

Tomorrow,

Now.

**Communication
on Progress**

CWS International GmbH | Dreieich Plaza 1A | 63303 Dreieich

United Nations Global Compact
New York, NY 10017
USA

December 9, 2022

Communication on Progress

To whom it may concern,

It is my great pleasure to inform you that CWS International GmbH continues to support the 10 Global Compact principles in the areas of human rights, labour, the environment and anti-corruption. We remain wholly committed to promoting the principles within our sphere of influence. We are committed to actively integrating the Global Compact principles into our corporate strategy, corporate culture and day-to-day business in the coming years, and to participating in cooperation projects that serve to promote the general goals of the United Nations, in particular the Sustainable Development Goals. CWS International GmbH communicates its involvement in the Global Compact clearly to its stakeholders and the public.

With submission of our tenth Communication on Progress (COP) for 2021, we have outlined our company's efforts to implement the ten principles. We would like to offer an insight into the measures taken and the results thereof. In addition to the COP, we have also made our CR Report 2021/2022 available.

Yours faithfully,



Jürgen F. Höfling, CEO

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Principle	Approach	Implementation and Measurement	Reference to GRI indicators
HUMAN RIGHTS			
<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and</p>	<p>According to a risk assessment, there is a particularly high risk of violations of social and labour rights in our supply chain and especially in our textile supply chain. Violations of this sort can be translated into reputational risks not only for CWS, but for our customers as well. Furthermore, such violations at the sites of our contractors can present legal risks. Regulatory drivers such as the novel German Due Diligence in the Supply Chain Act set the stage for regulatory risks.</p>	<p>CR Report 2021/2022, Data 34</p>	<p>GRI 102-2; GRI 409-1; GRI 412-1; GRI 414-1</p>
<p>Principle 2: make sure that they are not complicit in human rights abuses.</p>	<p>Purchasing and supply chain sustainability is managed by CWS Supply Chain Management GmbH (SCM). To take on this responsibility and manage these risks, the SCM analyses its supplier structure (Tier 1 and 2) annually. Tier 1 suppliers in countries with a high risk of social and labour right violations, which are commonly countries with weak governance indicators, according to BSCI, are audited by third parties biennially. CWS works closely together with its suppliers and its contractors to improve quality and to implement corrective action plans following audits and strives for long-lasting partnerships.</p>		<p>GRI 102-2; GRI 409-1; GRI 412-1; GRI 414-1</p>
<p>Our Target: Ensure responsible supply chains through social compliance and environmental protection</p>			
LABOUR			
<p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<p>Every relevant supplier has to sign and accept CWS's Code of Conduct, based on the BSCI Code of Conduct, which refers to the ILO core labour standards and meets all the requirements stated in the UNGC principles for labour and human rights (freedom of association, collective bargaining, elimination of forced or compulsory labour, abolition of child labour, elimination of discrimination). The Code of Conduct also applies to the supply chain of CWS's suppliers. Every Work Wear supplier with an annual purchasing volume > € 10,000 and every Hygiene supplier with an annual purchasing volume > € 20,000 has to sign and accept the Code of Conduct. Should a supplier refuse to comply with our Code of Conduct, the supplier is reported to SCM's Executive Board and a process is initiated to find a different supplier who is willing to comply.</p>		<p>GRI 102-2; GRI 409-1; GRI 412-1; GRI 414-1</p>
<p>Principle 4: the elimination of all forms of forced and compulsory labour;</p>	<p>In 2021, we updated our Code of Conduct and audited 9 of our suppliers.</p>		<p>GRI 413-1</p>
<p>Principle 5: the effective abolition of child labour; and</p>			<p>GRI 403-1, GRI 412-1</p>
<p>Principle 6: the elimination of discrimination in respect of employment and occupation.</p>	<p>No form of discrimination based on personal characteristics, whether this be due to gender, age, extraction or nationality, social background, political or religious beliefs or sexual orientation, will be tolerated at CWS. CWS employes people from 60 nations. Career opportunities and the right of co-determination are open to every single employee.</p> <p>2025 Target: 50% women in management >> In 2021, the CWS Executive Leadership Team was composed of 50% women.</p> <p>Diversity & Inclusion (D&I) is an increasingly visible and recognized topic on all CWS organizational levels. CWS established a designated Diversity Council and found 120 volunteers willing to drive the topic throughout the company. In the course of a project selection process in which the CWS Board as well as the Council were involved as jury, four ideas were identified to be advanced by the network: Job Sharing, Job Rotation, Buddy programme and Health programmes. Other D&I emerging networks include the Working Out Loud knowledge platform and a monthly LGBTQ+ event.</p>	<p>CR Report 2021/22, Working on diversity, 30-31; Data 32</p>	<p>GRI 405-1; GRI 405-2</p>

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ENVIRONMENT			
<p>Principle 7: Businesses should support a precautionary approach to environmental challenges;</p>	<p>With regard to environmental improvements of our circular product-service solution, CWS set two top priorities, which were identified as most relevant by internal and external stakeholders and assessments of environment-related business opportunities and risks: carbon emissions and sustainable products. CWS washes and dries more than 150 million kg of textiles per year in around 50 laundries across Europe. The articles are collected and distributed by more than 2,200 service drivers, covering more than 64 million km per year. Considering these dimensions, every increase in efficiency can be translated into a direct business case for CWS, especially in times of energy crises. Further regulatory changes for emissions standards concerning our service fleet can become business risks. On the other hand, this year has shown a clear rise in customers demanding climate-linked transparency and active measures. The EU's plan to create a circular economy is built on sustainable products and will be tackling several of our branches. Measures we are taking today will positively affect our revenues and market position.</p>	<p>Mission save the climate 18, Step by step 12 Data 33-35</p> <p>https://www.cws.com/de-DE/news/dekarbonisierung-so-treibt-cws-den-klimaschutz-voran-2022-11-10</p> <p>https://www.cws.com/de-DE/press/morgen-beginnt-heute-cws-veroeffentlicht-nachhaltigkeitsbericht-2021/22</p>	<p>GRI 301-1; GRI 301-2; GRI 301-3; GRI 302-2; GRI 302-4; GRI 303-3; GRI 305-1; GRI 305-2; GRI 305-3; 305-5; GRI 306-2; GRI 306-3; GRI 306-4</p>
<p>Principle 8: undertake initiatives to promote greater environmental responsibility; and</p>	<p>Our top targets:</p> <ul style="list-style-type: none"> • -50% GHG reductions through scopes 1-3; thereby >> Corporate Carbon Footprint by 2021 and subsequent climate strategy in 2022 • -90% sustainable products in new business by 2025 <p>In 2021, we conducted a comprehensive Corporate Carbon Footprint Analysis in accordance with the GHG Protocol as well as self-assessed ourselves via Carbon Disclosure Project. Accordingly, 68% of our emissions originate in Scope 3 through the usage of consumption goods i.e. paper, liquids and fabrics. Scope 1 makes out 30% and Scope 2 only 1,5%. CWS's carbon emission hotspots are the laundry services and especially the drying processes. We have then engaged intensively with all our company internal stakeholders to foster understanding and commitment to building a decarbonization strategy (which we devised in 2022). With regard to our sustainable products target, 2021 was dedicated to setting up an appropriate rating tool, rating our product portfolio (thousands of products) and developing first sustainability roadmaps for certain product categories. Also, we implemented sustainability rating criteria in our StageGate innovation process and developed a monitoring system to track the progress in sustainable products turnover.</p>		
<p>Principle 9: encourage the development and diffusion of environmentally friendly technologies.</p>	<p>For 2021, the Ecovadis rating platform has awarded CWS Group sustainability efforts silver status and Platinum for our Workwear division.</p>		

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ANTI-CORRUPTION	<p>CWS strives to achieve a transparent business culture. For this we introduced a Compliance Management System (CMS) comprising six elements to ensure that our business processes are aligned with the pertinent guidelines and laws: compliance culture, compliance organisation, compliance programme, compliance risk mapping, compliance reporting and monitoring and improvement.</p> <p>In 2011, we introduced an internal Code of Conduct. The Code of Conduct lays down rules on responsible, morally correct and respectful business practices while observing strict ethical standards. A compliance officer is responsible for ensuring that compliance training sessions are held focussing on competition law and corruption prevention. To this end, the company specifically clarifies how staff in the relevant areas, essentially purchasing and sales, should conduct when acting on behalf of the company. In 2021 we reviewed and re-launched our Code of Conduct making sure that all relevant business areas are aware and adequately adhere to it.</p> <p>Above and beyond this, the company set up a compliance helpline in September 2019, which is available to all staff. If they so wish, staff may remain anonymous and call this line to receive advice on legally correct conduct for business activities, or report abuses. Should colleagues, superiors or entire bodies within CWS fail to act correctly or breach the above-mentioned Code of Conduct, an external law firm can be called or e-mailed. The external compliance helpline also offers assistance with conflicts between business and personal interests. In 2021, we have launched a comprehensive communication initiative on the helpline externally as well as internally, thereby fulfilling our duty to promote compliance practices in the company and towards our stakeholder i.e. suppliers.</p> <p>In 2021, we provided 100% of our compliance sensitive employees with a training on anti-corruption & anti-trust law.</p>	<p>CR Report 2021/2022, Data 33</p> <p>https://www.cws.com/de-DE/gemeinsam-unsere-werte-schuetzen</p> <p>See Internal Documentation pertaining to the topics of Compliance</p>	<p>GRI 102-5; GRI 102-16; GRI 205-2; GRI 404 -12; GRI 404-2</p>