

Remei 2021/22 Annual Report



Chairman's editorial

Dear Readers,

Covid-19 and geopolitical conflicts continue to put pressure on supply chains, global logistics, and trade, a challenge for all stakeholders in the fiber-to-fashion supply chain. The difficult situation of organic-cotton farmers in India and the fierce competition for arable land in co-operation with the organic-cotton farmers in Tanzania are redefining requirements in the commodities market. Owing to our reliable and trustful relationships with farmers in the two countries, Remei managed to cope very well with the difficult circumstances in the past business year.

Remei concluded the 2021/22 financial year in a stable and successful position. As turbulence persists in the global supply chain and the commodities market, bringing with it more shortage and new prices, Remei is meeting the situation responsibly and successfully based on tried and tested co-operation partners as well as new retail partnerships.

To all of us, the lack of stability and predictability in the markets and in society remains one of the greatest challenges of the present and the future. Our focus on values, firmly embedded in Remei's business model for decades, inspires our teams to develop solutions for these global challenges. The key success factors for the future are an all-encompassing supply chain integrating all stakeholders and retail partners in an innovative business system based on the all-holder-value approach, and carefully selected and reliable partnerships.

We are grateful that Remei has a solid foundation and will continue to benefit from the opportunities created by the need of brands and retail partners for a transparent and participatory process for the production of organic-cotton textiles.

Full traceability and transparency of the textiles from our supply chain is possible only

because we are in a position to secure availability of organic cotton for the collections of our retail clients through our own organic-cotton farming businesses. This presents crucial benefits, particularly now that transparency is playing an ever more relevant role. More knowledge leads to deeper understanding and awareness, which can drive ahead change and sustainable innovation.

Dear Shareholders, Clients, Suppliers, and Employees, I would like to thank you very cordially for your loyalty and support in what was a challenging year, the second year of the pandemic.

Beat Bernet, Chairman of the Board of Directors



Outlook

Strategic partnerships continue to be key

At the beginning of 2022, a survey on international supply-chain challenges was conducted to establish the top-10 risks in the fashion and textile industries. Apart from the risks of high costs of energy, materials, processes, labour, and logistics, the survey demonstrated that there was primarily a concern regarding secure availability of raw materials as well as compliance and transparency in the global supply chains. These issues are precisely what Remei has been working on for almost 40 years now.

Availability of raw materials from a secure source

Our business model includes responsibility for the raw material we require, i.e. organic cotton, right from the beginning. We enable our B2B partners to have access to a system that has been reliable for decades, and to raw material from a trusted source by consistently integrating smallholders in our supply chain, working with structures based on trust and designed for the long run, and ensuring continuous development.

Transparency as a fundamental prerequisite for sustainable innovation

Any sustainable development begins with transparency. Today, transparency in the supply chain is the dominating feature of many international regulations and laws on supply chains. Transparency is also at the core of innovative economic models based on long-term, regenerative and circular approaches. With our claim to making production of textiles retraceable from fibre to fashion, more specifically from seeds to textile delivery, we produce ranges of branded products for our co-operation partners who consider transparency as a given in their procurement strategies.

Organic cotton as a change maker

We consider organic cotton a trailblazer for an essential change of systems that we want to trigger in order to achieve significant goals in the fields of organic cotton, transparency, ecology, and climate. Ever since the 1990s, Remei has consistently applied the concept of all-holder value in its corporate philosophy. All-holder value stands for balanced financial, human and ecological requirements, for an innovative way of doing business that creates value for all parties involved in the production process.

Strategic partnerships

We use strategic partnerships with retail businesses to create solutions and innovation that are suitable to cope with fluctuation in market demand, changing customer needs, and growing awareness and trust among consumers.

We offer brands and retail companies bespoke development of garments from traceable organic cotton originating from defined and reliable trading relations with smallholders in India and Tanzania. We manage the entire production process for fibres, yarns, and finished pieces of textile. Our B2B partners are part of an innovative economic system, sharing responsibility for raw materials with us. Using our "my-trace by Remei" technology, we create transparency and traceability regarding textile origin and processes, thus enabling connection between consumers and smallholders.

Financial result

More turnover from raw materials and yarns

In the 2021/22 financial year, Remei achieved annual profit in the amount of CHF 462,721, confirming the positive development in the past two years. Our company's solid financial structure was further reinforced. It constitutes a sound basis for the years to come.

Once more, Remei reliably made premium payments to organic-cotton smallholders, totalling CHF 418,820 in the 2021/22 financial year.

Despite the difficult situation prevailing in the retail trade in the second year of the pandemic, we managed to stabilise turnover from finished pieces. The new peak of global cotton prices contributed to an increase in turnover from organic-cotton fibres and yarns.

In oder to satisfy the rising demand for organic cotton, we expanded co-operation with Tanzanian farmers to three more villages entering in-conversion production and getting knowhow, a purchase guarantee, and premiums from Remei as early as the three-year period of conversion to organic farming.

Organic cotton continues to be in short supply around the world. Considerably rising prices for raw materials will be with us again in the new financial year, in particular when purchasing organic cotton, which will have a continued impact on turnover from organic cotton, yarns, and finished pieces.

	2017/18	2018/19	2019/20	2020/21	2021/22	Diff. to prior year (%)
Sales (CHF)	20'232'599	18'572'678	17'856'571	14'022'393	17'778'707	27%
Profit (CHF)	298'643	23'700	25'136	434'137	462'721	7%

Product breakdown of total sales (CHF)

bio cotton	%	4'458'910	5'212'434	4'229'589	3'266'088	5'421'628	66%
yarn	%	4'193'144	3'835'820	3'623'238	2'680'012	4'229'209	58%
garments	%	11'580'545	9'524'424	10'003'744	8'076'293	8'127'869	1%

Total sales by country

	2017/18	2018/19	2019/20	2020/21	2021/22	Diff. to p rior year (%)
Switzerland	10'721	9'482	8'974	7'203	7'436	3%
Germany	2'875	2'088	1'719	2'030	2'663	31%
Portugal	206	517	1'928	1'186	861	-27%
Japan	819	817	473	652	1'038	59%
Various	5'612	5'669	4'763	2'951	5'781	96%
Total (TCHF)	20'233	18'573	17'857	14'022	17'779	27%

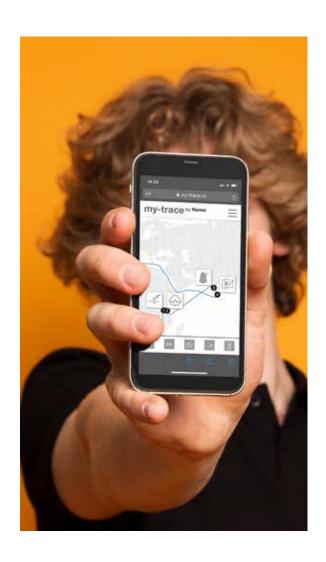
More transparency across the supply chain

In the past business year, Remei updated "my-trace by Remei", its digital traceability tool for organic-cotton textiles, making it more user-friendly for brands and consumers.

Disclosure of production steps and the traceability of organic-cotton textiles are crucial services provided by Remei and logical consequences of Remei's innovative business model from seeds to finished pieces. These services and skills are very much in demand in the textile industry and in other consumer-goods sectors. Remei is going to add to these skills as a service provided within the scope of systematic development of transparency across the supply chain.



Branding of Remei's traceability tool: my-trace by Remei, www.my-trace.ch



Reinforced structure of international co-operation within the Group

Apart from harmonisation of the Group subsidiaries, corporate development of the Group's business processes has also become more stable. In a triangular approach, work was launched on managing overarching processes in India, Switzerland, and Tanzania. Co-operation in the team, the Group, and among our cultures considerably contributes to developing Remei's "fibre-to-fashion" strategy.

We are pleased to note that, in the process of integration since 2020, Remei India Ltd. and Remei Tanzania Ltd., our two subsidiaries, have stabilised economically in the past business year.

Re-naming and stabilisation of direct co-operation with cotton farmers

Integration of the two subsidiaries in the Remei Group was concluded in the 2020/21 financial year. In the process, the two Remei subsidiaries, formerly known as bioRe India Ltd. and bioRe Tanzania Ltd., were re-named Remei India Ltd. and Remei Tanzania Ltd. They have aligned their corporate identity to Remei's. The aligned corporate identity of the Remei Group stands for its vision jointly supported by all pillars of the Group.

In 2022, Remei India and Remei Tanzania are going to launch new websites directly connec-

ted to "my-trace by Remei", Remei's traceability tool.

The organic-cotton contract farmers at the beginning of our sustainable and fully transparent value chain from fibres to finished pieces of textile now work in direct co-operation with Remei. The farmers are important partners in Remei's innovative business model, contributing by participation, and trusting in new developments and opportunities in the course of permanent and fruitful co-operation.

Remei India



Corporate identity of the Remei subsidiaries in India and Tanzania

Diversification in organic-cotton farming

In our two subsidiaries in India and Tanzania, we have started to build up a system based on organic cotton but going beyond it in an attempt to add more options to farmers through diversification of farming. The idea of this system, co-shaped by the farmers' traditions, experiences, and ambitions, is to strengthen the cotton business as a whole and to add more sources of income for cotton farmers.

Due primarily to instable weather conditions and increasing exposure to the cotton bollworm, cotton in Central India is faced with major challenges irrespective of whether it is farmed organically or conventionally. Rainfall in recent years has been either very heavy or very poor or late in the harvesting season. This is why Remei India Ltd., our Indian organic-farming company, started experimenting with alternative crops last year, promoting the farming of moringa, wheat-grass, garlic, basil, ashwagandha, and brahmi in addition to cotton. In future, Remei India and its farmers wish to use new possibilities for alternative crops that are easily combined with the farming of organic cotton.

Economic and social pillars of Remei's innovative way of doing business

Remei works towards solutions focused on farmers, as the key to securing availability of organic cotton lies in trusted direct relationships between Remei and the farmers.

We are convinced that success is based on authentic relationships rather than "commercial documents" because organic cotton clearly is considerably more than certified material.

Strategic partnerships and direct co-operation with the farmers at the beginning of the transparent and sustainable supply chain from fibres to finished pieces of textile are key components of Remei's innovative economic system based on participation that decision-makers in retail businesses and brands have access to. Remei's retail partners become part of this economic system that is capable of securing availability of raw material from trusted sources and making organic-cotton textiles from Remei's supply chain traceable back to their origins by means of "my-trace.ch by Remei".

Economic promotion of organic-cotton farmers

Since the late 1990s, Remei has offered to associated farmers a purchase guarantee designed to give them an economically sound and predictable basis for converting their businesses to organic farming. Along with it, Remei has taken charge of distributing organic seeds to the farmers, paying them a premium for their organic-farming services, and making on-site teams available to provide know-how and training across the entire cotton season.

Management of relationships with farmers, training measures, a reliable internal control system, correct certification systems, and the launch of

traceability of textiles back to the origins: all this requires long-term investments that Remei covers by value creation from the production and trading of cotton, yarns, and finished pieces of textile.

Remei is convinced that textiles made from organic cotton demand and deserve higher prices than those made from conventional cotton.

Commitment to better living conditions for farming communities

By means of long-term financial support from the bioRe Foundation, Remei enables implementation of social projects designed to improve the living conditions of farmers and their families in India and Tanzania. In the past business year, Remei promoted animation schools, supported well construction, provided disaster relief, and co-sponsored the bioRe Foundation's charity event.

Within the scope of insetting, i.e. offsetting of CO_2 emissions from our supply chain, Remei provides funding for efficient stoves and biogas plants in the village communities where organic cotton is grown.

Billoot ocoporation with organio larmore					
	2017/18	2018/19	2019/20	2020/21	2021/22
Remei India Ltd.					
Farmers enrolled (incl. satellite project)	4'573	2994	3'300	3'047	3'261
Output of seed cotton (t)	952	967	338	838	690
Remei Tanzania Ltd.					
Farmers enrolled (incl. satellite project)	2'054	1'906	1'792	1'792	1'866
Output of seed cotton (t)	5'291	6'418	5'375	5'337	5'237
Total number					
Farmers enrolled (incl. satellite project)	6'627	4'900	5'092	4'839	5'127
Output of seed cotton (t)	6'243	7'385	5'713	6'175	5'927
Organic premium payment to organic farmers in India and Tanzania	2017/18	2018/19	2019/20	2020/21	2021/22
Payments to organic farmers (CHF)	376'060	499'372	417'876	431'928	418'820
Beyond economic cooperation, Remei is also engaged in the communities	2017/18	2018/19	2019/20	2020/21	2021/22
Royalty fee to the bioRe Foundation (CHF)*	49'292	99'626	100'000	100'000	100'000

^{*} New from 2018: royalty fee to the bioRe Foundation

Donations to the bioRe Foundation (CHF)

 ${\rm CO_2}$ contribution to the bioRe Foundation (CHF)

Employees Remei AG	2017/18	2018/19	2019/20	2020/21	2021/22
Number of staff Switzerland	19	17	17	17	16
Full-time equivalent	16.6	14.6	14.6	14.2	14.6
Number of women	15	14	14	14	12
Number of men	4	3	3	3	4
Average age	40.2	40.6	41.8	42.3	42.2
Average years of service	6.7	8.4	9.2	10.8	10.3

58'290

42'767

47'721

32'447

46'481

36'041

43'107

23'621

2017/18	2018/19	2019/20	2020/21	2021/22*
42	37	26	26	35
-	-	-	-	2
-	-	-	-	33
-	-	-	-	44
-	-	-	-	11.5
	42 - -	42 37	42 37 26 	42 37 26 26

Remei Tanzania Ltd.

Number of employees Tanzania	90	85	79	79	82
Number of women	-	-	-	-	22
Number of men	-	-	-	-	60
Average age	-	-	-	-	35
Average years of service	-	-	-	-	8

 $^{^{\}star}$ In the process of rebranding into the Remei Group, employee figures are reported for the first time in 2021/22

Focus on farmers

"I grow your cotton" is Remei's new campaign focusing on the producers of organic cotton who work at the beginning of the textile-trading company's transparent supply chain.

For its B2B retail partners, Remei secures availability of organic cotton from reliable sources as well as production of fully traceable finished pieces of textile, from fibre to fashion.











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Retail partners in Remei's business model

Long-standing and new partnerships

1 // Remei x Coop Naturaline

Coop's initiative "Taten statt Worte" ("actions instead of words") is the essence of Coop's commitment to sustainability for the benefit of mankind, animals, and nature. Coop's workforce share this commitment wearing a T-shirt in campaign design produced by Remei for Coop's sustainable Naturaline brand and some 46,000 employees. We thank Coop for great partnership over more than 25 years and sound co-operation in the field of ever-changing ranges of textile products.

2 // Remei x On

"Seed to shirt. From us to you. Nothing to hide." On is launching a new piece of garment, the On-T. This classic T-shirt is manufactured on fair-trading terms and is fully traceable. "How well do you really know your favourite T-shirt?" With Remei as its production partner, On tells the story. It is a huge pleasure for us to be On's partner in carrying out this project.

3 // Remei x Waschbär

We are pleased to have Waschbär as a new co-operation partner. Waschbär and Remei are committed to driving ahead a change of systems in the textile industry, adding to the focus on human rights and environmental protection. "Co-operating with Remei, we are creating more transparency, in addition to our voluntary declarations," says Barbara Engel, Waschbär's head of sustainability.

4 // Remei x Gerry Weber

Celebrating the 2022 International Women's Day, Gerry Weber designed five statement shirts from organic cotton in co-operation with Remei. In its campaign, Gerry Weber pays homage to the women involved in making the T-shirts. We thank Gerry Weber for this excellent initiative!

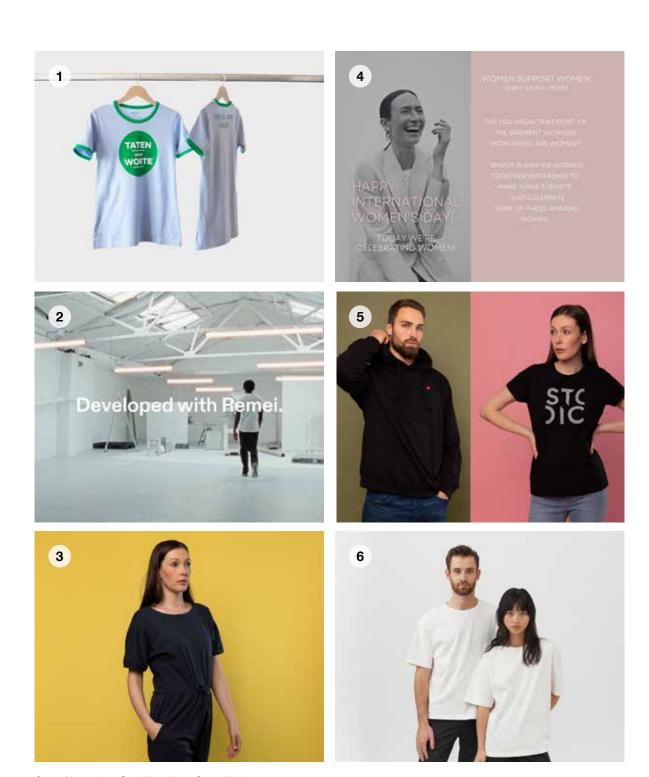
5 // Remei x Bergfreunde x STOIC

We are pleased to have Bergfreunde and STOIC, its own brand, as new co-operation partners. "The Bergfreunde collection we produce in co-operation with Remei is a lighthouse project primarily focused on sustainability and transparency in the entire planning and production process," says Benedikt Bombeiter, Teamlead Ownbrand Bergfreunde GmbH.

6 // Remei x The Slow Label

A T-shirt with origin and a future, developed by Remei and The Slow Label. The circular T-shirt, made from 100% organic cotton, originates from Remei's transparent supply chain. It is part of a closed-loop pilot project in which The Slow Label is putting to the test a data-driven circular economy in fashion and a circular business model.

Retail partners in Remei's business model



Coop Naturaline, On, Waschbär, Gerry Weber, Bergfreunde/ STOIC, The Slow Label.

Supply chain on the move

The current state of global supply chains produces major challenges for the entire textile sector. In the past financial year, we were fortunate enough to benefit from reliably stable and growing structures in our supply chain. We continue to focus on making our supply chain resilient, which is a successful component in consistent development of supply chains in general and Remei's business model in particular.

Our business model, "from fibre to fashion", that is focused on integrating organic-cotton farmers in the supply chain, helped to guarantee reliable supply for our producers and retail partners, in particular in a period of extremely high demand for organic cotton and a related shortage of raw material in the supply chain.

In yarn production, capacities were driven by high domestic production in India, which required long-term planning. In developing tiers 1 and 2 of our supply chains, we have transferred capacity for the production of finished pieces from Europe to India, which will have an impact on the breakdown of production of finished pieces in the financial year to come. This has been possible owing to long-standing co-operation with our production partners in India.

In Europe, we started building up more production capacity for the future, a necessary step given the unstable global situation. We are going to work intensely on capacity-building in the coming years primarily in co-operation with our partners.

Balanced production of finished pieces between Europe and India is an important factor for Remei when it comes to developing its supply chain and expanding its partnerships.



Textiles for the future from traceable organic cotton produced in a transparent supply chain

Purchase by country (p	ieces)	2017/18	2018/19	2019/20	2020/21	2021/22	Diff. to prior year (%)
	India	571'938	614'215	701'919	607'077	547'092	-10%
	Lithuania	467'686	365'760	291'232	257'877	235'342	-9%
	Tanzania	0	0	0	0	0	-
	Various	0	600	0	0	0	-
Total (pieces)		1'039'624	980'575	993'151	864'954	782'434	-10%

Sales garments	2017/18	2018/19	2019/20	2020/21	2021/22	Diff. to prior year (%)
Total sales (TCHF)*	11'581	9'524	10'004	8'076	8'128	1%
Sales by country (TCHF)						
Switzerland	9'340	7'978	8'783	6'337	6'340	0%
Germany	1'554	1'011	669	1'248	1'472	18%
Austria	365	269	403	416	306	-26%
Various	322	266	149	75	10	-87%

^{*} figures prior to 2018/19 including discontinued business activities

Consistent supply-chain development
All production sites, from fibres to to finished pieces of textile, are certified in agreement with GOTS (Global Organic Textiles Standard) and subject to our control system with regard to input management and mass flow.

	2017/18	2018/19	2019/20	2020/21	2021/22
Number of production sites in the control system	34	38	36	29	29
Production in SA8000-certified sewing works (% of sales)	82%	100%	100%	100%	100%
Production in BSCI-audited sewing works (% of sales)	18%	0%	0%	0%	0%
Production in SA8000-certified dyeworks (% of sales)	81%	53%	56%	70%	83%
Production in BSCI-audited dyeworks (% of sales)	19%	21%	35%	30%	17%
Production in SA8000-certified knitting/weaving mills (% of sales)	76%	59%	65%	70%	69%
Production in BSCI-audited knitting/weaving (% of sales)	24%	21%	35%	30%	17%
Spinning mills with SA8000 certificate (% of production)	86%	91%	72%	45%	70%
Spinning mills with BSCI audit (% of production)	14%	9%	8%	25%	10%
Ginning with SA8000 certificate (% of production)	14%	11%	6%	12%	11%
Quality-assurance expenditure (lab, inspection, audits, cost of local farming inspection) (CHF)	67'522	78'379	59'705	74'644	75'546
Total quality-assurance expenditure as a percentage of total sales	0.33%	0.42%	0.33%	0.53%	0.42%

Mass flow in the 2021/22 financial year

Sustainable processes and full transparency from fibres to finished pieces of textile are the

cornerstones of our economic system and prerequisites for innovation.



5,927 t organic cotton

2,268 t

- 1,014 t yarn
- 961 t lint sold
- + 87 t from stocks
- = 1,394 t lint produced
- 739 t yarn sold
- 14 t from stocks

Farming

Raw cotton is supplied by contract farmers co-operating with our organic-cotton farming companies. Remei India Ltd. and Remei Tanzania Ltd. are both certified for organic farming according to EU directive 834/2007 and subject to regular audits.

Ginning

Raw cotton is processed into fibres in two ginning plants, Remei India Ltd. and Bibiti Ginneries. Both plants are certified for organic farming according to EU directive 834/2007 and GOTS, and are subject to regular audits.

Spinning

Fibres are spun into yarn in six spinning mills, i.t. RSWM Group (2 mills), Maral Overseas, BLP Super Spinners, Sunflag, and Tearfil. In the 2021/22 financial year, 70% and 10% of production was covered by SA8000-certified businesses and amfori/BSCI-audited business respectively.

From Fibre to Fashion: Supply Chain Management



261 t yarn for textile production

782,434 pieces finished textiles

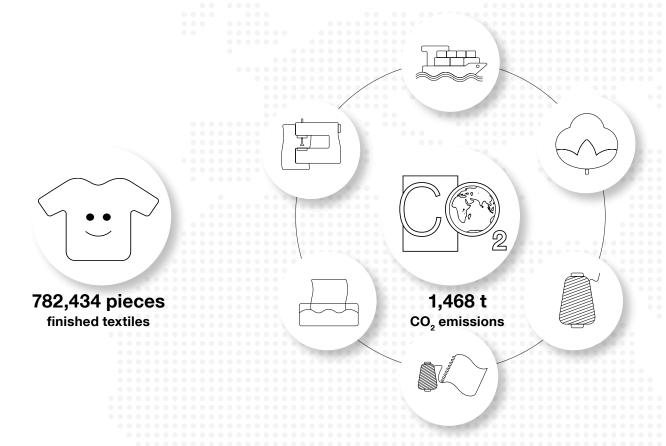
Textile production

Our production partners fulfil high social standards and apply strict chemicals management. As a general rule, all production sites we use for manufacturing textiles are certified according to GOTS (Global Organic Textiles Standard) and subject to our control system with regard to input management and massflow control.

Trading

100% of our ready-towear garments are produced in SA8000-certified sewing works. 83% of total turnover from finished pieces of textile in the 2021/22 financial year was covered by dyeworks production in SA8000-certified businesses. In the 2021/22 financial year, 69% of our production originated from SA8000-certified knitting and weaving businesses. We work with main suppliers Century Apparels Pvt Ltd., Wellknit Industries, and Kaytee Corporation Pvt Ltd. in India as well as Utenos Trikotazas in Lithuania.

Reduction of CO₂ emissions by 53% in the 2021/22 financial year



In the 2021/22 financial year, Remei lowered ${\rm CO_2}$ emissions from its supply operations by 53%, producing a significant reduction of ${\rm CO_2}$ emissions across the entire supply chain. Transparency in the supply chain is both a prerequisite for and the key to these reductions and further necessary steps towards more climate efficiency.

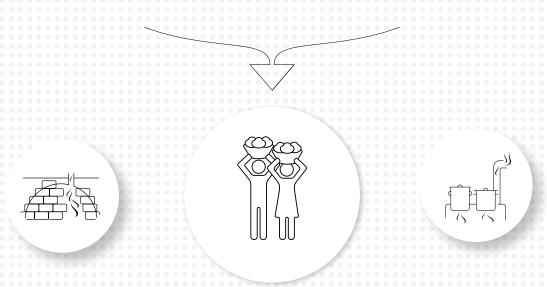
Since 2021, Remei India Ltd. has drawn power under I-REC certificates (International Renewable Energy Certificates) from India's first Independent Power Project (IPP) for private-market hydropower. This has helped improve the power mix in our own supply chain. We have used this new possibility and tapped into existing poten-

tial. In the past business year, Remei produced 782,434 finished pieces of textile in its supply chains, causing a total of 1,468 t of ${\rm CO_2}$ emissions.

${\rm CO_2}$ emissions generated by the various steps:

1,468 t	aggregate total
277 t	logistics
69 t	ready-to-wear production
879 t	dyeing
1 t	fabric production
140 t	spinning
102 t	cotton & ginning

Insetting: offsetting emissions from our supply chain



257 biogas plantsoffsetting 578 t of CO₂ in the organic-cotton farming regions in India

Farming communities

262 efficient stovesoffsetting 889 t of CO₂ in the organic-cotton farming regions in Tanzania

In the 2021/22 financial year, Remei offset in the organic-cotton farming communities in India and Tanzania 1,468 t $\rm CO_2$ emissions from its supply chain generated by the production of organic-cotton textiles.

Owing to their low-smoke design, the biogas plants in India and the efficient stoves in Tanzania funded by Remei using compensation money reduce the use of firewood and improve the health of farmers in the two countries.

In the 2021/22 financial year, Remei gave a purchase guarantee to **5,127 smallholders** in India and Tanzania and purchased **5,927 tonnes of organic cotton**. Remei paid the farmers premiums on market prices totalling **418,820 Swiss francs**. Our transparent supply chain delivered **1,014 tonnes of organic-cotton yarns** and **782,434 finished pieces of textile** to international retail companies and brands. Our 2021/22 turnover amounted to **17.8m Swiss francs**.





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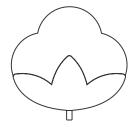
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