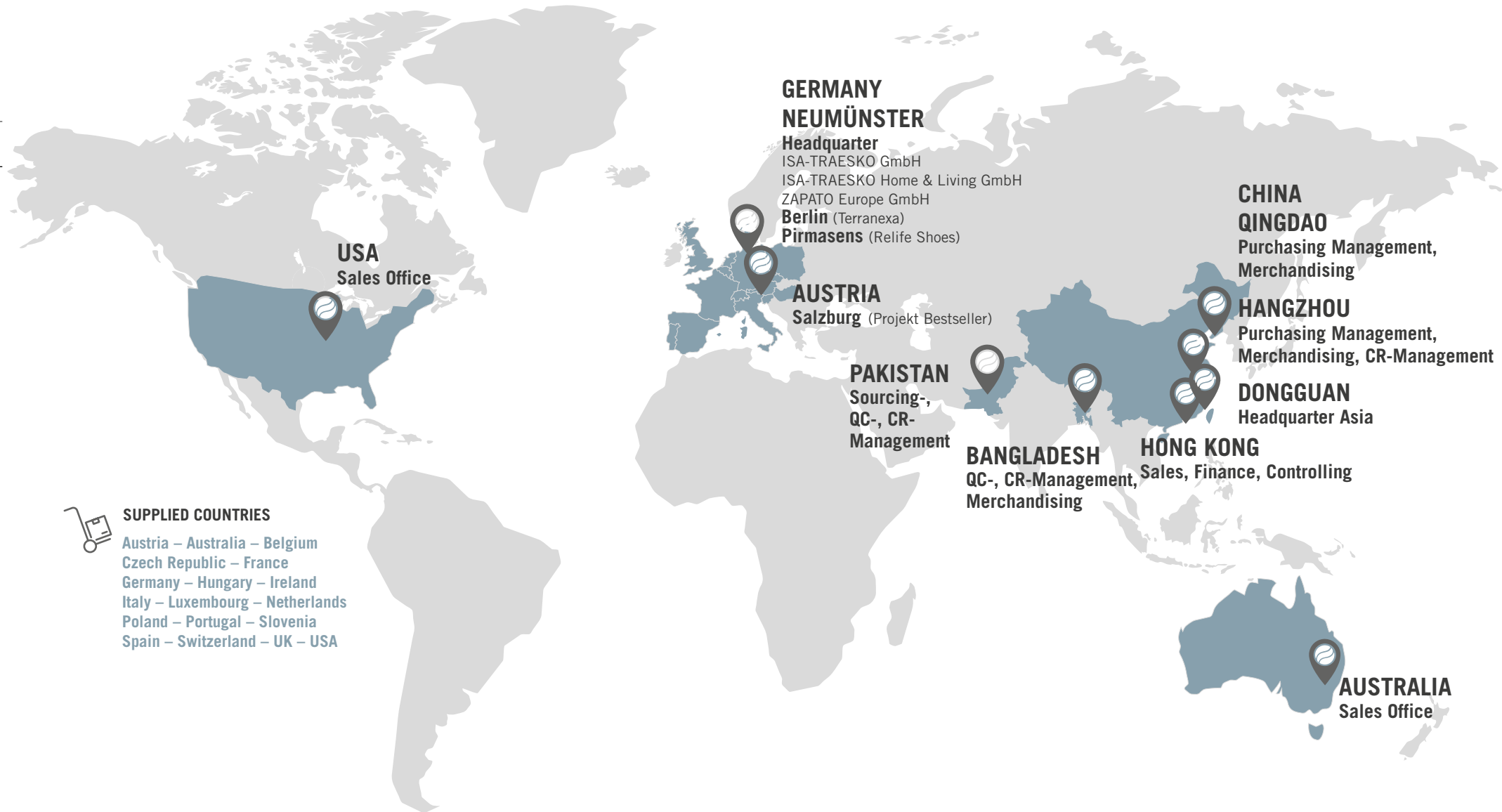


# EMPOWERING SUPPLY CHAINS THROUGH **TRANSPARENCY**



RESPONSIBILITY REPORT 2022/2023

**ISA-TRAESKO**   
lifestyle & fashion



# TRUST THROUGH TRANSPARENCY

Dear partners and friends of ISA-TRAESKO,

The past years have underscored the importance of resilience, adaptability, and accountability in an increasingly complex and interconnected world. From global supply chain disruptions to mounting sustainability challenges, our industry has faced unprecedented obstacles. Yet, these challenges have also strengthened our resolve to build a more transparent, responsible, and future-oriented business.

At ISA-TRAESKO, we recognize that transparency is not just a necessity – it is the foundation for trust and collaboration with our partners and stakeholders. In a time when global regulations and consumer expectations are demanding greater accountability, we have intensified our efforts to enhance visibility across every step of our supply chain. This report underlines our strong commitment to sustainability,

ethical business practices and a collective responsibility to improve the social and environmental performance of our entire organization. While the road ahead presents challenges, we are determined to embrace them and turn the opportunities into meaningful progress for a better and more responsible future. Let's continue this journey together.



◀ **FLORIAN STARMANN,**  
MANAGING PARTNER

Our journey toward a more sustainable and responsible way of doing business has presented numerous challenges in recent years – but also immense opportunities. I am proud to reflect on how, during times of change, we have remained resilient and set new standards for transparency and accountability. Our sustainability approach is more than just a response to external demands – it is part of our DNA. Implementing stringent environmental and social standards as well as fostering transparent supply chains are not only ethical commitments but also strategic success factors for our company. I am convinced that through our values and dedication, we can not only shape ISA-TRAESKO but also make a lasting impact on our industry. I warmly invite you to join us in creating this future together.



◀ **CARSTEN HEINZ,**  
MANAGING PARTNER

In a rapidly changing world increasingly focused on sustainability and transparency, our role as a company is clear: to take responsibility and actively shape the future. For ISA-TRAESKO, this means going beyond merely meeting legal requirements – we strive to be leaders in sustainability. Our projects to promote social standards, develop environmentally friendly products, and ensure a transparent supply chain reflect who we are and what we stand for. These initiatives are not just part of our strategy but also a testament to our belief that responsible action makes a lasting difference. I look forward to continuing this path together with you, transforming the challenges of the future into opportunities for us all.



◀ **MIRIAM TAMS & JANA ZILICH (f.l.)**  
CORPORATE RESPONSIBILITY

## About this Report

# BUILDING ON PROGRESS

**W**ith the release of our first official Responsibility Report in 2018, we committed to providing regular and transparent updates on our progress. This year's report for the 2022/2023 financial period, titled "Empowering Supply Chains through Transparency", reflects our ongoing efforts to uphold responsibility across our entire supply chain. Our guiding principle remains clear: sustainability is not a static goal but a continuous journey that relies on transparency and steadfast implementation.

Over the past years, we have sharpened our focus on the key sustainability issues in our industry and carefully examined our environmental, social, and economic impacts. This report covers the 2022 and 2023 financial years and will continue to be updated biennially to maintain accountability and foster continuous development.

Looking ahead, we are actively preparing for the upcoming regulatory requirements, including the Corporate Sustainability Reporting Directive (CSRD), the EU Deforestation Regulation (EUDR), and the Corporate Sustainability Due Diligence Directive (CSDDD), among others. These regulations will demand even greater transparency, robust reporting standards,

and enhanced due diligence measures, all of which align with our commitment to continuous improvement and rigorous accountability.

Collaboration with our production partners is especially important to us. Although we do not own any production facilities, we work closely with our manufacturers to promote social and environmental responsibility across our entire value chain. Our commitment to upholding high standards within our supply chain is documented in this report, with detailed information on social and environmental compliance.

Despite the challenges of recent years, we remain determined to pursue our goals and contribute fresh momentum for a more sustainable future. We welcome all interested parties to join us on this journey and to support us through their feedback. Together, we can shape a sustainable future for ISA-TRAESKO, our partners and society.

Neumünster, 2024

**Jana Zilich**

Head of Corporate Responsibility



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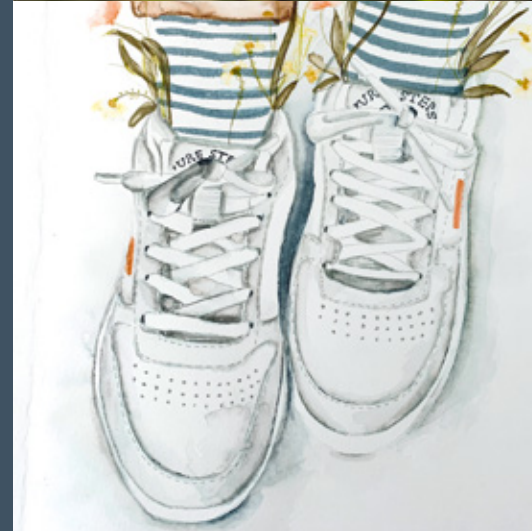
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SUPPLY CHAIN

ISA-TRAESKO GmbH: Meeting the Future of Sustainable Trade

# FAMILY BUSINESS WITH A VISION TAKING RESPONSIBILITY

ISA-TRAESKO is a family business based in northern Germany that has been designing and producing shoes and accessories for global retail partners for nearly 40 years. While our business models, production partners, and customer base have evolved over the decades, our commitment to innovative products, uncompromising quality, and dependable service remains as strong as ever.

In an era of rapidly growing demands for sustainability and transparency, we are positioning ourselves to face the challenges of the future. The regulatory landscape – including initiatives such as the Corporate Sustainability Reporting Directive (CSRD), the EU Deforestation Regulation (EUDR) and the Corporate Sustainability Due Diligence Directive (CSDDD) – is transforming how businesses operate. These regulations demand greater accountability, deeper insights into supply chains, and stronger commitments to environmental and social standards.

At ISA-TRAESKO, we view these challenges as opportunities to strengthen our business practices and enhance the value we deliver to our partners. In recent years, we have expan-

ded our Design and Collection Development division – the heart of our company – by entering the Brands and Licence business. This move allows us to complement our extensive experience in private label development with innovative offerings that add value for our customers. Our goal is to craft products that stand out, bringing excitement and individuality to the market. Staying true to the ISA-TRAESKO DNA and our commitment to quality, this step has elevated our collections, offering fresh, distinctive solutions that help our partners differentiate themselves in a competitive landscape.

Our Corporate Responsibility (CR) team plays a vital role in driving this transformation. They work together with all departments, production partners, and industry organisations to enhance transparency, improve social and environmental standards, and align with emerging regulations. Together, we are building a supply chain that reflects our commitment to integrity, responsibility, and progress.

While we do not own any production facilities, we maintain long-standing partnerships with specialised manufacturers

in Asia and Eastern Europe. These relationships, built on trust and mutual accountability, enable us to implement high standards across every aspect of production. By continually expanding our CR team's expertise and leveraging collaboration, we are ensuring that ISA-TRAESKO remains at the forefront of sustainable trade practices.

As a family business, the values of teamwork, adaptability, and entrepreneurial spirit that defined our beginnings continue to guide us today. Whether through crafting innovative designs, delivering unmatched quality, or championing sustainability across our supply chain, ISA-TRAESKO is committed to shaping a more responsible and transparent future for the fashion industry. Together with our partners, we are leading the way towards a new era of sustainable trade – where every step counts.





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Social Responsibility at ISA-TRAESKO

# OUR PEOPLE DRIVE OUR FUTURE



At ISA-TRAESKO, our employees continue to be the foundation of our success and resilience. As a family-owned company, we deeply value each team member's unique contributions, with a particular focus on supporting young talents who are beginning their professional journey with us. Whether they join as apprentices, dual students or young professionals, they bring the fresh perspectives and the energy needed to drive our growth. We are proud to offer a space where they can develop professionally and personally, supported by a culture that values mentorship, with all leaders at ISA-TRAESKO committed to guiding and inspiring the next generation.

Over the past year, our Corporate Responsibility (CR) team has expanded to meet the growing demands of our sustainability commitments and to ensure the CR performance of our business partners. This growth reflects our dedication to upholding high standards across our supply chain, enhancing accountability, and driving positive impact. Looking ahead, we are committed to further building and strengthening our team to address future regulatory requirements and evolving industry expectations.

In our 2022/2023 Responsibility Report, we continue to showcase our commitment to fostering an inclusive and respectful working environment. Our Code of Conduct applies not only across our global supply chains, but also within our own offices. ISA-TRAESKO actively opposes any form of discrimination and

believes that a diverse workforce is a vital component of our success. We are dedicated to ensuring that no qualified person is excluded based on gender, age, religion, race, disability, sexual orientation, or other personal attributes. Our commitment to ethical and transparent practices is rooted in the traditional Hanseatic values of honesty and integrity – principles we bring to every aspect of our business.

Every new team member receives guidance on our Code of Conduct and ethical business practices, underscoring our commitment to upholding these values both locally and globally. Together, we aim to build an organisation where every individual feels valued, motivated and equipped to shape the sustainable future we envision.

## GENDER PAY GAP & FEMALE QUOTAS

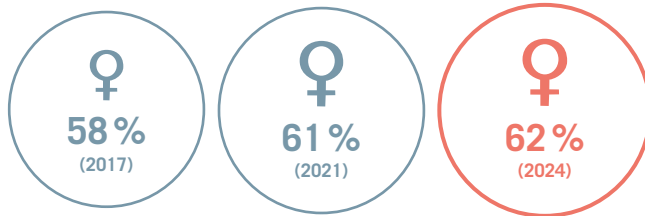
At ISA-TRAESKO, we believe that gender equality is a fundamental and crucial topic. We value each individual for who they are and what they can contribute, regardless of their gender. However, we recognise that there is always room for improvement, meaning we will continue to focus on promoting equality and an inclusive approach to our workforce.

In April 2024, ISA-TRAESKO Germany was thriving with a total of 101 employees, including 15 managers. At our Germany headquarters, women made up 62% of all employees.

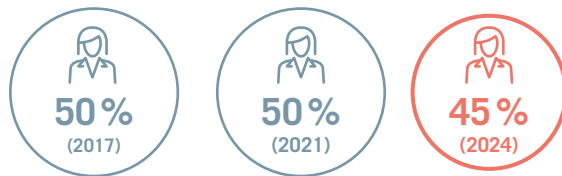


## GERMANY

### FEMALE QUOTA

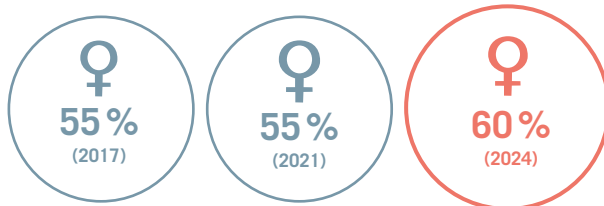


### FEMALE EXECUTIVES

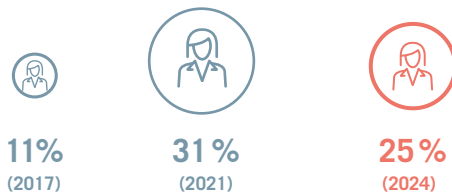


## CHINA

### FEMALE QUOTA



### FEMALE EXECUTIVES



This represents an increase of 1% compared to 2021 and 4% compared to 2017. The share of female managers experienced a 5% reduction, resulting in a total of 45% female representation. This decrease is due to the replacement of two female managers, which naturally has a greater impact due to the relatively small number of managers.

Our team in China consists of 67 employees, including 9 managers. With 60% of all employees being female, an increase of 5% compared to the number in 2017 and 2021, it shows similar results to our headquarters in terms of female representation. The number of female managers in China has declined by 6% in comparison to 2021. However, it remains considerably higher than the relatively low share of 11% in 2017.

In addition to our women's quota, we have again calculated our gender pay gap for the entire workforce and broken it down for managers and other employees. The averages are based on hourly pay and comparable positions within the company.

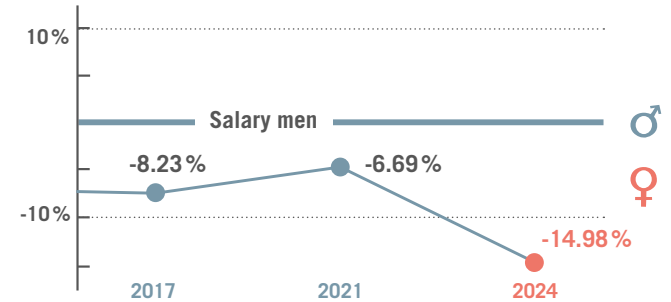
Overall, our gender pay gap has increased by 8.29% since the last review in 2021. It should be noted that this large increase is mainly due to changes at the management level, which have a major impact due to the representation of a comparatively small group of people.

Looking at the figures for managers only, the gender pay gap increased from 14.97% to 20.49%. Compared to 2021, this is an increase of 5.52%, mainly caused by the absence of three female senior managers, and more young and new female managers.

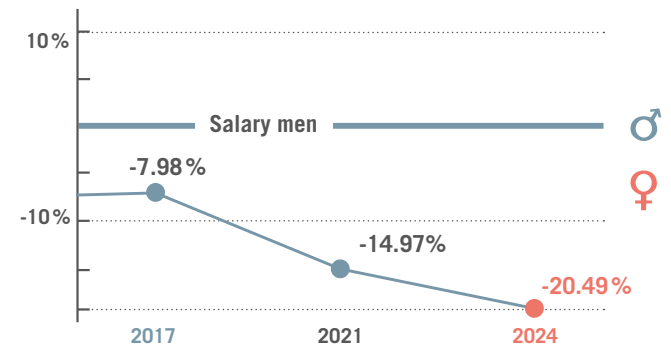
Due to the significantly larger number of non-managerial employees, this data gives a much more realistic picture of the situation at ISA-TRAESKO: on average, women earn 1.57% less than their male colleagues. The increase of 4.82% in 2021 can also be seen as minimal, considering the value in 2021 was negative - meaning that women earned 3.25% more. Gender equality is, and will continue to be, a core objective for us and a priority that we are continuously working towards. Given our commitment to transparency, we will continue to monitor and publish our data on female representation and the gender pay gap in the coming years.

## GENDER PAY GAP

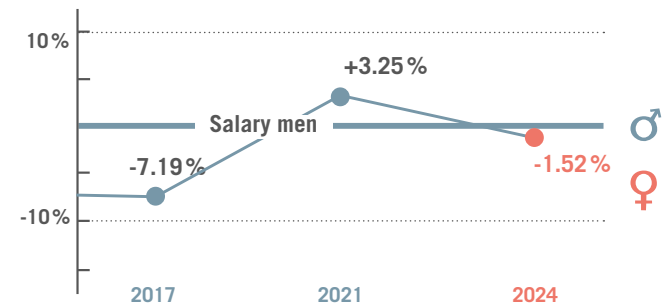
### AVERAGE BASE SALARY AT ISA-TRAESKO:



### AVERAGE BASE SALARY ON MANAGEMENT LEVEL:



### AVERAGE BASE SALARY FOR EMPLOYEES:





Products with a Purpose

# THE ROLE OF SUSTAINABILITY LABELS IN SHAPING RESPONSIBLE PRODUCTS

**W**hen we talk about sustainability at ISA-TRAESKO, our products are naturally an important part of it. We are constantly developing new materials and product ideas that minimise our social and environmental impact within production – external audits and the use of certifications support us in ensuring this.

Cotton is a natural fibre we frequently use in our products because of its durability, breathability and biodegradability. In contrast to the positive attributes of the material, conventional cotton cultivation comes with a number of risks, particularly in terms of negative environmental and social impacts. These include the high water needs of the cotton plant, the use of pesticides and chemicals, and poor working conditions. However, sustainable production methods, such as organic cultivation and fair production, can greatly reduce these risks. The sustainability of cotton therefore depends very much on the conditions under which it is grown and the environmental and social standards to which it is produced.

To ensure that the cotton we use meets our sustainability and quality standards, we at ISA-TRAESKO only use traceable cotton. For our footwear, we primarily use Cotton made in Africa (CmiA), an internationally recognised standard from the Aid by Trade Foundation for more sustainable cotton. The aim of

the standard is to improve the working and living conditions of smallholder farmers and ginnery workers, and to promote environmentally friendly cotton production in Africa. All under the motto of 'Helping people to help themselves through trade'. CmiA also addresses the growing challenges faced by smallholder farmers, in particular the increasing impact of climate change, and is actively working on innovative solutions. For our home textiles, we source our cotton from the Better Cotton Initiative (BCI). The objectives of the BCI largely overlap with those of CmiA, although BCI cotton is sourced globally. In both cases, our approach to traceable cotton adheres to the mass balance approach, which enables us to support sustainable cotton farming by purchasing traceable cotton while maintaining flexibility in our production process. This system allows us to track cotton from its harvest to its delivery to our customers, ensuring traceability throughout the supply chain.

Following the successful establishment a few years ago of our sustainable packaging concept with the exclusive use of FSC®-certified paper, FSC® has become increasingly important for us, especially due to our expanding Home & Living product range. ISA-TRAESKO has been FSC®-certified since 2017 and so have all the wooden products we have produced since then: small furniture, housewares, (paper) decorations and accessories such as jewellery boxes. This means that every stage of

timber production in our supply chain is certified. Therefore, we work with a small number of certified and highly experienced timber suppliers to enhance transparency in our supply chain and promote sustainable forestry.

Our leather products continue to be sourced exclusively from Leather Working Group (LWG) Silver- or Gold-certified tanneries. The certification involves a regular review of environmental, social and governance standards in leather production. Among other criteria, the regularly conducted LWG audits cover topics such as chemical management, waste water treatment, health and safety, and traceability. To further demonstrate our dedication to promote sustainability in leather production, we strongly focus on chrome-free leather tanning processes. Compared to the commonly used chrome tanning, which can produce harmful waste that pollutes the environment, chrome-free tanning uses less harmful chemicals, ultimately reducing its environmental impact. Furthermore, the potential health risks associated with chromium can be reduced by using a chrome-free tanning process, thereby improving the safety of tannery workers and consumers.

Our collaboration with PETA allows our non-leather products to carry the PETA-approved vegan label. Products carrying the label, which for us has so far only been shoes, must be proven to not contain any animal-based materials such as leather, silk

or wool, nor any animal components such as dyes or adhesives. Our aim is to enhance public awareness of vegan footwear, and we are grateful to our ethical partner for their support in achieving this goal. For such products, we often use polyurethane (PU) leather as a substitute for animal leather. It is a type of synthetic leather usually manufactured using solvents, which, due to their chemical composition, have a negative impact on the environment. For this reason, we made a conscious decision several years ago to use only water-based PU in our production processes. Compared to the traditional synthetic leather process, the water-based PU production process is dry and therefore significantly reduces water pollution as no chemicals are released into the wastewater.

As important as it is to grow and produce a product in an environmentally and socially responsible way, the vast majority of products end up being thrown away. Every year, the European Union produces more than 2.1 billion tonnes of waste\*. In order to take responsibility for our part in this, the development of a circular economy has become increasingly important to ISA-TRAESKO. The use of recycled materials plays an essential role in this, as they not only reduce the need for raw materials, but also the energy consumption and emissions associated with their extraction. We have used the Global Recycled Standard for many years to obtain independent verification of our recycled materials and their processing. In addition to traceability, the focus lies on compliance with social, environmental and chemical regulations to reduce the negative impact of production on people and the environment, while promoting a more climate-friendly approach. With our Cradle to Cradle Certified® products, we go one step further and try to close the loop completely by developing a take-back system for these products. Currently, this is available for EVA products, such as clogs and pool sliders, which are made from a single material, making it much easier to disassemble the product into its component parts. In doing so, we are aligning ourselves with the Cradle to Cradle Certified® Products Program's objective of fostering the production of secure products for human and environmental well-being, in addition to the advancement of continuous material cycles.

\* Source: <https://www.europarl.europa.eu/topics/de/article/20151201S-T005603/kreislaufwirtschaft-definition-und-vorteile>

## PRODUCT LABEL OVERVIEW





OFFICES



PRODUCT

SUPPLY CHAIN

everwave

# ONE LIKE FOR ONE KILOGRAM LESS WASTE IN THE WATER

„EVERY YEAR,  
MORE THAN  
11 MILLION TONS  
OF PLASTIC  
END UP IN  
THE OCEANS“



In 2023, ISA-TRAESKO participated twice in everwave's #1like1kilo social media campaign to clean rivers and waterways of waste in order to minimise ocean pollution. Everwave is a social business that, since 2018, has been on a mission to protect the world's oceans from plastic and other waste. They are working towards this goal by using waste collection boats to remove waste from waterways and rivers, preventing it from entering the oceans right at the source.

On the occasion of World Oceans Day on 8 June, we published for the first time on our Instagram page (@isa\_traesko) a post about our cooperation with everwave and collected likes. ISA-TRAESKO then rounded up the total of 344 likes to 500, which means that we ultimately contributed to the collection of 500 kg of waste from rivers and waterways.

A few months later, just before Christmas, we took part again and this time we were able to collect 8,290 likes to support the collection of 8,290 kg of rubbish from the Mekong, Tonlé Sap and Bassac rivers in Phnom Penh, Cambodia. This included items such as bottles, tyres and fridges, which were then sorted and recycled or re-used in a sensible way.

With this successful campaign, we were not only able to make a positive contribution to the environment – we also engaged our online followers and raised awareness of environmental sustainability. This is why we want to continue to support the great work of everwave this year and will once again be participating in the social media campaign over the Christmas period.



everwave

X

ISA-TRAESKO   
lifestyle & fashion

CREATING IMPACT  
TOGETHER



=



LESS WASTE  
IN THE SEA

#tide

# SLIP ONS MADE FROM OCEAN PLASTIC

Every year, around 10 million tonnes of plastic end up in our oceans, causing devastating damage to marine ecosystems. To combat this and encourage the expansion of the circular economy, we have teamed up with #tide in 2023 to design a sneaker largely made from ocean-bound plastic.

Together with NGOs such as the Jan & Oscar Foundation, the Swiss company collects ocean-bound plastic from the coastal regions of Southeast Asia and Central America and turns it into recycled granules, yarn, textiles and 3D printing filament. The collected plastic is first separated, cleaned and then pressed into bales for reprocessing. The material is then subjected to quality control and mechanically processed without any new plastics being added. These can then be used to make a wide range of more sustainable products such as jewellery, sports equipment, furniture and even shoes.

Our #tide model was produced in a light blue colour for women and in navy for men. The upper of our #tide shoes is made from 90% #tide ocean recycled yarn, and the textile on the heel and insole is made from 100% #tide ocean recycled yarn. The sole is produced with 50% recycled Phylon and TPR (Thermoplastic Rubber). A QR code on the hangtag allows consumers to trace the origin of the #tide material.





## International Accord

# ENSURING HEALTH & SAFETY IN THE GLOBAL GARMENT INDUSTRY

**T**he International Accord was launched in 2013 as the Accord for Fire and Building Safety in Bangladesh. It was inspired by the tragic collapse of the Rana Plaza building. Initially, the Accord consisted of only 40 brands and retailers, two global trade unions and eight Bangladeshi trade unions. Its aim was to promote workplace safety in the textile and garment industry, and it was formed as part of a five-year agreement. Since then, more than 220 brands and retailers have joined the Accord.

The Accord's main role is to ensure building and fire safety standards through factory visits and audits. In 2021, the Accord for Fire and Building Safety evolved into the International Accord for Health and Safety in the Textile and Garment Industry we know today. With the Accord, signatories have committed to continue supporting workplace safety programmes in Bangladesh through the RMG Sustainability Council (RSC) and to launch safety initiatives in other countries based on feasibility studies.

The 2021 International Accord incorporates the key elements that have made previous Accords successful. These include

respect for freedom of association, independent administration and enforcement, high transparency, financial feasibility of remediation, training for safety committees, worker awareness programmes and an independent grievance mechanism.

## RMG SUSTAINABILITY COUNCIL

At the end of this five-year agreement, approximately 190 signatories renewed their agreement. This agreement lasted for three years and included an agreement to transition the Accord (Bangladesh) programmes to a national tripartite organisation known as the RMG Sustainability Council (RSC). The RSC is similar to the Accord programme and visits the factories under the Accord. They also conduct structural, electrical, fire, and boiler safety inspections, support and monitor remediation efforts, conduct safety training, and operate an independent safety and health grievance mechanism.

## PAKISTAN ACCORD

In November 2022, the International Accord decided to start a pilot project in Pakistan. After this successful project, they established the Accord programme specific to Pakistan in

December 2022, and with the beginning of the new year 2023, the Pakistan Accord on Health and Safety in the Textile and Garment Industry came into effect.

Since 2023 we have also been a member of the International and Pakistan Accord. Although we regularly visit our factories and check the safety requirements ourselves, we aim to provide them with additional support through the Accord programme to advance creating a safe and good working environment and prevent contract accidents inside the buildings. When the Accord team wants to visit one of our factories, we are also involved and informed about the process. During the visits, they check a number of issues including fire safety, such as extinguishers, or the condition of escape routes.

At the moment there are not as many factories covered by the ACCORD program as we would like, but we hope that the number will increase in the future. All of our textile and garment factories in Pakistan and Bangladesh are already covered by the Accord and will be as we expand our sourcing in these countries.





1



2



3



4

1. Worker at Accord-covered factory
2. Inspections at Accord-covered factory
- 3./4. Safety training conducted by ISA-TRAESKO CR manager and Accord representative
5. Safety training program

International  
**ACCORD**



for Health and Safety in the  
Textile and Garment Industry



5



1. Grand Opening of Fair Price Shop
2. Workers celebrating the Fair Price Shop
3. Inside the Fair Price Shop
4. Children wearing outfits donated by ISA-TRAESKO
5. Discussion round with our customer, an NGO, ISA-TRAESKO and factory staff on the proper management of childcare



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5



Social Projects at ISA-TRAESKO

# ENHANCING WORKERS LIVING CONDITIONS

**T**o promote better working conditions and support workers' livelihoods, we decided to invest in and collaborate with one of our long-term shoe manufacturing partners in Bangladesh. In this context, three different projects have been launched to help improve the social standards of the factory and thus the living conditions of the workers.

## CHILD CARE FACILITY

To improve the overall social standards in factories, ISA-TRAESKO has joined a customer's sustainability project which focuses on ensuring safe and healthy childcare facilities. Within this framework, a child care facility was established in the same building as the factory. At the start of the project in December 2022, our customer offered a five-day training course for the future caregivers, focusing on topics such as childcare and education. Furthermore, they provided training for more than 200 working parents in the factory. The training was conducted by a local NGO which advocates workers' and women's rights. Although the pilot phase and monitoring officially ended in July 2023, the childcare facility will continue to operate independently, as factory employees are happy to be offered this family-friendly benefit. As of July 2024, twelve children are being cared for at the childcare facility.

## FAIR PRICE SHOP

Following a kick-off meeting in October 2023, in cooperation with ISA-TRAESKO the factory carried out a series of surveys among its employees to gather information on, for example, the number of their family members or the usual cost of essential foods. On this basis, a project was launched on 16 December 2023 under the name "Fair Price Shop". With this shop, located in the immediate vicinity of the shoe factory, workers are offered the opportunity to buy essential food items such as rice, oil, dal, eggs and sanitary pads at a discounted price. All products are purchased in bulk from the local market at a reasonable price and then offered directly and exclusively to the factory workers. After eight months of working on the project, we can now start to reflect and evaluate the project management and success. Due to a high worker migration, sales did not perform as expected. In addition, the factory purchase data management software was too complicated and the discount prices offered were not very lucrative. The next step was to develop suggestions for improvement based on the findings. To this end, feedback was again obtained from existing employees who would like to see greater discounts on the products. This will be taken into account as the project progresses. Furthermore, since the factory has about 100 items

in the shops and it is difficult for the software to separate the data of fair price items, we plan to keep separate manual data for fair price items only. In addition, ISA-TRAESKO will assist in the purchase of fair price items to ensure that all input and output data can be properly stored and monitored.

## AMFORI SPEAK FOR CHANGE

To improve the working and living conditions of factory workers, it is necessary to create a safe framework in which they can raise their voices and point out problems anonymously. For this reason, we decided to use amfori Speak for Change to provide factories in Bangladesh and other countries with an external option for handling complaints in addition to our internal grievance mechanism. These complaints are sent directly to amfori, where they are reviewed and then – depending on the result of the review – forwarded to all relevant business partners in the factory in order to work together on problem solving measures. For this purpose, both factory management and employees have been trained and the appropriate contact information has been posted in the factory in mid-2024.



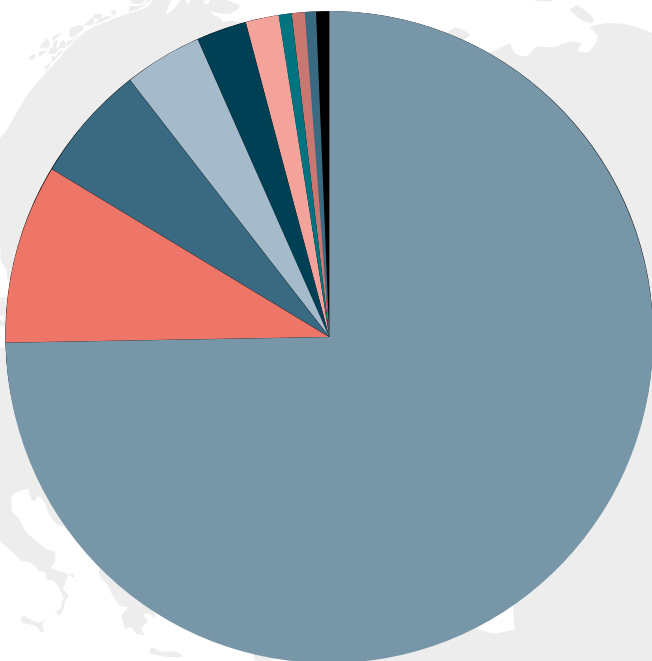
OFFICES

PRODUCT



SUPPLY CHAIN

## OVERVIEW OF ALL OUR FACTORIES BY COUNTRY

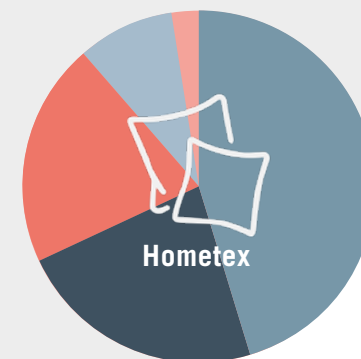


Country	No. of factories
CHINA	128
INDIA	15
PAKISTAN	10
TURKEY	7
BANGLADESH	4
EGYPT	3
POLAND	1
VIETNAM	1
BOSNIA	1
ITALY	1

## OVERVIEW OF ALL OUR FACTORIES BY PRODUCT AND COUNTRY



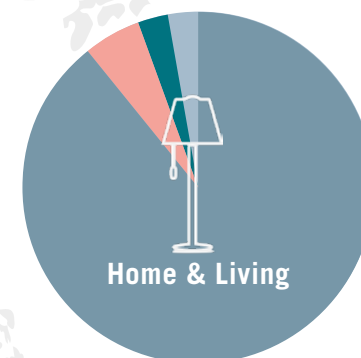
Country	No. of factories
CHINA	50
BANGLADESH	4
INDIA	3
TURKEY	2
VIETNAM	1
BOSNIA	1
ITALY	1



Country	No. of factories
CHINA	20
PAKISTAN	10
INDIA	9
TURKEY	4
EGYPT	1



Country	No. of factories
CHINA	25
INDIA	3



Country	No. of factories
CHINA	33
EGYPT	2
POLAND	1
TURKEY	1

# MAPPING OUR GLOBAL SUPPLY CHAIN

The visualisations provide an in-depth overview of ISA-TRAESKO's global production network, highlighting the distribution of our business partners by country and product categories, including shoes, accessories, home textiles, and Home & Living items. Our supply chain is anchored in Asia, with 128 factories in China representing most of our partnerships. This dominance reflects China's well-established reputation in the industry for offering both raw materials and comprehensive production capabilities, making it an ideal location for footwear manufacturing. Similarly, Pakistan stands out as one of the world's leading producers of home textiles, which explains our strong focus on this product category, with 10 facilities in the country. Additional key production countries include India (15 factories) and Turkey (7 factories), while smaller but strategically important facilities exist in Bangladesh, Poland, Vietnam, and Europe, including Bosnia and Italy. This geographic diversity ensures we leverage specialized expertise across regions to meet the demands of our diverse product lines.

The experience and knowledge we have gained over more than 25 years of doing business in China and Southeast Asia are reflected in the way we select our business partners. We believe that only trusting, long-term relationships can ensure the kind of commitment required to maintain the high stan-

dards our customers have come to expect. The need for continuous training and transparency led us to introduce our own ISA-TRAESKO Capacity Building Program, which is based on our internal assessments and is complemented by training sessions and regular onsite visits throughout the year. Our program not only tracks social standards and requires an additional third-party audit, such as BSCI or SA8000, for all of our production facilities – it also includes environmental compliance to ensure adherence to comprehensive international standards.

A key aspect of our social compliance efforts is ensuring living wages, which led us to conduct a field study on living wages in China's footwear industry with Professor Dr. Stephanie Schrage from the University of Hamburg (now University of Kiel) in 2019. In 2023, we carried out another field study on living wages in Vietnam. In both studies, we interviewed workers, factory owners, traders and our colleagues to gather comprehensive facts and background information. These field studies have deepened our understanding of the complex wage structures in Southeast Asia and will help us implement our measures more effectively.

We recognise that much of our environmental impact comes from activities within our supply chain. Although we do not

own the factories where our products are made, we feel a strong responsibility to promote sustainability and reduce the carbon footprint throughout the production process. Key environmental challenges, such as chemical pollution in shoe manufacturing and greenhouse gas emissions from logistics, require us to exert influence over our suppliers and partners. In line with this, we have developed a comprehensive chemical management strategy, aimed at eliminating harmful chemicals from production processes. To do so, we actively participate in sector-wide initiatives, such as the Zero Discharge of Hazardous Chemicals (ZDHC) program, which seeks to replace hazardous chemicals with safer alternatives across the supply chain.

The diversity of our production base demands rigorous oversight to ensure adherence to social and environmental standards. Through regular assessments, close collaboration with production partners, and robust quality control processes, we monitor and improve conditions across all facilities.

By aligning our supply chain with global regulations and industry standards, we aim to ensure transparency, reduce environmental impact and promote better working conditions. These efforts are key to building a sustainable future for our operations and fostering trust with our partners and customers.



## Traceable Supply Chain

# VISUALISING THE ORIGIN OF A SHOE

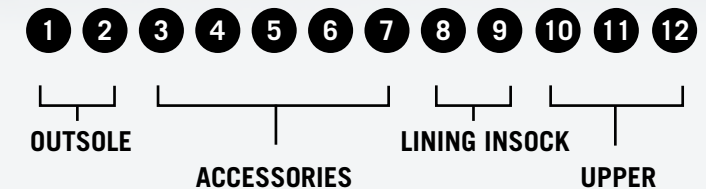
The supply chain of a product can vary greatly depending on the country of production, the type of product, its function, the material composition and the production processes required. While the production of a bath towel could be completed in a single factory – from the processing of the raw material into yarn to dyeing and sewing – the production of a winter boot is a much more extensive process due to the large number of individual components and materials involved. To illustrate this complexity and provide greater transparency, we have visualised the entire supply chain for one of our women's athletic shoes, produced in 2023 in one of our most frequently used factories in China. The overview clearly shows how extensive, and therefore all the more important, a good and effective supply chain management is.

The production of the shoe starts with the raw material, which is very often sold in batches by material suppliers to the production facilities. Depending on how the factory is set up, the raw material is either fully or partially processed in-house. In this case – see, for example, upper mesh and back counter – processes such as spinning, knitting and dyeing are carried out in individual factories. The main reason for this is that each individual production step requires the use of special machinery, equipment and/or expertise. For example, wet processing units (WPU) – in our case responsible for dyeing materials – must

have a functioning waste water treatment system to treat and purify industrial waste water before it is discharged into the environment.

After the spinning, knitting and dyeing of raw materials, all processed materials for the individual shoe components are then taken from the respective pre-production facilities to the shoe factory for cutting. The cut upper fabric is then sent to the supplier for application of the coloured rubber and afterwards to the embroidery supplier for embroidery. Meanwhile, the cut-back counterparts are embossed at the shoe factory. Finally, all the components of the shoe are glued and sewn together (including the eyelets and straps), the laces are attached, and the inner sock is inserted. In the very last step, the shoes are packed in pairs and then sent on their journey to our customer.

Transparency is key to understanding our supply chains and the needs and challenges of our business partners. We also communicate this to our suppliers and are committed on a daily basis to promoting an open and trusting relationship with them. This is the only way to achieve long-term change towards more sustainable practices and more transparent supply chains that benefit both the people and the environment.

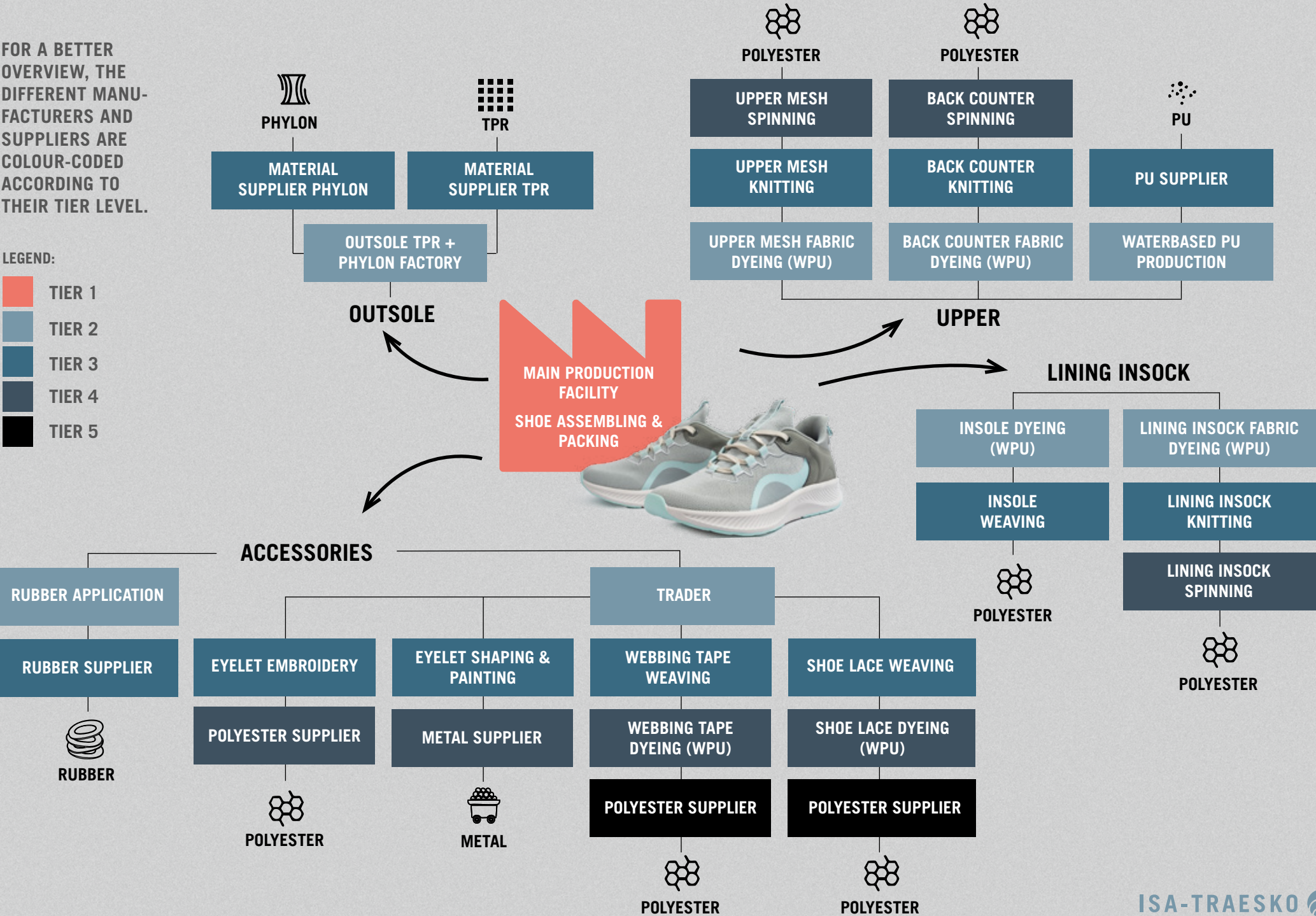


It is important to note that, for the sake of clarity, we have limited this overview to the manufacturing process and excluded some steps in the supply chain, such as transport. Moreover, the supply chain has been subdivided according to the constituent shoe parts (as illustrated above).



FOR A BETTER OVERVIEW, THE DIFFERENT MANUFACTURERS AND SUPPLIERS ARE COLOUR-CODED ACCORDING TO THEIR TIER LEVEL.

- LEGEND:
- TIER 1
  - TIER 2
  - TIER 3
  - TIER 4
  - TIER 5









Going forward

# DRIVING SUSTAINABLE CHANGE TOGETHER

**T**he publication of this report marks another significant step in ISA-TRAESKO's journey towards a more sustainable future, while emphasising the challenges and opportunities that lie ahead. Sustainability is not just a goal for us – it is an ongoing transformation that requires unwavering dedication, collaboration, and innovation.

As we navigate the increasing number of regulatory requirements, such as those introduced by German and EU supply chain legislation, we remain steadfast in our commitment to ensuring ethical practices, environmental responsibility, and product safety across our operations. These regulations reflect

the growing importance of transparent and sustainable business practices, and we welcome their potential to create a fairer and more responsible market.

We recognise that achieving our sustainability objectives will require even closer collaboration with our business partners. Together, we can build resilient, reliable, and sustainable supply chains that set a standard for the future of global trade. ISA-TRAESKO's commitment to this transformation reflects our belief that sustainable progress is not only necessary but also an opportunity to drive meaningful change – creating long-term value for our partners, customers and the planet.



# TOGETHER FOR A SUSTAINABLE FUTURE.



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