



B E S T S E C R E T

Sustainability Report

20
21



About This Report

The information presented in this report relates to the BestSecret Group. BestSecret is headquartered in Dornach, Germany. Locations under operation include:

- The headquarters in Dornach near Munich, Germany
- A logistics center in Poing, Germany
- A premium and outlet store in Munich, Germany, a premium and outlet store in Dornach, Germany, an outlet store in Dresden, Germany, and a premium store in Vienna, Austria
- A Tech Hub Center in Granada, Spain

Data and information presented refer to the fiscal year 2021 (1. January 2021 – 31. December 2021) and refer to all locations under the operational control of BestSecret Group unless noted otherwise.



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About BestSecret

BestSecret Group is a leading European members-only online destination for premium and luxury off-price fashion. Our success is based on our deep and trusted relationships with our customers and brand partners. We provide our customers with exclusive access to a portfolio of around 3,000 brands, while offering our brand partners a structural solution to sell their overstock through a discreet and controlled channel that protects their brand equity. New members can only gain access through a referral from an existing member or an invitation from us. We offer a wide range of mid-market to luxury fashion brands for women, men, and children at attractive discounts ranging from 20% to 80%, providing a permanent assortment of approximately 250,000 items at any moment in time. Our online offering is available in multiple languages and in 27 European countries.



With a heritage going back nearly 100 years, we evolved from an offline retail business to a fast-moving, tech-driven online platform. Today, we operate a wholesale business for our brand partners as well as a marketplace. And while in 2021, only a single-digit share of our revenues was made offline, our physical premium and outlet stores in Germany and Austria continue to be part of our strategy and support and complement our online platform.

Our unique business model, entrepreneurial focus, diverse and experienced leadership team, and the continued expansion of our operational and technological capabilities have enabled us to remain successful over the past decades. BestSecret Group generated revenues of EUR 943 million in 2021 and employs around 1,700 people from over 80 nations. The Group today is owned by Permira Funds and the founding families Schustermann and Borenstein.

€ 943
million revenues
in 2021

~1,700
employees

~3,000
brands

available in
27
countries



Letter from Our CEO

BestSecret had much to be proud of in 2021. Our growth was unprecedented, with a 53% increase in revenue, a 58% expansion in our active customer base, and a 59% growth in our shipments. Globally, however, the year was marked by the continued impacts of the COVID-19 pandemic, natural disasters, and political crises. There is much more on everyone's mind than just financial success, causing many of us to reflect on what is truly important.

In this sense, I'm perhaps even prouder to say that 2021 was also the year we decided to address sustainability more strategically and make it one of our company priorities. While we believe that our business model inherently contributes to sustainability in the fashion industry, we recognize there is more we need and want to do—environmentally and socially—to become a truly sustainable company and meet the expectations of our customers, employees, investors, families, friends, and society at large.

BestSecret has limited influence over the production of our brand partners' garments. However, we can and will directly address the waste and emissions created through the shipping of our products. Additionally, while our business model already enables us to give a first life to overstock, we will do more to promote the longevity and circularity of fashion and support a shift toward more sustainable products and supply chains.

"2021 was the year we decided to address sustainability more strategically and make it one of our company priorities."

We believe that addressing climate change is an urgent responsibility for every company, and we are committed to doing our part.

Likewise, we have a responsibility to care for our employees—not only financially, but also in their professional growth, safety, and well-being. There are still too many inequalities in the workplace, especially in leadership positions, and we will do our part to change that. All this is not only simply the right thing to do but crucial for our ability to attract the best talent and deliver the best value to our customers. With our online fashion platform, we have an opportunity to promote diversity and inclusion in our customer base and we will do more to work with suppliers on improving human rights in our supply chain.



Since our decision last year to elevate sustainability to one of our company priorities, we've made significant progress. We established a sustainability strategy built on the areas in which we believe we can contribute most to sustainable development in the fashion industry, and corresponding initiatives are already underway throughout BestSecret. They are all based on a central question: How can we make **what we sell** and **how we sell** it most sustainable? We also established a sustainability governance structure that ensures sustainability is anchored and lived throughout the organization—in all business units and on all employee and leadership levels.

As we present our inaugural sustainability report, I recognize that in some of our focus areas, we are just at the beginning of our journey. At the same time, I am very encouraged by the passion of our employees and what we have achieved already.

Moritz Hahn, CEO





Our Sustainability Strategy



We believe our business model inherently contributes to more environmental sustainability in the fashion industry. By focusing on overstock clearance, we help ensure that every piece of fashion that is fit-to-wear finds an owner, thereby reducing the amount of fashion that is discarded as waste. Just as second-hand retailers provide products with a second life, we give fashion its first life. In addition, our online off-price model provides our customers with a more sustainable alternative to shopping in remote outlet centers. The majority of studies conducted on the topic conclude that online shopping on average leads to lower carbon emissions compared to in-store shopping.¹ This can be attributed to consolidated shipments and well-utilized infrastructure, and is especially the case for deliveries that replace private transport over long distances.

In addition to our inherently sustainable business model, we will further increase the sustainability of our company through our own Sustainability Program, which is built around six focus areas in which we strive to create positive environmental and social impact. These areas were identified through a stakeholder analysis that included our customers, employees, investors, and peers.

Our strategy is divided into two large areas: what we sell (our articles) and how we sell it to our customers (our orders). In both areas, we have begun to establish clear initiatives and transparent criteria against which we will measure our progress.



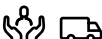



¹ <https://www.umweltbundesamt.de/publikationen/die-oekologisierung-des-onlinehandels>



Our Sustainability Program

What We Sell – Our Articles

How We Sell – Our Orders

Focus areas	What We Sell – Our Articles			How We Sell – Our Orders		
	I	II	III	IV	V	VI
	Reduce the share of discarded fashion	Improve the sustainability of our supply	Promote human rights in our community	Minimize waste	Reduce greenhouse gas emissions	Care for our talent
						
Associated targets	<ul style="list-style-type: none"> • Reduce the share of products never worn • Extend the first life of the articles we sell • Give a share of sold products a second life 			<ul style="list-style-type: none"> • Reduce packaging volume and material per order • Reduce single-use materials 		
	<ul style="list-style-type: none"> • Define sustainability minimum standards for products and suppliers • Show relevant sustainability product information • Increase the share of more sustainable products 			<ul style="list-style-type: none"> • Promote diversity, equity and inclusion (DEI) in our community and the fashion industry overall • Protect human rights in our supply chains 		
Pilot initiatives	<ul style="list-style-type: none"> • Product take-back program • Second-hand product offerings 			<ul style="list-style-type: none"> • Reduction of shipments per order • Switch to undyed natural cardboard • Reduction of paper advertising 		
	<ul style="list-style-type: none"> • Sustainable product criteria update • Real fur phase-out • Targeted sustainable brands sourcing • Supplier Code of Conduct 			<ul style="list-style-type: none"> • Model diversity • Supplier Code of Conduct 		
	<ul style="list-style-type: none"> • Inclusive hiring processes • Inclusive language guidelines • Talent growth initiatives 			<ul style="list-style-type: none"> • Reduction of unwanted returns • Solar panels for logistics center • 100% renewable electricity procurement 		



Material use



Fair sourcing



Diversity, equity & inclusion



Waste



GHG emissions



Employee health & safety



Decent work

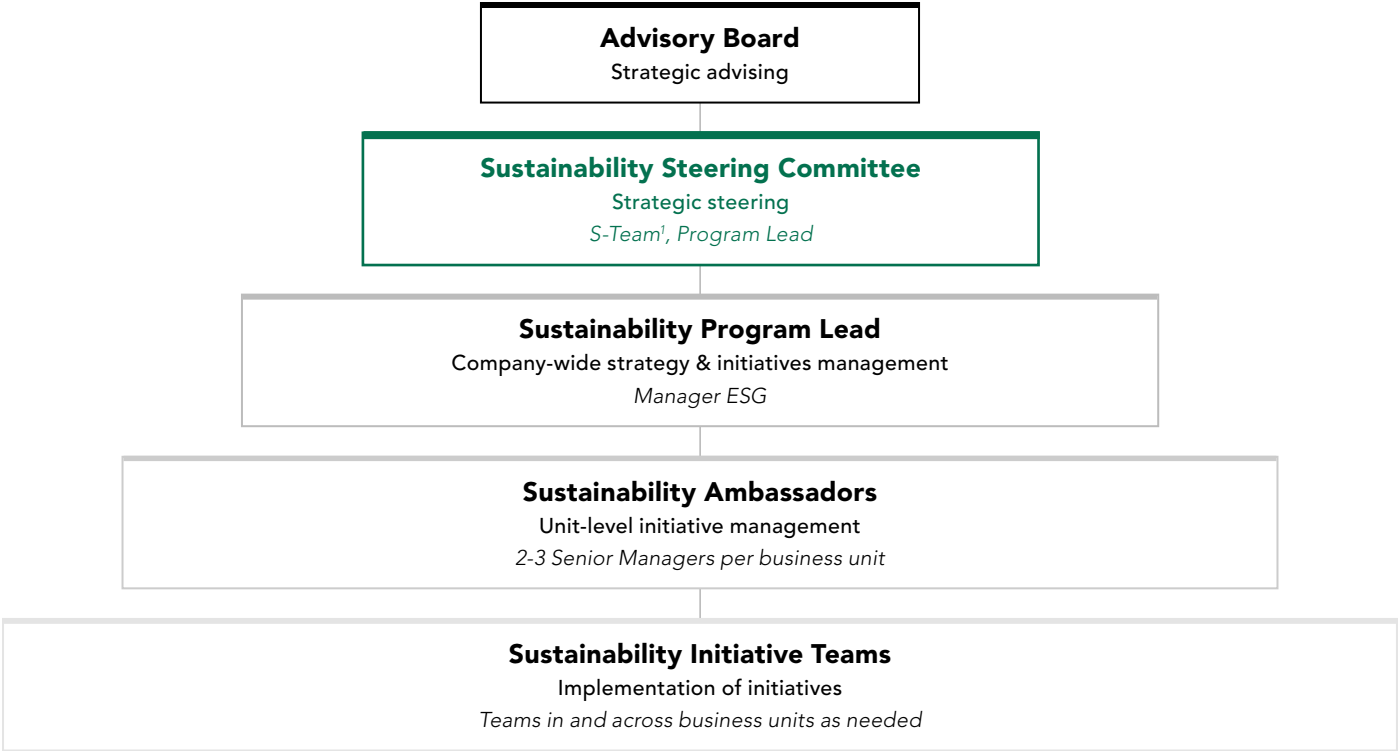


Our sustainability governance structure

To successfully implement our Sustainability Strategy, we established a clear organizational structure that ensures sustainability is anchored and lived throughout the organization. BestSecret’s Sustainability Steering Committee, which is comprised of BestSecret’s entire Senior Leadership Team (S-Team)¹ and the Sustainability Program Lead, provides strategic oversight and ensures commitment from the Management Board and full Senior Leadership Team.

It convenes quarterly and regularly provides updates to our Advisory Board. Sustainability Ambassadors and their teams throughout our business units and enabling service units work on initiatives designed to promote progress toward our six focus areas and identify and fill existing gaps. They regularly meet with the Sustainability Program Lead and report to their respective Unit Owner at least every quarter.

Sustainability organization



¹ Includes BestSecret’s Management Board, Chief of Staff, and all Unit Owners



What We Sell – Our Articles

By mainly selling overstock, we help ensure that every piece of clothing produced and fit-to-wear finds an owner who appreciates it. Our model enabled us to sell 99% of all items within our ecosystem in 2021 and thereby divert clothing from landfills, increase the use of produced garments, and avoid the environmental, societal, and economic impact of exporting products outside of Europe.

As part of our Sustainability Program, we aim to further promote sustainability in fashion through a high-quality and durable assortment of products that meets environmental and social standards, maximizes the life of our articles, and promotes them in an inclusive way that reflects the diversity of the world we live in. We identified three focus areas to make “what we sell” even more sustainable, and will introduce specific, quantifiable KPIs and targets. We have also defined corresponding pilot initiatives for 2022.

FOCUS AREAS

I

Reduce the share of discarded fashion

II

Improve the sustainability of our supply

III

Promote human rights in our community





FOCUS AREA I

Reduce the share of discarded fashion

A significant share of newly produced garments gets discarded before they are ever worn and end up shipped overseas, destroyed, or sent to landfills due to overproduction. Overstock is a structural phenomenon in the fashion business due to long production lead-times paired with complex product portfolios and quickly shifting consumer trends. These lead to high complexity in forecasting the exact units per article needed. Ambitious sales targets of fashion companies further aggravate the problem, which intensifies the fashion industry's negative impact on the environment. The production and disposal of each unworn overstock item result in unnecessary carbon emissions, energy and water consumption, and of course waste.

BestSecret has worked to solve this problem for years by offering our brand partners' overstock at a significant discount to our members, allowing them to choose superior quality and designs over highly seasonal, fast-fashion products. Our business model ensures that every article we source is matched with an owner who loves it. First, we don't limit ourselves to only selling what is in season. Second, articles not suited to perform well in our online business are offered in our retail stores, where we can mark down articles until they are sold. Third, we also significantly discount returns that can't be reintegrated into the online business—another major source of fit-to-wear garments that end up shipped abroad or never worn. We also integrate these items into our offline retail business. At BestSecret, items are only discarded or destroyed if they are severely damaged or we are legally required to do so. Our goal is to give all articles we procure their first life.

Reducing the share of discarded fashion

	2021	2020	Change
# of second-hand items taken back from customers	738 ¹	not tracked	–
Share of BestSecret stock sold via our ecosystem	99%	98%	+1%

¹ Due to store closures caused by the pandemic, product take-back events scheduled for winter 2021 had to be canceled.



Is every item we sell a result of overproduction? Not quite. In 2021, about 20% of our revenues come from articles that are not considered overstock. This includes our private labels, which are produced upon order from us, special productions and in-season collections from our brand partners, and so-called “evergreens.” We supplement our overstock merchandise with these articles to offer a superior customer experience, which in turn allows our brand partners to clear their overstock volumes more effectively.

Yet, after their first life, the products we sell probably still end up in landfills, and many of them too soon. We therefore want to do more to further extend the life of articles we sell and even give them a second life. Developing a product take-back program is hence one of our major initiatives for 2022. While we are just embarking on this journey, we are committed to being a part of the solution to this major challenge of the fashion industry.

WHAT WE’VE ALREADY ACHIEVED:

- **1987–now:** Provided millions of garments with their first life by selling our brand partners’ overstock
- **2021:** Reduced the share of articles in our stock that are not sold in our ecosystem to 1%
- **2020/2021:** Partnered with Buddy & Selly for pop-up events in our stores where customers could trade in previously loved items for resale

WHAT WE’RE WORKING ON:

- Developing a product take-back program for our members
- Exploring options for offering second-hand fashion to our members
- Building partnerships to further the longevity and circularity of garments



FOCUS AREA II

Improve the sustainability of our supply



The environmental and social impacts of fashion are well known, from fiber sourcing to chemical dyes to factory conditions to clothing use and, ultimately, end-of-life disposal. At the same time, customer awareness of these issues is constantly rising alongside numerous, more sustainable alternatives, such as organic cotton, animal-free or recycled materials, and more ethical production practices.

We mainly sell premium to luxury fashion that is generally higher quality, more durable, and more fit for a second life than most fast-fashion items. In addition, many of our brand partners have increased their sustainability efforts in recent years. Since 2020, we have been offering a sustainability label and filter in our online shop and app. The total share of products marked as more sustainable on our website however is still low.

To address this, we've had to grapple with a key question: Should we avoid overstock articles that don't meet certain minimum sustainability standards and risk them being destroyed and never worn? We have come to the conclusion that in order to achieve a more sustainable fashion industry in general, the answer is yes. Even a company focused on selling overstock must take steps to further

disincentivize harmful production practices and exclude products and brands that do not meet our minimum expectations, while working harder to source from those that exceed them. We are currently redefining these minimum expectations and strengthening the criteria we use to define a product as more sustainable.

WHAT WE'VE ALREADY ACHIEVED:

- **2020:** Introduced a sustainable product label and filter
- **2021:** Began introducing more sustainable materials in our private labels, such as organic cotton, responsible down, and recycled polyester
- Developed real fur and other animal-derived material exclusion guidelines

WHAT WE'RE WORKING ON:

- Strengthening criteria and transparency for more sustainable products
- Implementing real fur and other animal derived material exclusion guidelines
- Introducing more sustainable materials, such as recycled cashmere, to our private label products
- Increasing the share of private label footwear that is produced in Europe
- Strengthening minimum environmental and social criteria for our suppliers



FOCUS AREA III

Promote human rights in our community

We are committed to safeguarding human rights across our supply chain, while also promoting diversity, equity and inclusion (DEI) in the fashion industry. Read more about our employee-facing DEI initiatives and efforts [↗ HERE](#).

Our customers

Besides making donations to provide financial relief during global crises, supporting LGBTQIA+ rights and womens' empowerment have been key goals for our giving-back efforts in recent years. To this end, we regularly donate 10% of our proceeds from targeted product campaigns to Amnesty International and the Pink Ribbon Association.

Today's fashion is still primarily presented in a non-inclusive way and reinforces stereotypes. We believe that we have a responsibility to promote diversity, equity and inclusion (DEI) beyond our workforce—it must be part of how we select and feature products, and how we engage with our stakeholders, especially our customers. Model diversity is therefore one of the pilot initiatives of our Sustainability Program.

WHAT WE'VE ALREADY ACHIEVED:

- **2021:** Raised funds for Amnesty International (LGBTQIA+ rights) and the Pink Ribbon Association (breast cancer awareness)

WHAT WE'RE WORKING ON:

- Promoting model diversity through product imaging and product campaigns



Our suppliers

The most significant human rights challenges in the fashion industry usually involve the production phase of garments. They include issues such as health and safety, poor working conditions, low pay, gender-based violence, and repression of unions and freedom of association. The industry's record on human rights is not sufficient—we all must increase our efforts.

As a fashion reseller in the off-price market segment, our direct impact on the supply chain of most items we sell is limited. For the most part, we must rely on the supplier audits of major, well-established companies and their commitment to comply with all environmental, social, and legal standards. To do our part, however, in the coming year we will strengthen our minimum sustainability criteria and improve how we verify they are met by our brand partners.

Our Code of Conduct, which also applies to our suppliers, is based on the Universal Declaration of Human Rights and other internationally recognized standards. It sets the minimum criteria we expect from our suppliers and business partners, such as refusal of child labor, respect of specific rules for employment of underage people, ensuring employees' safety and rights, non-discrimination, environmental protection, wastewater treatment, and waste management. Our employees can report incidents regarding violations of ethical supply chain guidelines to the Compliance Officer. We are currently updating our existing Code of Conduct, and develop a separate Supplier Code of Conduct to strengthen supplier compliance.

WHAT WE'VE ALREADY ACHIEVED:

- Our Code of Conduct has been shared with select business partners since 2015

WHAT WE'RE WORKING ON:

- Developing a Supplier Code of Conduct to be shared with all suppliers



How We Sell – Our Orders

We believe our online model gives our customers a more environmentally responsible alternative to shopping overstock with offline, off-price models. Outlets are often characterized by an intentional physical distance from city centers and therefore require dedicated car trips, whereas transportation of goods via e-commerce can be achieved more efficiently. However, excessive packaging and numerous returns in online shopping can outweigh the overall positive impact.

As part of our Sustainability Program, we will thus continue to optimize our processes to ensure we provide the best way to shop off-price fashion from an environmental and social perspective. We identified three focus areas to increase the sustainability of “how we sell” our articles, and will introduce specific, quantifiable KPIs and targets. We have also defined corresponding pilot initiatives for 2022.

FOCUS AREAS

IV

Minimize waste

V

Reduce greenhouse
gas emissions

VI

Care for our talent



FOCUS AREA IV

Minimize waste

Packaging materials used for shipping contribute significantly to global waste streams and are the main source of waste in our operations. Although packaging is critical to protect our articles during shipping from our suppliers to us or from us to our customers, we are constantly striving to minimize the resulting waste and its impact.

Our packaging

We are committed to both reducing our packaging material overall and replacing the remaining material with environmentally preferable alternatives. While we retain our brand partners' packaging wherever possible, our additional packaging materials include cardboard boxes, paper mailing bags, plastic filling materials, and poly bags. We closely track our use of packaging materials, regularly implement measures to reduce the impact of packaging, and train our employees accordingly.

In 2019 and 2020, we conducted major packaging revamps and succeeded in reducing packaging sizes by 24%, resulting in significant reductions in truck volumes. Although our overall packaging material usage increased in 2021 due to our dynamic business growth and the related shipping volume increase, we managed to keep the rate slightly below that of overall business growth. While we were able to slightly decrease the use of paper and cardboard per shipment—thanks to our continued efforts to preferentially use smaller boxes and paper mailing bags and to eliminate inlay paper from all textile orders—the use of plastic increased. This was due to higher volumes of bulky and fragile goods, which require more packaging than the average fashion item. The handling of these goods was outsourced in March 2021, so fragile articles can no longer be cushioned by garments purchased in the same order. We are currently looking into eliminating plastic as a filling material. Further packaging optimizations, such as a switch to undyed natural cardboard boxes, are planned for 2022.

Our packaging

	2021	2020	Change
Total packaging per shipment (in grams)	324	326	–1%
Total packaging material (in tons)	4,220	2,673	58%
Cardboard and paper	4,044	2,568	57%
Plastics	176	105	68%
Shipments (in thousands)	13,024	8,188	59%

All data refer to all logistics related to BestSecret's packaging, including outsourced services.



Waste in logistics

	2021	2020	Change
Total packaging waste per shipment (in grams)	174	174	—
Total packaging waste (in tons)	2,267	1,422	59%
Cardboard and paper	1,838	1,121	64%
Plastics	429	301	43%
Other waste (in tons) ¹	315	341	–8%
Shipments (# in thousands)	13,024	8,188	59%

All data refer to our main logistics center in Poing, Germany. Returns and other outsourced logistics services are not included. Waste occurring there is managed by our partners.

¹ Includes wood, metal and bulky waste, mainly related to the expansion of our logistics center in 2020/2021.

Waste management

Most waste at our logistics center in Poing, Germany is from our brand partners' packaging. Although we keep their original packaging wherever possible, significant amounts of cardboard, plastics, and other materials must be discarded. We adhere to the strict regulations of the German Commercial Waste Ordinance and separate all materials, so the vast majority of them can be reused or recycled. Only about 1% of our waste is sent for incineration. In 2021, total packaging waste at our main logistics center increased by 59% as a result of our business growth but waste per shipment remained constant. We recognize that the packaging waste of our outsourced logistics partners is also partly our responsibility and that waste of our partner handling our returns is particularly relevant. We will collect waste data from all relevant outsourced logistics activities in 2022.

Since we are not a manufacturing business, we have no significant amounts of hazardous waste and no significant effluents to water.

WHAT WE'VE ALREADY ACHIEVED:

- **2019:** Reduced packaging volumes by 24% and eliminated bubble wrap from all textile orders
- **2020:** Switched to recycled and recyclable cardboard boxes, added box sizes to allow for more efficient packing, and introduced a carbon-neutral paper shipping bag
- **2021:** Reduced the use of inlay paper by 99% compared to 2019
- **2021:** Switched to filler foil with 50% recycled content
- **2021:** Increased the use of carbon-neutral mailing bags from 16% to 22% of all shipments
- **2021:** Switched from plastic to paper bags in our retail stores

WHAT WE'RE WORKING ON:

- Reducing shipments per order
- Switching to undyed natural cardboard
- Reducing paper advertising material
- Analyzing the benefits of replacing plastic filling material with paper air pillows
- Optimizing waste separation throughout BestSecret



FOCUS AREA V

Reduce greenhouse gas emissions

Climate change is one of the most pressing issues of our time. While energy efficiency has always been a part of how we conduct our business, we are stepping up our ambition to address it. In this report, our energy consumption and carbon footprint for scope 1 (direct emissions from fossil fuel combustion and refrigerants) and scope 2 emissions (indirect emissions from purchased electricity and district heating) are published for the first time—as a next step, we will develop a complete carbon footprint, including our relevant scope 3 categories. This will provide a baseline for our pathway toward

carbon reduction in line with climate science. As for most companies, the majority of our emissions will be scope 3, primarily from sourcing and shipping of our articles. Returns are a major contributor to the carbon footprint of the e-commerce sector and return rates are particularly high for fashion items. As these can often be avoided, for instance through better product descriptions and sizing guides, we've identified reducing unwanted returns as a pilot initiatives for 2022. While much smaller in scope, we will also continue to address the emissions from our direct operations.

Scope 1 and 2 greenhouse gas emissions

	2021	2020	Change
Scope 1 and 2 emissions per € million revenue (in tons of CO ₂ e)	2.6	6.0	–57%
Total scope 1 and 2 emissions (in tons of CO ₂ e)	2,407	3,685	–35%
Scope 1	787	702	12%
Heating fuels	208	183	13%
Motor fuels	395	392	1%
Refrigerants	183	126	45%
Scope 2	1,621	2,983	–46%
Electricity ¹	1,173	2,983	–55%
District heating	448	351	28%
BestSecret Group revenues (in € million)	943	616	53%

All data refer to all facilities under operational control of BestSecret Group. All carbon footprint data were compiled and calculated in collaboration with ClimatePartner, which follows the guidelines of the Greenhouse Gas Protocol.

¹ Scope 2 emissions from electricity were calculated using the market-based approach. Using the location-based approach, scope 2 emissions from electricity would amount to 4,000 tons of CO₂e in 2021 and 4,166 tons of CO₂e in 2020.



Energy

	2021	2020	Change
Energy consumption per € million revenues	18.8	26.9	–30%
Energy total (in MWh)	17,767	16,596	7%
Electricity	10,239	10,664	–4%
Natural gas	1,012	891	14%
District heating	5,030	3,579	41%
Motor fuels	1,486	1,461	2%
Share of renewable electricity	54.7%		54.7%
BestSecret Group revenues (in € million)	943	616	53%

Data refer to all facilities under operational control of BestSecret Group.

In 2021, our scope 1 and 2 emissions intensity decreased by –57% over 2020 levels and our absolute emissions were –35% lower. This was mainly due to our switch to renewable electricity in all our facilities in Germany and Austria in July 2021. In addition, while our revenues grew by 53%, our use of electricity, which is the majority of the energy we consume, was reduced in our offices and stores due to store closures and employees working from home during the COVID-19 pandemic. In 2020, we expanded our logistics center, which only became fully operational in the last quarter of the year, increasing our use of heating in 2021. We expect our energy use to increase as we continue to grow our business and the effects of the pandemic subside. We will continue to regularly monitor our energy consumption, conduct energy audits, procure renewable energy, and implement efficiency measures at our facilities.

There were no material environmental incidents in 2021.

WHAT WE'VE ALREADY ACHIEVED:

- **2019/2020:** Reduced the emissions intensity from the delivery of our customers' orders through volume reductions in packing [↗ SEE MINIMIZE WASTE](#).
- **2021:** Switched to procuring 100% renewable electricity at all facilities we operate in Germany and Austria (representing over 95% of total electricity consumption)
- **2021:** Continued the switch to LEDs throughout our facilities

WHAT WE'RE WORKING ON:

- Reducing unwanted returns by detecting and fixing causes, for instance by providing improved size guidance to customers on our mobile app and further improving the quality of product information
- Installing solar panels on the roof of our logistics center in Pöding, Germany
- Ensuring our smaller facilities outside the DACH region, as well as all future facilities, will also be powered with renewable electricity
- Developing our complete corporate carbon footprint as a foundation for setting emission targets



FOCUS AREA VI

Care for our talent

Our roots are those of a family-owned business. We deeply care about our people and are proud of our welcoming and supportive culture. BestSecret is developing at a very fast pace, and while this is a time of opportunity and learning for the company, it also means that we have to take special care of all our employees during this process of change and build new support structures that fit our changing company.

There were no material workforce incidents within the last three years.

>50%
female
employees

Colleagues
from
>80
different
nations

Our employees

	2021	2020	Change
Employees (average headcount)	1,792	1,815	–1%
New hires ¹	676	220	207%
Leavers ¹	452	469	–4%
Share of employees under 30 ¹	24%	25%	–4%
Share of employees between 30 and 50 ¹	51%	50%	2%
Share of employees over 50 ¹	25%	25%	—

Employee figures reported do not include interns or working students. Additional temporary subcontract workers, who help us manage peak times, vary throughout the year.

¹ Based on year-end headcounts



Gender diversity 2021

	Female	Male
Advisory Board	14%	86%
S-Team (1st Management Level)	17%	83%
Extended S-Team (2nd Management Level)	40%	60%
General workforce	56%	44%

Based on year-end headcounts

Diversity, equity & inclusion (DEI)

We are proud to have a workforce that is >50% female and to employ colleagues from over 80 different nations. The fashion industry has traditionally been a career path for an above-average number of women and minority workers (particularly in logistics), yet both remain underrepresented in leadership circles. This is also the case at BestSecret. We are committed to further increasing diversity, equity and inclusion at our company and are planning several employee-facing DEI initiatives for 2022. As part of this, we will continue our efforts to strengthen our inclusive hiring processes and to hire more female leaders, especially on our highest leadership levels. We will also implement a job grading system as foundation for equal pay and build a framework for establishing Employee Resource Groups. Read more about our customer-facing DEI projects [↗ HERE](#).

WHAT WE'VE ALREADY ACHIEVED:

- **2021:** Over 50% of our employees were female
- **2021:** Employees from >80 different nations worked at BestSecret

WHAT WE'RE WORKING ON:

- Developing a detailed approach for more inclusive hiring
- Implementing a job grading system as foundation for equal pay
- Implementing inclusive language guidelines
- Developing a framework for Employee Resource Groups



Employee engagement

Employee engagement is very important for us, especially in times of change. Members of our Senior Leadership Team regularly host town hall meetings open to the entire workforce where employees are transparently informed and can ask questions about new developments or any other business or BestSecret-related topic. Since the beginning of the pandemic, these events have been virtual as our so-called “Walk the Talk” sessions.

>70%
participation
rate in employee
survey

~75%
would recommend
BestSecret as an
employer

In 2021, we conducted our first two biannual company-wide employee surveys. In the second one, all employees (without operational logistics) were invited, including those with only private email addresses. With a participation rate of over 70%, the surveys revealed great alignment of our employees with our corporate strategy and highlighted that employees felt they had opportunities for learning and making an impact, and that they were supported and allowed to make mistakes. Almost three-quarters of employees surveyed stated that they would recommend us as an employer. The surveys also revealed that we can still improve in enabling across-team collaborations, work-life balance, and appreciation. We take our employees' feedback very seriously. As an immediate response, concepts for effective prioritizing and updated meeting guidelines are already underway. We will continue to conduct our employee survey on a regular basis.

WHAT WE'VE ALREADY ACHIEVED:

- **2021:** Conducted two employee engagement surveys
- **2021:** Regular Town Hall meetings, hosted by Senior Leadership members

WHAT WE'RE WORKING ON:

- Monthly Pulse Surveys for 2022
- Advancing the implementation of initiatives identified based on the 2021 Employee Engagement Surveys



Talent growth

We are committed to fostering an environment, where growth and learning is part of everybody's DNA and embedded in everything we do. This is crucial for attracting, retaining and promoting the best and brightest talent. With several obligatory as well as elective training and development opportunities already in place, we are now working on a more comprehensive and targeted talent growth strategy. In doing so, we are putting particular emphasis on cultural and leadership values and leadership skills. Initiatives of the year ahead include defining our core values, and strengthening our promotion and evaluation process, for instance by introducing promotion panels, which lead to more impartial and objective evaluations when determining eligible candidates.

WHAT WE'VE ALREADY ACHIEVED:

- **Since 2017:** Named Top Apprenticing Company by the German Chamber of Industry and Commerce (IHK)
- **2021:** Offered leadership training to new leaders
- **2021:** Held several Tech Days, featuring external speakers, dedicated entirely to training and development for employees in tech
- **2021:** Offered German and English language classes to all employees in logistics and administration
- **2021:** Implemented a development center for Seniors in logistics
- **2021:** Introduced "Our Dialogue"—yearly performance review and development talks for employees in Administration

WHAT WE'RE WORKING ON:

- Strengthening performance review and promotion processes
- Introducing a values framework
- Fostering a feedback and appreciation culture with our leaders
- Setting up a development center for Area Managers in logistics
- Defining KPIs that allow us to measure our progress



Health and safety

The health and safety of our employees are our utmost responsibilities. As part of the onboarding process in logistics, each employee receives general occupational health and safety training for the site before starting work. Further instructions, such as the handling of forklift trucks, conveyor technology, and correct and safe picking and packing, are also held in the departments. We monitor occupational accidents closely and are currently in the process of implementing a certifiable system environment (E)HS program based on DIN45001 for the entire company. Most accidents occur in logistics and are related to workers accidentally tripping and falling or bumping or crashing into obstacles. There were no significant occupational accidents in 2021 or in the last three years. However, accidents increased in 2021 and we will focus on reinforcing training measures in 2022.

0 significant occupational accidents in 2021 or in the last three years

WHAT WE'RE WORKING ON:

- Implementing a certifiable system environment (E)HS program based on DIN45001 for the entire company
- Updating and intensifying training and instruction activities for all employees
- Integrating new H&S guidelines into the update of our Code of Conduct
- Planning a company-wide Health Day for 2022

Health and safety

	2021	2020	Change
Reportable accidents (at least three days lost)	18	12	50%
Lost days	520	133	291%
Fatalities	0	0	—
Employees (average headcount)	1,792	1,815	–1%

Imprint

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B E S T S E C R E T