

CORPORATE
RESPONSIBILITY
REPORT 2022/23

REINHART₁₇₈₈



TABLE OF CONTENT



Governance

Does the company care?

Page 3



Strategy

Does the company have a plan?

Page 7



Risk Management

Does the company have adequate processes in place?

Page 16



Targets and Numbers

Does the company have ambitious targets?

Page 17

GOVERNANCE DOES THE COMPANY CARE?

Team Sustainability

Our sustainability approach is formulated by members of the management board and leading executives. It covers in-depth expertise of the organization and its processes, and across our entire value chain, from origin to destination countries. It also aims for tomorrow's markets.



Jürg Reinhart
CEO



Thomas Glaus
CFO



Lorenz Reinhart
Head Trader



Marco Bänninger
Head Trader



Philippe Saner
Head Sustainability



Cotton cultivation demands good agricultural practices, such as deciding on the right time for planting the seeds and the correct application of pest control measures.

Letter from the Chairman

Our family business was founded in 1788, today it is the oldest cotton merchant in the world. Reinhart's core business is based on cotton, a natural product. To ensure that we can always guarantee our customers the right quality of cotton, we are in close contact with our suppliers worldwide.

The past two years have once again shown us that a good network and reliable partners are key to a functioning supply chain. As a merchant of agro-commodities we feel the global heartbeat down to the producers. We hear from our suppliers about their challenges in the field. Input prices are soaring due to market limitations, new pests arise and floods destroy entire crops.

In its entire human tragedy, the war in the Ukraine and the resulting sanctions affect macroeconomics and consumer sentiment. But global challenges also bring opportunities. What is the role that cotton can play in a world that needs to decarbonize and become resilient to climate change? What kind of farming practices allow us to build up regenerative systems? How can we as a medium sized enterprise with a global footprint contribute towards a shared outcome that goes beyond our limited impact?

In this report we illustrate our approach towards creating long-term value by starting to build an inclusive ecosystem of supply chain partners that collectively strengthens the producer community.

Sincerely,
Jürg Reinhart



Jürg Reinhart
CEO, Paul Reinhart AG

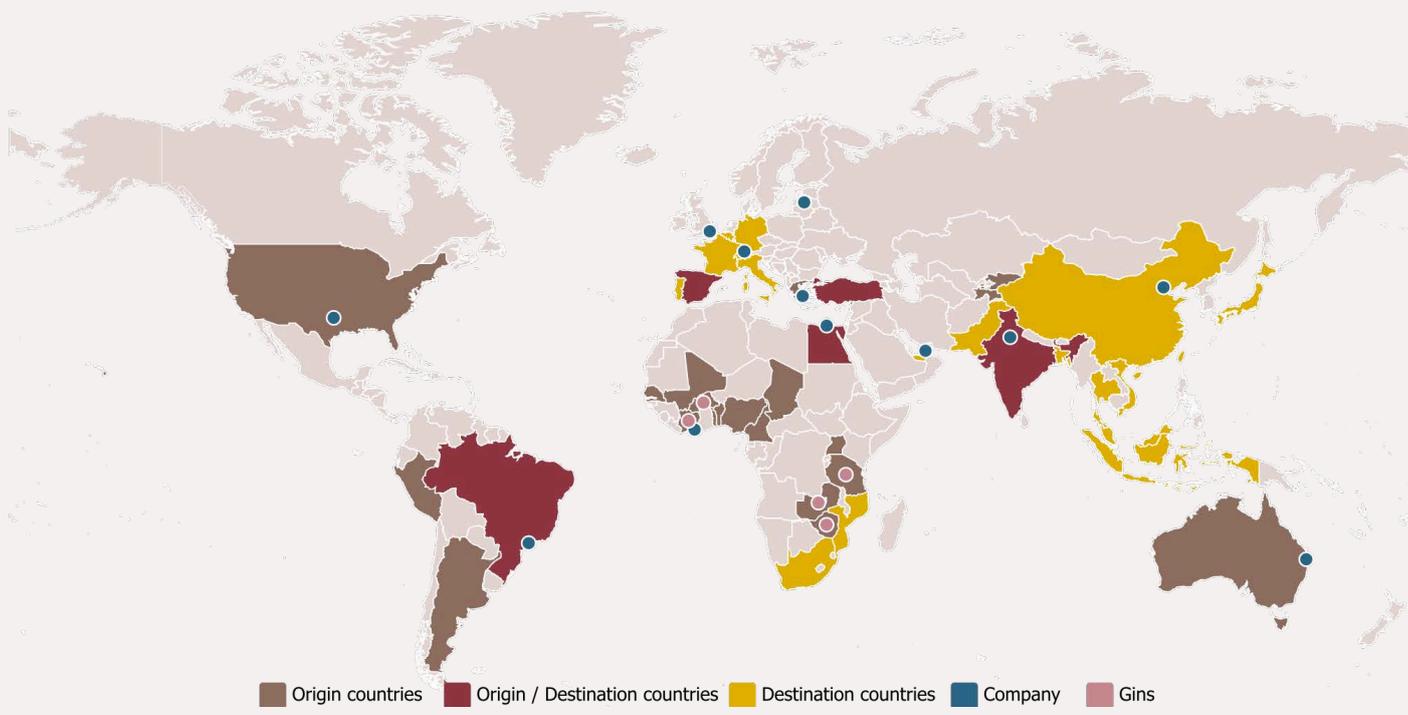


Figure 1: Reinhart's global cotton markets in 2022, including its sourcing (origin) and sales (destination) countries and the company representations.

Reinhart Group

Global agro-commodity merchant Paul Reinhart AG (Reinhart) is now in its 8th generation as a family business. Reinhart is headquartered in Winterthur, Switzerland, and has subsidiaries in Australia, China, Egypt, Greece, India, Ivory Coast, United Arab Emirates, United Kingdom and the United States, with minority ownership of cotton gins in Burkina Faso, Ivory Coast, Tanzania, Zambia and Zimbabwe.

	Headcount	FTE	male full / part time	female full / part time
Australia	3	3	2/0	0/1
China	10	9.4	3/1	5/1
Egypt	10	10	9/0	1/0
Greece	1	1	1/0	
India	42	42	34/0	8/0
Ivory Coast	6	6	6/0	
Latvia	1	1	1/0	
Switzerland	50	45.4	26/1	11/12
United Arab Emirates	2	2	2/0	
UK	1	1	1/0	
USA	4	4	2/0	2/0

Figure 2: Information on employee structure of the Reinhart Group per representation (FTE = Full-time equivalent).

FRAME OF REFERENCE

Reinhart considers its boundaries of operations as (1) the sourcing and transformation of agricultural commodities in the country of origin, (2) the international logistics from the country of origin to the country of destination, (3) price-risk management, and (4) the sales activities to its customers for further processing.

As a commodity merchant with a focus on cotton, our supply chain includes:

- The sustainable sourcing of hand- and machine-picked seed cotton from our suppliers at its origin;
- The transformation of seed cotton into lint cotton through the process of ginning through our long-term suppliers;
- The international logistics, including the transportation of lint cotton bales from the supplier to the spinning mill;
- The sales activities to our spinning mill customer, typically a spinning mill that blends lint cotton from various origins into yarn for further downstream processing in the textile industry.

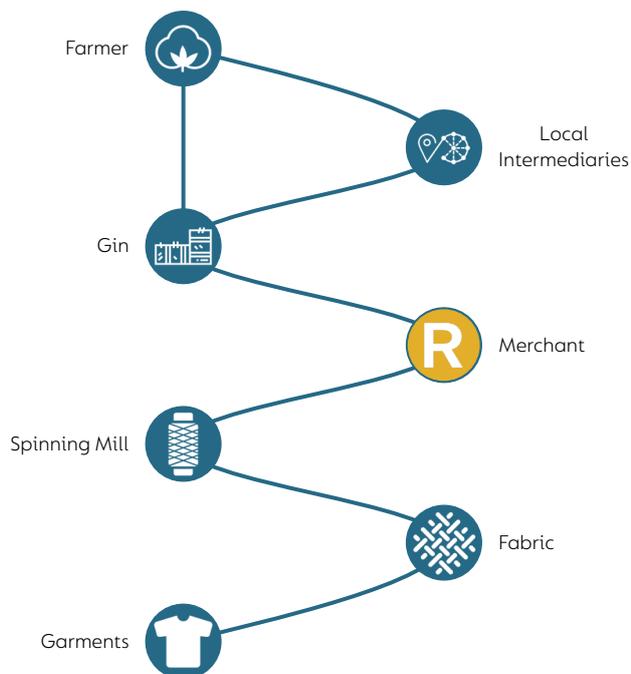


Figure 3: Reinhart as a global cotton merchant links lint cotton production to its refinement (Tier 4). The supply chain as illustrated is simplified.

STRATEGY

DOES THE COMPANY HAVE A PLAN?

Corporate Responsibility

Reinhart has been a key player in the agricultural commodities business for 235 years. The company's role in the market is to deliver lint cotton supplied by producers to yarn spinners, fulfilling the very beginning of a global value chain. The end products, such as our favorite pair of jeans, a nice dress or the bed cover that warms us during the night, are integral part of our lives. Cotton is close to us, every day.

Sustainability is embedded in the Reinhart culture. Perhaps due to our intimate relationship to cotton as a natural fiber that grows in different crop cycles on the Northern and Southern hemisphere. We discuss global weather conditions, such as hurricanes in the U.S. or the monsoon season in India, and how these events may affect crop yield and cotton quality. We compare cotton against competing products, such as man-made polyester fibers, and we reflect on how a natural product remains competitive and the first choice for retailers and end consumers.

At Reinhart we understand sustainability as our effort to remain competitive without restricting the opportunities for future generations. Our vision is a sustainable and fair value chain from production to customer. The transition towards a more sustainable business model is structured along the following topics, (1) ensuring full compliance, (2) fostering stakeholder engagement, and (3) strengthening our supply chain. This is what we refer to as Sustainable Impact, a

strategic directive that guides us over five years (2019–2024).

Motivation, communication and implementation

Reinhart is motivated by the principles of responsible business conduct. The company is active in an international and rapidly changing environment that requires all stakeholders to adhere to defined principles and ethical standards. Reinhart communicates its values and principles for responsible business practices in its Code of Conduct and its Supplier Code of Conduct, which is valid across all offices and operations. Employees must treat business partners fairly and strictly separate the interests of Reinhart from private interests. Reinhart follows all applicable laws and regulations in countries where it operates. It promotes and implements responsible leadership and management by fostering transparency, accountability, responsibility, openness, integrity, and rejects any form of corruption, money-laundering, and terrorism-financing.



Plant and other residuals can reduce cotton quality and affect downstream processing.

Environment

Reinhart supports sustainable cotton, and we stand behind all efforts to promote best practices throughout the value chain. We actively promote organic cotton that restricts, amongst other criteria, the use of agrochemicals and genetically modified seeds. As one of the world's largest traders of organic cotton, Reinhart contributed to the development of this market over the past twenty years, including through its existing projects and gins in Africa. An internal Environmental Policy was published to introduce our environmental management approach with concrete action steps to motivate staff to act upon with immediate effect.

Social

Reinhart's longtime, knowledgeable employees at the Swiss headquarters and across the various subsidiaries are proof of our joint commitment to attract and retain staff. We take an active role in supporting social community projects, the arts, and sports through the Paul Reinhart Foundation. At the regional level we support projects in Winterthur and across our sourcing regions through programs to support the education of children over the past ten years and since last year also the entrepreneurship of young adults.

We listen to our stakeholders and support a constructive dialogue on labor and human rights. We believe in cotton's vital role in securing millions of jobs and also providing food-security worldwide, be it for smallholder farmers in Africa, where cotton is picked by hand and fields are cultivated in rotation with important food crops such as maize, or for highly industrialized farms, such as in Brazil, where cotton is cultivated together with soy beans in double crops (so called "safrinha").

Governance

Our economic impact is built on long-term, trusting relationships with suppliers, customers, and any other business partners. All employees are mutually bound to the values of integrity, reliability, commitment, and entrepreneurship. Ultimately this commitment is reflected in our long-term business success and our compliance with applicable regulations, and it guides us in our daily decision-making.

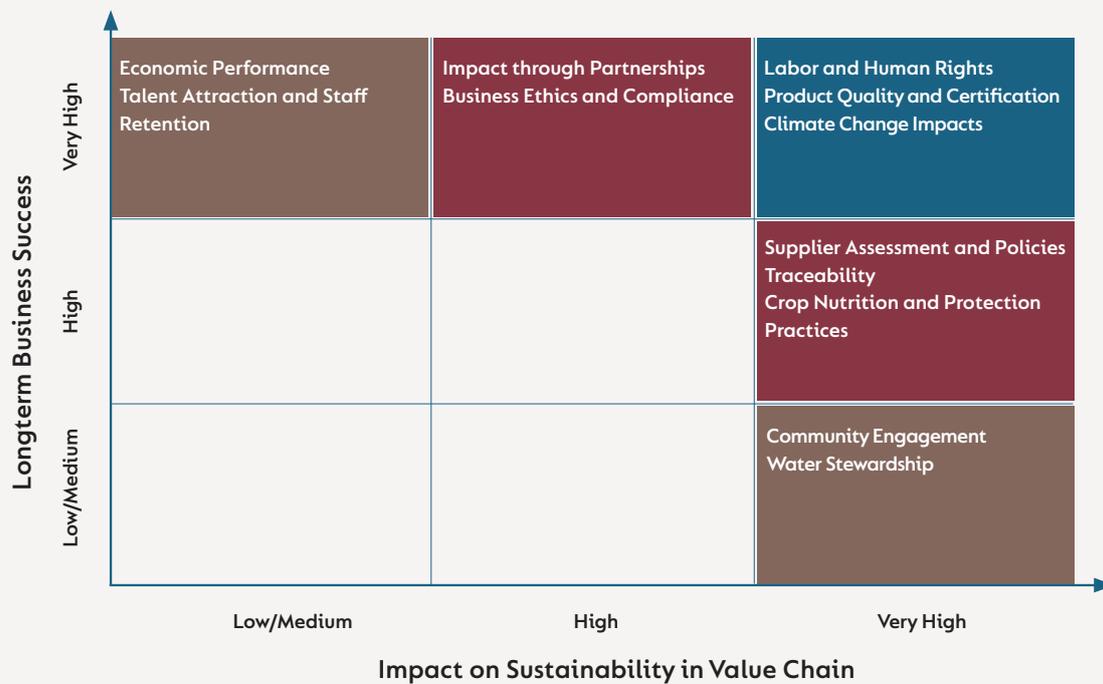


Figure 4: Two-dimensional materiality matrix with 12 material topics covering very high relevance for our long-term business success (top row) and very high actual or potential impact on sustainability in the value chain (far right column).

Economic & Governance Topics

Reinhart promotes exemplary leadership and management by fostering principles of responsible corporate governance and follows all applicable laws and regulations in the countries where it operates as a matter of course.

Economic Performance

Our aim is towards achieving results concerning growth, profitability, and capital efficiency that are aligned with long-term business success.

In 2022/23 our internal processes were reviewed, and CSR due diligence was implemented into the entire trading process.

Business Ethics & Compliance

We train our employees to act responsibly, promoting rules, processes and practices that lead to fairness, transparency, and accountability and ensure compliance (e.g. anti-corruption, conflicts of interest, child labour) with relevant laws, policies, and regulations.

In 2022/23 the Internal Compliance Team trained the new staff on the Code of Conduct and the roll-out of the Supplier Code of Conduct was continued globally.

Interested to read more? Continue here:

-> [Code of Conduct \(URL\)](#)

-> [Supplier Assessment and Policies \(PDF\)](#)

**TOPIC
BOUNDARIES**
TWELVE MATERIAL
TOPICS GUIDE OUR
VALUE CREATION

Reinhart supports retailers in their direct sourcing of certified cotton. We promote the provisioning and consolidation of primary data and the implementation of various CSR activities, including carbon insetting projects.



Field-level interviews with organic cotton farmers of Alliance Gineries, Tanzania (November, 2022).

Impact through Partnerships

Describes Reinhart’s approach to engage in partnerships that provide mutual benefit and create positive impact. It includes the participation in multi-stakeholder initiatives or sector networks.

We are accredited and committed as a long-term active member of various voluntary sustainability standards under ISEAL, the “International Social and Environmental Accreditation and Labeling Alliance”, including Better Cotton

(BC), Textile Exchange, Cotton made in Africa (CmiA), Global Organic Textile Standards (GOTS), and the Fairtrade Labeling Organization International (FLO).

In 2022/23, we joined the US Cotton Trust Protocol (USCTP), Textile Exchange’s Organic Content Standard (OCS) and regenagri by Control Union.

Interested to read more? Continue here: [-> Certified Cotton \(PDF\)](#)

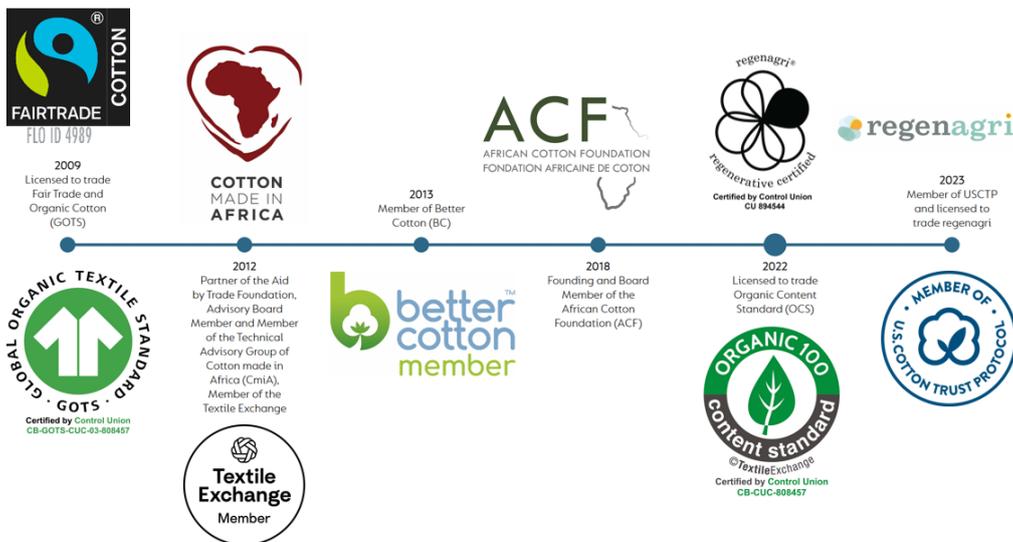


Figure 5: Reinhart is an active member or participant in various cross-competitive initiatives.

Other memberships:

- Member of the International Cotton Association (ICA)
- Member of the Bremen Cotton Exchange
- Board member of the Australian Cotton and Shippers Association (ACSA)
- Executive Member of the Association Française Cotonnière (AFCOT)
- Member of SUISENÉGOCE



In 2012 the cooperative “Bio-kishovarz” was founded in Khujand, Sughd region, Tajikistan. Since then, Reinhart supports the cooperative with prefinancing during the harvest, provides up-to-date market information and supports the farmers in the marketing of their cotton. Representatives of the cooperative are invited to the yearly organic fair in Nürnberg, Germany to meet their end customers and learn about cotton quality requirements. Today, the project covers 1’736 farmers, and 1’120 tons of organic lint cotton are mobilized through the cooperative.

Tajikistan

Seed cotton from several farmers gets weighted and is then mixed to transport to the gin by truck where it gets pressed into a single bale of lint cotton.

Environmental Topics

As one of the world’s largest traders of organic cotton, Reinhart contributed to the development of this market over the past two decades. Reinhart supports good agricultural practices primarily through participation in global initiatives.

Interview with Roland Stelzer, Managing Director of Gebr. Elmer&Zweifel GmbH.

“What is the role of a trader in the transition towards a more sustainable cotton production?”

Reinhart as a brand stands for trust and commitment to tackle challenging markets. It is the company value that undermines its commitment in the industry. For many years Reinhart has supported projects on sustainable cotton in Central Asia. As a trader of agro-commodities Reinhart plays an important role in the supply chain by securing market access for organic and conventional produce.

What is the main sustainability challenge that the industry needs to tackle?

Global cotton production has stagnated twenty years ago and remains at 25-30 million tons. Since then the expansion into new areas has compensated for the decreasing yield on depleted soils. Jointly, we need to start the journey towards healthy soils that are ecologically managed and grow produce to feed our growing demand. We are still very far away from that. This is irrespective of the labels and standards

that exist in the market, whether it is organic or regenerative, the overarching goal remains the same. A healthy soil has to be covered permanently to prevent soil erosion and retains water for plant growth. Paired with resilient seed varieties this is our best answer to adapt to a changing environment with prolonged droughts and delayed rainfall patterns that will also affect cotton production.”

The interview was performed on May 9th, 2023, at the Organic Textile Forum in Konstanz, Germany.

Crop Nutrition and Protection Practices

Agricultural inputs to grow cotton as a natural fiber, such as fertilizers, insecticides and pesticides need to be applied in a resource efficient manner. Reinhart strives to reduce environmental impacts and takes appropriate measures to achieve this goal.

In 2022/23 we started our journey of regenerative agriculture by supporting various public private partnerships as an international partner. The projects target the landscape level and

Reinhart's ambition – together with its partners on the ground – is to link the supply chain of Tier 5 (farm to gin) and Tier 4 (merchant to spinning mill) thereby offering better traceability to the sourcing of certified cotton from over 100'000 smallholder farmers in East and West Africa. The project Cotton4Impact ([URL](#)) is part of the GIZ Subsaharan Cotton Initiative ([URL](#)) and aims to improve due diligence by linking information of the farmer to the downstream supply chain.

Ivory Coast, Tanzania and Zambia



Training of agricultural consultants in digital farm management.

strengthen access to organic produce, use of natural pest controls and towards building up a regenerative production across Sub-Saharan Africa. Our role is to support the certification process and market the organic produce.

Water Stewardship

Managing the use of water and water related risks across Reinhart's operations and the supply chain is crucial. This includes addressing water scarcity, diminishing the volume of wastewater and water pollution. Cotton is a xerophyte that is well adapted to an arid climate. Globally, on average 1'563 liters of irrigation water (blue water) is used to produce 1 kg of lint cotton. A recent life cycle analysis (2021) shows that under rain fed conditions only 2 liter of water is required to grow 1 kg of cotton. It is not the plant that is thirsty, as it is believed by many, but rather the way we manage water that remains a problem.

In 2022/23 we built up our Water4Impact program with selected upstream suppliers to provide farmer communities in Burkina Faso, Ivory Coast, Zambia and Tanzania with access to clean water and water, sanitation and health (WASH) education. We acknowledge that building fountains and providing trainings is only a direct response to most pressing needs, rather than tackling the systemic root cause of water scarcity in rural areas. But it is a start, and we continue to reach out to public and private supporters to join us in financing this cause.

Climate Change Impacts

Reinhart mitigates its own impact on climate change, anticipates risks and captures opportunities for adapting towards a more sustainable business model. Climate Change was newly added to our sustainability agenda with the aim to develop a climate action plan ready for implementation by 2025.

In 2022/23 we built up our internal expertise towards establishing a climate action plan following international standards. We take a pragmatic approach and determine emission levels that are realistic for us as an SME and can be collected within a reasonable period. This is a first step to assess our impact on climate change and the impact of climate risks on our business performance. To adapt to climate risks, we work with partners in the supply chain and support them in determining the next steps. Depending on the case, this can be a materiality analysis, financial support for CSR projects in relation to climate change mitigation and adaptation, or the pragmatic determination of the greenhouse gas (GHG) emissions of our supply chain.

Interested to read more? Continue here:

-> [Organic cotton in Benin \(URL\)](#)

-> [Green Production Landscape Tanzania \(URL\)](#)

-> [Carbon Emissions \(PDF\)](#)

In the context of our supply chain due diligence a stakeholder assessment with smallholder model farmers and Civil Society Organizations was carried out in the context of the cotton production zones of Centre Sud, Centre Est and Plateau Central. The baseline assessment of farm archetypes allows to estimate the livelihood conditions and agricultural practices of about 30'000 smallholder farmers. The initial project was a school in Belcé, Burkina Faso, that was built with international support for access to clean water and sanitation.

Burkina Faso



Access to clean water and sanitation is an integral focus of our community-based projects.

Social Topics

Reinhart plays an active role in addressing human and labor rights in its operations, subsidiaries, and entire supply chain. Reinhart upholds the Core Conventions of the International Labor Organization (ILO) and aligns with the UN Global Compact and the UN Guiding Principles on Business and Human Rights.

Talent Attraction and Staff Retention

Attracting and retaining employees that fit the company's culture is essential for Reinhart to succeed in a demanding and global market. Reinhart emphasizes aligning employees' expectations with the company's long-term requirements. From the employees' perspective, factors such as freedom of work organization, job security, remuneration, and further training are important, while Reinhart values performance, loyalty, and costs. Reinhart promotes its employees' learning and development by assigning challenging work tasks and supporting external advanced training to build work-related skills. Entry-level positions are often filled with apprentices who have completed their training at Reinhart, especially in the logistics department and other administrative positions. In order to recruit traders, especially junior traders, a large network of contacts within the international trading community is important due to the high specialization level and expertise that is required.

In 2022/23 our average retention time of staff is 14 years. Recruitment of young talents was strengthened with the launch of a new recruitment video for our apprentice positions ([URL](#)). We also promoted junior trading positions at networking events and managed to successfully fill various positions in response to natural fluctuations.

Labor and Human Rights

Covers Reinhart's own operations, subsidiaries and upstream supply chain. It includes the protection of workers and human rights such as working hours, wages, health and safety, child labor, forced labor, land rights, amongst others.

In 2022/23, Reinhart participated in numerous in person and online events to prepare for the Ordinance on Due Diligence and Transparency in relation to Child Labor (DDTrO). The supply chain policy on child labor as required by DDTrO is initially addressed through our Supplier Code of Conduct and the human rights due



Primary school at the village of Belcé in the production zone Tenkodo, Centre-Est (© Faso Coton, 2021).

diligence (HRDD) working group performed a basic risk assessment across our origins that is now reviewed regularly. Countries under consideration have ratified the ILO core conventions and suppliers are bound to existing national laws that they refer to. We put our focus on direct engagement with relevant stakeholders and raise the topic of child labor during the exchange with suppliers directly to increase awareness. A main challenge remains to bridge and respect different cultures.

Community Engagement

We support activities in and for local communities. It includes partnerships and the support of projects with social and environmental impact through donations or corporate volunteering, for instance.

In 2022/23, Reinhart continued to strengthen its international projects in its sourcing regions with a focus directly or indirectly strengthening farmers livelihood conditions economically, environmentally or socially. Upcoming projects will put a focus on social and climate related topics and also seek the collaboration with partners to ensure that projects reach the level of impact that is intended.

Interested to read more? Continue here:

- > [Code of Conduct \(URL\)](#)
- > [Supplier Code of Conduct \(PDF\)](#)
- > [Community Engagement \(PDF\)](#)



In a changing climate farmers require current weather information. Without such information pest control may be applied just before rain and at the wrong time, thereby having no effect and resulting in lower yield due to pest infestation.

Training agricultural consultants in the field on the topic of integrated pest management.

Product related Topics

Reinhart considers the interests of the customer in its business activities, observes legal limits, and ensures the quality and reliability of the goods and services it delivers.

Traceability

Transparency and traceability of cotton across the entire supply chain is becoming a global demand. It essentially means knowing where the product comes from and under what conditions it was produced. It includes efforts to identify and trace the history, distribution, location and application of products.

In 2022/23, Reinhart actively engages in the Better Cotton Trader Traceability Panel to support shaping the future of cotton traceability with physical segregation to the farm. We also launched dedicated offers to our customers for organic cotton from Tanzania that is marked with artificial DNA from Haelixa.

Product Quality and Certification

We ensure that product quality fully meets customer expectations and regulatory requirements. This includes ensuring safe and reliable products, and the offering of products that comply with certified standards.

In 2022/23, Reinhart successfully renewed all Scope Certificates for the certified cotton under

the various initiatives and standards that we offer to our clients.

Supplier Assessment and Policies

Our business practices in relation with direct and indirect suppliers as well as farmers are at the core of our business. It includes efforts to ensure that suppliers are fully compliant with local regulations and take into account ethical, environmental, and social principles.

In 2022/23, Reinhart continued the global roll-out of its Supplier Code of Conduct and published the document on our corporate website. Suppliers ensure traceability to the origin of materials and that the products delivered present no health or safety hazard when used for the intended purpose. Reinhart invites its suppliers to engage in responsible initiatives that support the Sustainable Development Goals (SDGs) as a gesture of best practice and to improve the sustainability of the agricultural supply chain.

Interested to read more? Continue here:

-> [Supplier Code of Conduct \(PDF\)](#)

-> [Certified Cotton \(PDF\)](#)



RISK MANAGEMENT DOES THE COMPANY HAVE ADEQUATE PROCESSES IN PLACE?

Our spinning mill customers transform lint cotton bales into industrial yarn.

Trading agricultural commodities at a profit requires the right buying and selling decisions, and every decision involves a risk-reward consideration. Our organizational measures and processes ensure that decisions are in line with our due diligence, and that they are well-informed and timely.

This includes, for example, internal exchange of market information, alignment on conclusions to be reflected in the purchase and sales of agricultural commodities and forecast preparation. As a truly global player we are active in many countries, some of which are difficult to operate in. We recognize that as a trader who acts as an intermediary between suppliers and buyers, we may not always be able to exercise a significant influence over the activities of others, and sometimes we are confronted with conflicting requirements. However, this never serves as an excuse to fail in our commitment to responsible business conduct and good corporate citizenship in a global context. We always seek to honor internationally recognized principles of responsible corporate governance within the realm of the resources that are available to us.

The financing of Reinhart's trading activities requires compliance with the governance of a syndicated revolving credit facility provided by a group of international banks. Our perceived

risks are non-compliance with local laws and regulations, dealing with politically exposed persons or restricted countries, corruption, money laundering, terrorism financing and violating tax and transfer pricing laws and regulations.

Counter party risk assessment

Based on a due diligence assessment of suppliers and customers, Reinhart has identified risks in its trading process.

In 2022/23 Reinhart reviewed its standard operating procedure and further improved its due diligence process across the entire trading process, including certified cotton. The risk-assessment forms part of the pre-purchase and pre-sales assessment which leads into the counter-party risk checks to be performed by the trader during the offering and bidding process.

Interested to read more? Continue here:
-> [Supplier Code of Conduct \(PDF\)](#)

Reinhart's material topics with highest impact potential on sustainability	Supplier Code of Conduct	Certified Cotton	Carbon Emissions
Labor and Human Rights	✓	✓	
Supplier Assessment and Policies	✓	✓	
Product Quality and Certification		✓	
Traceability		✓	
Crop Nutrition and Protection Practices		✓	
Climate Change Impacts			✓
Community Engagement	<p>Focus on Sub-Sahara Africa Burkina Faso, Ivory Coast (West Africa) Tanzania, Zambia (East Africa)</p>		
Water Stewardship			

Figure 6: A good match between material topics with highest actual or potential impact on sustainability in value chain (see right-hand side in figure 4) and the three focal areas was ensured.

Sustainability-Linked Loan

As a trader of agro-commodities it is important for Reinhart to have sufficient credit lines readily available. That is why we have a syndicated loan with various banks since many years.

Reinhart's work over the past two years enabled us to successfully renew our sustainability-linked loans (SLLs) agreement with a consortium of international banks.

In 2022/23 Reinhart transformed its implicit knowledge into measurable targets:

- Absolved trainings of global employees for a common understanding on what corporate responsibility means for Reinhart according to our Code of Conduct and our internal Environmental Policy;
- Added the topic of Climate Change to our materiality, including the target of a Climate Action Plan ready for implementation by 2025;
- Introduced suppliers to its sustainability expectations as outlined in the Supplier Code of Conduct that is now published on the corporate website;
- Participated in numerous in person and online national and international events on child labor, initiated the definition of a supply chain policy on child labor and followed up on specific indications of child labor;
- Prepared to provide on-demand sustainability disclosure;
- Further built up and invested in "Sustainable Impact", our strategic direction that centers around full compliance with lenders, stakeholder engagement and long-term investments in the value chain.

Interested to read more?
Visit our [Website \(URL\)](#)

TARGETS AND NUMBERS DOES THE COMPANY HAVE AMBITIOUS TARGETS?

SUPPLIER CODE OF CONDUCT



Raw cotton is ginned to separate seeds from lint, then it gets pressed into bales.

Suppliers need to comply at the very least with all applicable laws and regulations in all countries where they operate as a matter of course. Where our requirements go beyond compliance with the local law, these are to be interpreted within the scope of possibilities and resources available to the supplier.

Supplier Code of Conduct

In 2022/23 Reinhart continued the global roll-out of its Supplier Code of Conduct. The decision to set specific targets set per region was based on our previous experience with the initial roll-out across Europe and Africa. Reinhart's suppliers are expected to uphold the Core Conventions of the International Labor Organization (ILO) and align with the UN Guiding principles on Business and Human Rights. Suppliers are encouraged to support any of the Sustainable Development Goals (SDGs) as a gesture of responsible business conduct.

Reinhart managed to reach its yearly target, reassuring that the standards and values as communicated to our suppliers are respected in the upstream value chain.

Interested to read more? Visit our [Website \(URL\)](#). Reinhart is represented in all major cotton sourcing regions, [contact us \(mail@reinhart.ch\)](mailto:mail@reinhart.ch) to discuss your specific requirements.

Supplier Code of Conduct

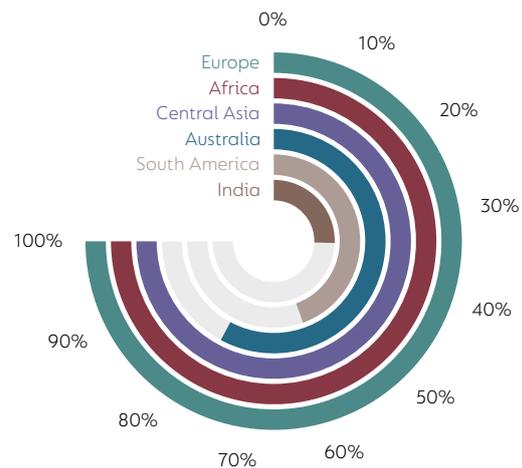


Figure 7: Targets for 2022 were reached across all regions and based on our initial experience additional yearly targets for India (2023-2025) were defined.

CERTIFIED COTTON



Cotton pickers become fully automated, supported by real-time satellite data and artificial intelligence.

Reinhart offers certified cotton under various standards and initiatives, including Better Cotton (BC), Cotton made in Africa (CmiA), Global Organic Textile Standards (GOTS), and the Fairtrade Labeling Organization International (FLO).

Certified Cotton

Our main sourcing region for Better Cotton (BC) is Brazil, for Cotton made in Africa (CmiA) the principal origins are Benin, Burkina Faso, Cameroon, Ivory Coast, Tanzania, Chad, Zambia. For Organic & FairTrade we mainly source from Benin, Burkina Faso, Kyrgyzstan, Tajikistan, Tanzania, Turkey and Uganda.

“Better Cotton trains farmers to use water efficiently, care for soil health and natural habitats, reduce use of the most harmful chemicals and respect workers’ rights and wellbeing.”

In 2022/23, we joined the US Cotton Trust Protocol (USCTP), Textile Exchange’s Organic Content Standard (OCS) and regenagri. This allows us to broaden the spectrum of certified cotton according to upcoming market demand, including cotton grown under regenerative agriculture.

Interested to read more? Visit our [Website \(URL\)](#) for an overview of the various certification bodies and cross-competitive initiatives that Reinhart participates in.

Certified Cotton

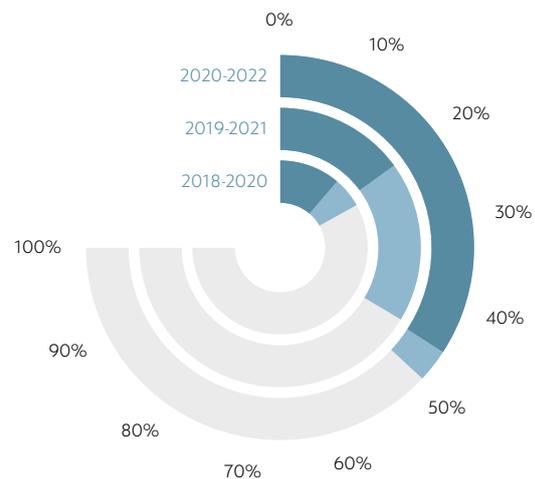


Figure 8: Three-year average % of total volume in tons that is purchased and invoiced, including Better Cotton (BC) and Cotton made in Africa (CmiA).



CARBON EMISSIONS

Cotton roles and bales in Australia.

Carbon Emissions

In 2022/23 Reinhart invested resources into the capacity building on GHG emission standards and basic principles of carbon accounting, reporting and inventory of direct emissions. Emission levels for Paul Reinhart AG, Switzerland were calculated following the GHG protocol to the best of our current ability. The tools and methodologies considered within the frame of this initial analysis enabled us to convert a range of business activities into carbon dioxide equivalent emissions. It underpins our thorough understanding of the company's environmental footprint. It is important to note that our focus will be on areas where our influence is direct and impactful, reflecting our commitment to sustainable and responsible operations.

SQS has been commissioned by the company to conduct a limited assurance on selected ESG activities. This included the documentary review of information that served for the baseline calculation of selected Scope 1, Scope 2 and Scope 3 emissions.

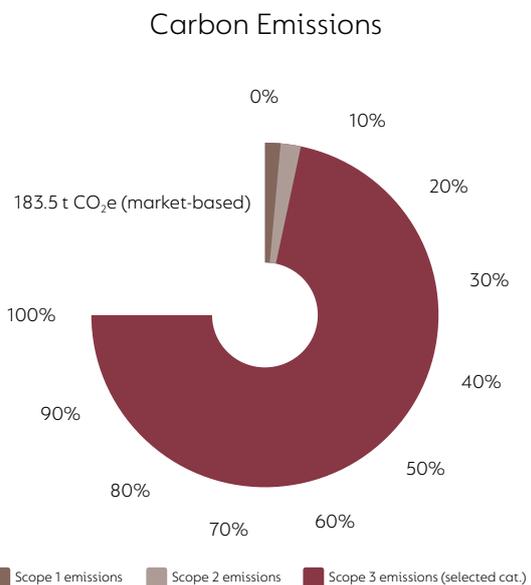


Figure 9: Paul Reinhart AG took a pragmatic approach to determine emission levels that are realistic for us as an SME and can be collected within reasonable time.

COMMUNITY ENGAGEMENT

»Reinhart Foundation always believed in the Aiducation for-impact model of empowering people through education and generously supported our focus on entrepreneurship during the last decade.«



Matthias Meier
CEO, Aiducation International Schweiz

Paul Reinhart Foundation promotes public welfare. At the regional level, we support social and cultural initiatives and the sports. Our global commitment is focused on education and the environment.

Community Engagement

Reinhart is committed to sponsor international projects with a focus on social aspects, education and climate protection. The main geographical focus is on Sub-Saharan Africa and India, and to support initiatives that strengthen the Sustainable Development Goals (SDGs) and the associated targets.

In 2022/23 Paul Reinhart Foundation supported Aiducation International to build the startup fund “Thousand Young Entrepreneurs” (Kenya), and Montessori School in Mwanza, Tanzania to set up a new computer room with laptops and a library. Reinhart India supported two organizations in Gurgaon, the Neev school with an expansion project and Umeed Foundation, a learning Centre for Differently Abled Children.

In 2022/23 we expanded the Water4Impact initiative into Ivory Coast, Tanzania and Zambia where we are actively engaged with local support to strengthen clean water access and WASH education (SDG 6). Across rural areas of Sub-Saharan Africa, SDG Target 6.1 is of particular interest as it aims for access to water within a 30-minute walking distance which allows us to map out existing access to water fountains based on government data and assess the

impact of further interventions, such as building new fountains and repairing existing ones through targeted investments.

Community Engagement

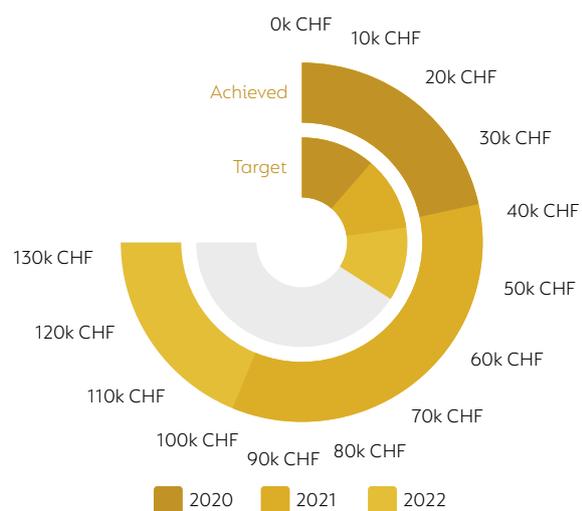


Figure 10: Reinhart is committed to sponsor international projects with a focus on social aspects, education and climate. The main geographical focus is on Sub-Saharan Africa and India.

ESG RATING

»The online tool esg2go supports the quantitative assessment and evaluation of our sustainability.«

esg $\frac{2}{go}$ **75.15**
Points
 for date: **31.12.2022**
 ★★ checked ★★
 Paul Reinhart AG - saved 28.02.2023



ESG-rating of Paul Reinhart AG and limited assurance statement.

Sustainability and ESG are not the same, but they are used in a similar context. Sustainability can be best described as the positive impact that we have on our planet and society. In contrast, ESG is primarily a risk management and investment framework.

The esg2go rating follows scientific principles, and the rating is calibrated according to industry and company size. The average industry benchmark is 60 points, the maximum that can be achieved is 100 points. The rating includes an estimation of a company's footprint and handprint. The handprint gives additional credit for efforts that have a positive impact on the planet and society, for example through our investments in least developed countries (LDCs) and the collaboration with Swiss-based institutions for higher education.

SQS has been commissioned by the company to conduct a limited assurance on our ESG activities. This included the independent review of documentary evidence according to the criteria of the esg2go rating. It also involved an in-depth verification of the submitted evidence by insights into the IT-systems, interviews and a visit on site at Paul Reinhart AG. For the financial year 2022 (01.01-31.12), our footprint score was 75.15 points.

SQS **esg** $\frac{2}{go}$

Assurance Statement

Paul Reinhart AG
 Technikumstrasse 24, 8401 Winterthur

Grundlage esg2go-Nachhaltigkeits-Rating
Stichtag 31. Dezember 2022
Resultat 75.25 Punkte (Fussabdruck)

Auf der Grundlage unserer Prüfung zur Erlangung einer «limited assurance» (begrenzte Sicherheit) sind uns keine Sachverhalte bekannt geworden, welche darauf schliessen lassen, dass die von der Paul Reinhart AG offen gelegten Daten unecht, unwahr oder falsch sein könnten.

NORMATIVE GRUNDLAGE
 Die Prüfung erfolgte gemäss dem esg2go-Reglement für Verifizierungsverfahren.

UMFANG UND METHODIK
 Die SQS wurde von der Paul Reinhart AG beauftragt, eine unabhängige Verifizierung ihrer Eingaben im esg2go-Nachhaltigkeits-Rating durchzuführen. Gegenstand der Bewertung sind die Eingaben im oben erwähnten Rating-Tool, welche sich auf das Geschäftsjahr vom 1. Januar bis 31. Dezember 2022 beziehen. Dabei wurden die Daten plausibilisiert sowie auf Echtheit, Wahrheitsgehalt und Richtigkeit geprüft.

STICHPROBENVERFAHREN
Stufe 1: Dokumentarische Prüfung der vom Kunden eingereichten Nachweise zu den einzelnen Kriterien im esg2go-Rating.
Stufe 2: Vertiefte vor Ort Verifizierung der eingereichten Nachweise mittels Einsicht in IT-Systeme, Interviews und Betriebsrundgang.

UNABHÄNGIGKEIT DER VERIFIZIERUNGSSTELLE
 Als eine der weltweit ersten Zertifizierungsstellen für Managementsysteme wurde die SQS im Jahr 1983 gegründet. Als schweizerischer Verein konstituiert, ist die SQS eine Not-for-Profit-Organisation, die sich von den Werten der Glaubwürdigkeit, Ehrlichkeit und Unbestechlichkeit leiten lässt.
 Die SQS bestätigt ihre Unabhängigkeit von der Paul Reinhart AG sowohl als Organisation, wie auch seitens der eingesetzten Verifizierer. Das Verifizierungsteam wurde aufgrund von Wissen, Kompetenz und Qualifikation für diese Aufgabe zusammengestellt.

Zollikofen, 19. April 2023

A. Grisard *F. Müller*
 Andrea Grisard, Präsidentin SQS Felix Müller, CEO SQS

Schweizerische Vereinigung für Qualitäts- und Management-Systeme (SQS)
 Bernstrasse 103, 3052 Zollikofen

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Corporate Responsibility Annual Report 2022/23,
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