regular coordination with the FL Textil team in Vienna and through our local CR managers during on-site visits. Depending on the purpose of the visits, social and environmental topics are the main focus. Since 2024, we have also been engaging in an active dialogue with our suppliers

regarding our strategy for promoting living wages.

As part of our audits, engagement with potentially affected persons also takes place through targeted employee interviews. These discussions provide workers with the opportunity to openly address their experiences, perspectives, and concerns. This gives us valuable insights into operational practices and the implementation of relevant standards in day-to-day work environments.

ENVIRONMENTAL MANAGEMENT BEGINS AT HEADQUARTERS

Our European office plays a central role in implementing our environmental management strategy, even though production takes place in the Far East. By integrating energy-efficient technologies and sustainable practices at our headquarters, we significantly reduce our environmental footprint. This includes the use of renewable energy, the procurement of refurbished laptops, the proper disposal of waste, and the minimization of waste, electricity consumption, and water usage. In addition, we are planning digital solutions to reduce paper consumption and make work processes more resource-efficient. All employees receive continuous training and awareness-building measures to encourage resource-conscious thinking and the use of climate-friendly alternatives in their private lives as well.

UNSERE HERAUSFORDERUNGEN UND LERNERFAHRUNGEN

Initiative	Action	Goal	Key Learnings
Code of conduct	Distribution to all partners throughout the supply chain with the request for confirmation by signature.	Recognition of our expectations within the production process.	Without continuous monitoring and follow-up, our expectations are not being met.
BHive- bzw. BVE3-System	Introduction of the BHive and BVE3 systems for chemical inventory tracking in selected production facilities.	The objective is to monitor the use of chemicals on a monthly basis with the help of a dedicated tracking tool (chemical inventory).	The onboarding of production facilities proves to be very time-consuming and challenging. Large dyeing facilities in particular often do not recognize the necessity of the new tools and are difficult to convince to adopt the new standards. Only a very small proportion of dyeing facilities are willing to upload their chemical inventories to the platform on a monthly basis. In addition, the dyeing facilities are selected by the fabric suppliers rather than by our production partners. This complicates communication, as we are not the direct contracting party.

Speak for Change and the FL Textil Grievance Mechanism	Introduction of Backup Grievance Mechanism in Bangladesch, Indien and China.	The objective is to give workers on site a voice, identify areas where further action is required, and find solutions for grievances.	It takes time for workers to accept the backup grievance mechanism and build trust in it. Some factories fear the termination of business relationships if serious complaints arise and are escalated to the end customer.
Supply chain transparency	Commitment of suppliers to disclose the supply chain down to the origin of raw materials	Transparent tracking of the supply chain down to the origin of raw materials	There is generally a strong willingness to disclose information; particularly among long-standing supplier production facilities, however, challenges remain in the implementation process
Strengthening customer awareness	As a customer-oriented company, many production processes depend on the requirements and specifications of our customers	Enhancement of sustainable production through targeted advisory efforts	On the customer side, an increasing willingness can be observed, although implementation is carried out gradually and over a longer period of time

TOGETHER TOWARDS A BETTER FUTURE WITH CUSTOMERS AND SUPPLIERS

WE ARE WORKING TOWARDS A CIRCULAR ECONOMY

Together with one of our customers, we are currently testing innovative materials that can be fully recycled after use in order to actively promote the circular economy and establish sustainable production methods. The objective of this project is to identify materials that are not only environmentally friendly, but can also be reused multiple times, thereby drastically reducing the consumption of virgin raw materials and significantly decreasing the amount of waste generated. Through this close cooperation, we aim to develop a solution that enables products at the end of their life cycle to be returned to the production process within closed-loop systems. This not only contributes to the reduction of waste and CO₂ emissions, but also strengthens awareness of sustainable production and consumption practices. With this initiative, we are taking an important step towards a circular value chain in which resources are conserved and materials are used more efficiently without placing additional strain on the environment. Our joint commitment underlines our dedication to developing innovative approaches and promoting a future-oriented, sustainable economy.



LOCAL SOCIAL ENGAGEMENT AS PART OF SUSTAINABLE PROCUREMENT

In April 2025, FL Tex supported a center for people with physical and intellectual disabilities near a partner production facility in India through food aid. In doing so, the local social environment was strengthened and a contribution was made to stable and responsible supply chains.



PROMOTING FAMILY-FRIENDLY WORKING CONDITIONS IN THE SUPPLY CHAIN

In August 2025, FL Tex, together with a long-standing partner in Bangladesh, supported the redesign of a childcare area within a production facility into a safe space for children. This initiative underlines the importance of family-friendly working conditions and contributes to improving the compatibility of work and family life, while also promoting equal treatment of employees. By strengthening the well-being of families, an inclusive and respectful working environment is created, which is a key component of responsible and sustainable procurement.

STRENGTHENING EQUAL TREATMENT THROUGH TARGETED TRAINING IN THE SUPPLY CHAIN

In 2025, FL Tex conducted targeted training on the rights of expectant mothers (maternity benefits) at a production facility in Bangladesh after assessments had identified potential for improvement. The aim was to strengthen equal treatment and actively counteract possible discriminatory practices along the supply chain. In addition, stress management training for managers was conducted in two production facilities in Bangladesh in 2026. The training focused on respectful communication, reducing stress-related misconduct, and promoting respectful interaction with employees, thereby also reducing the risk of harassment and discriminatory behavior.

OUTLOOK AND GOALS

Our company will continue to place a strong focus on sustainability and social responsibility in the coming years. By 2027, we aim to increase the share of recycled materials used in our production by 5% and significantly reduce the use of harmful chemicals by further expanding the implementation of chemical inventories in our wet-processing facilities. Our objective is to obtain an 80% compliant sustainability inventory from all major wet-processing facilities during the respective month of wet processing. Furthermore, we are committed to continuously improving working conditions throughout our entire supply chain in order to offer products that are both environmentally and socially sustainable.

Below, we describe our environmental, social, and integrity objectives for our office and administrative operations.

ENVIRONMENTAL OBJECTIVES

Aspect	Objective	Measures Implemented	KPI / Unit	Value 2024	Value 2025	Target Value Current Year
Paper consumption	Reduction of paper consumption	Employee training / Environmental policy	Number of printed pages per order	0,87	1,4	< 1,5
Renewable energy	Procurement of sustainable	Management instruction to	Electricity from 100% renewable energy	100%	100%	100%

	electricity	Environmental Officer				
Energy consumption	Appropriate level of electricity consumption	Employee training / Environmental policy	kWh per employee	304	306	< 330
IT / Resource conservation	Procurement of refurbished laptops	Management instruction to IT department	% of refurbished laptop purchases	100%	80%	> 80%
Mobility / Greenhouse gas reduction	Appropriate level of customer visits by air travel	Information shared during weekly customer jour fixe	Number of flights per Key Account Manager	1,75	1,25	<2
Mobility / Greenhouse gas reduction	Appropriate level of home office days per employee	Home office policy	Home office days per employee	19	24	>12

SOCIAL AND INTEGRITY OBJECTIVES

Aspect	Objective	Measures Implemented	KPI / Unit	Value 2024	Value 2025	Target Value Current Year
Occupational safety	Minimization of work-related risks in the office	Employee training on occupational safety, fire protection, and evacuation	Number of workplace accidents in the office per employee	0	0	0
Occupational safety	Safe working environment	Inspection of first-aid equipment and safety infrastructure by occupational safety officers	Inspection of occupational safety infrastructure	1	0	1
Health protection	Minimization of infection risk through improved air quality in open-plan offices	Air quality monitoring device with ventilation reminder function	Device per open-plan office	Device for one office – test run	Device for one office not available	1
Training, qualification and development	Promotion of employees' professional and personal development	Feedback and development meetings	Meetings per employee	1	1	1
Integrity, ethical behavior & information security	Appropriate employee conduct with regard to integrity, ethics, and data security	Employee training on social responsibility, ethics, and information security	% of trained employees	100%	100%	100%
Anonymous internal grievance mechanism	Respectful, fair, and discrimination-free working environment	Processing of complaints (anonymous or through personal discussion) within 30 days	Complaints processed within 30 days in %	100%	100%	100%
Equal opportunity	Fair gender balance	Unbiased applicant selection	Share of female employees	74%	69%	>50%

Our commitment to a more sustainable textile industry remains a central objective of our corporate strategy. We firmly believe that sustainable action is not only a responsibility towards the environment and people, but also contributes to long-term economic success.

CONTACT

For further information regarding our sustainability initiatives and partnerships, please feel free to contact us.