



SUSTAIN ABILITY REPORT 2018/2019

BRANDS 
SOCIAL. GREEN. FASHION.

Brands Fashion GmbH

Müllerstraße 11

21244 Buchholz i.d.N.



Cover: Workers of SAGS Apparels, Tirupur, India

Dear Readers,

Sustainability is not subject to trends. Indeed, sustainability is the product of a mindset impacting both business and one's personal life. The responsibility for change lies with us all! This is why as early as 2012, Brands Fashion decided to turn sustainable action into a cornerstone of its mission statement. This is how we push for change in the textiles industry in order to attain a more social, fair and resource-saving model.

Eight years later, we are glad to see that many of our clients believe in our future-oriented approach. Every day, we tirelessly work towards integrating sustainability into the global value-added chain for all our partners, linking it to the economic side of the business.

The choice of production partners with whom we work is fundamental. This means that we seek fitting manufacturers in Asian supply countries and encourage and support them to reach our common goals.

It is crucial to look for room for improvement not only in the sewing facilities themselves but also throughout the entire textile value-added chain. Knowing our partners' strengths and weaknesses and our joint desire to overcome challenges are decisive for sustainable success, hence the message: know your supplier!

A transparent supply chain and joint efforts to make positive social and ecological changes are prerequisites for a more sustainable textile industry.

The complexities of textile production are well-known: the supply chains are international and multifaceted. This, however, cannot serve as an excuse not to refuse any changes and maintain the status quo. If we want to see progress, we must explore new routes, even if these require great effort and the results are not immediately visible.

In this Sustainability Report, we document the progress made in our projects in the 2018/2019 period. Every project reflects our endeavours towards positive change, even if we encountered some hurdles along the way. Every project pushes us forward, allowing us to engage even more and with greater confidence.

The launch of our *Cradle to Cradle*® project is worthy of mention because it has allowed us to integrate the circular textile economy. We have also dedicated some effort to a recycling scheme based on the recovery and recycling of pre-worn textiles. To summarise: the circular economy is a priority on our "Sustainability to-do list"!

Since our very inception, we have always aimed to produce high-quality, fashionable textiles for our clients in Europe and the USA in line with the highest social and ecological standards, mainly in the Far East.

We look forward to your continued loyalty. Let us continue moving forward together!

Enjoy the report!

Silke Rosebrock & Mathias Diestelmann
(The Brands Fashion Management Board)



Brands Fashion GmbH business profile and structure

Brands Fashion is a market leader for sustainable workwear in Europe. Since 2002, we have provided numerous products for well-known companies in Europe and the USA, including workwear, corporate fashion, private label collections and promotional merchandise articles, such as shirts and blouses, softshell clothing for women, men and children, baby textiles, bags, socks and stockings and even items for the catering industry. Moreover, since 2019, we have extended our product portfolio to offer non-textile promotion articles. Our clients include large health/beauty and food store chains, sports and environmental organisations, as well as petroleum and petrol station groups. Our European headquarters are located in Buchholz (Nordheide), close to Hamburg. The USA headquarters are located in Charlotte, North Carolina.

Jebsen & Jessen Textil KG, with Michael Schwaegerl at its head, is our strategic partner and majority shareholder. Co-founder and minority shareholder Ulrich Hofmann was Chief Executive Officer (CEO) for Design, Product Development, Sustainability and Finance until the end of the period covered by the present report. Silke Rosebrock is part of the Management Board and is responsible for Sales and Customer Management. Finally, Mathias Diestelmann is in charge of Procurement, Logistics, Quality Control and IT. At the beginning of 2020, Mathias Diestelmann became the CEO of Brands Fashion GmbH, taking over from Ulrich Hofmann, who became Advisory Board Chair. Hendrik Lohkemper has been the Managing Director of Brands Fashion US Ltd since

2017, when the American branch of the company was opened.

Brands Fashion is also a majority shareholder of Clothing Network GmbH. The company specialises in the product development of high-quality sports and performance wear. Its headquarters are located in Grabenstätt on Lake Chiemsee. In 2019, Brands Fashion and Scan-Thor, a Danish company, joined forces to launch GoJungo GmbH, which focuses on offering multiple services in e-commerce.

We have additional warehouses in Germany, in Zachow, near Schwerin, and collaborate with manufacturing partners in Turkey, Poland and Portugal. The company's office in Buchholz, near Hamburg, was awarded TÜV ISO 9001 certification in 2009, *Global Organic Textile Standard (GOTS)* certification in 2016, *Forest Stewardship Council® (FSC®)* certification in 2016, *Global Recycled Standard (GRS)* certification and *Organic Content Standard (OCS)* (CU830374) certification in 2018. In September 2019, we were successfully audited by TÜV Nord to receive the "Green Button".

In the Far East, Brands Fashion has enjoyed long-standing business relationships and partnerships with reliable producers in Bangladesh, India, Indonesia, Pakistan and China. Five employees are responsible for quality control at our site in Buchholz. They work closely with auditors such as Hohenstein, Bureau Veritas, SGS and Hanse Control in Germany and in the source countries. Our sister company, Triton Textile Ltd, headquartered in Hong Kong, is in charge of sustainable procurement, quality control and compliance on the Asian market.



Brands Fashion organisation chart

Company history

Since its inception, Brands Fashion has always focused on the production of textiles. In **1996**, Henning Brandt, a businessman from Hamburg, and the textiles specialist Kersten Kruse founded the textile embroidery and printing company Brands Polska sp. z o.o. in Somonino (near Gdansk), Poland, to manufacture products for the German and Polish markets. The manufacturing facilities were continually expanded to include various finishing techniques. In addition, a small textile manufacturing plant was set up. Today, Brands Polska operates under the leadership of Kersten Kruse and employs approximately 80 workers.

In **1997**, Brands Fashion got its first workwear client, followed by its first full-service merchandise client in **2000**.

In **2002**, Henning Brandt met Ulrich Hofmann. Along with Kersten Kruse, they founded Brands Corporate Wear GmbH & Co. KG (now Brands Fashion GmbH), a textile trading and service company. Brands Fashion increasingly focused on services and logistics, and in **2009**, it was awarded ISO 9001 certification.

In **2010**, Brands Fashion participated in an early stage of the European *Business Social Compliance Initiative (BSCI, now known as amfori BSCI)*. The BSCI provides businesses with a code of conduct to support them in their efforts to establish ethical supply chains.

In **2011**, Henning Brandt and Ulrich Hofmann met the textiles manufacturer Ganesh Anantharaman in Southern India. The three men decided to partner up to create a *green supply chain* for t-shirts, polo shirts and sweatshirts. They

visited numerous sub-suppliers in order to select adequate providers and they struck agreements with several cotton cooperatives that focus on the production of organic cotton. Today, these supply chains are fully transparent, and they can be checked thanks to Brand Fashion's "*Trace My Shirt*" tool.

In **2013**, the Sustainability Department was founded under the leadership of Kerstin Hofmann. Today, it has a staff of four.

Brands Fashion in Germany and Brands Polska were among the first European textiles companies to receive *GOTS* certification in **2014**.



In addition, that same year, the SHIRTS FOR LIFE (SFL) fashion label was launched. The goal was to support an educational project in Asia by means of the donation of 1 euro per SFL product sold. Today, for the main part, the collection is certified by *Fairtrade*, *Green Button* and *GOTS*. Moreover, since 2020, clients can request that parts of the collection be produced according to the principles of a circular economy (***Cradle to Cradle Certified™ Gold***).

In **2016**, Brands Fashion doubled its office space to approximately 2,000 square metres and built a third warehouse covering approximately 2,000 square metres in Buchholz. This new facility houses a semi-automatic *pick & pack* operation for over 25,000 article positions, covering several floors.

In **2017**, the Jebesen & Jessen Group became a majority shareholder at Brands Fashion and the branch in the USA was opened.

In **2018**, Brands Fashion ranked second in the “*Producers*” category for the *Fairtrade* Award. Brands Fashion is the second largest manufacturer of *Fairtrade*-certified workwear in the world.

One year later, the new Promotion Department was set up, extending the company’s portfolio to include *Social.Green.Promotion*. products. That same year, the new sister company GoJungo GmbH was founded. In **2019**, Brands Fashion became the very first company to be successfully audited to

receive the first textile certification issued by the German Government, the “*Green Button*”. Brands Fashion also pushed forward with the development of its very own ***Cradle to Cradle Certified™*** collection.

Sustainability as a core value

Brands Fashion offers full services to its clients: from creative design and market-oriented product development all the way to global logistics and online store solutions. The specific demands of our clients always stand at the centre of our actions. We strive to ensure entirely sustainable supply chains.

In Germany, the textiles and clothing industries are one of the largest consumer goods branches. Sustainability is a highly relevant factor in these industries, and it is continually gaining ground as the core of industry-related debates. This is due to the fact that the textiles branch faces specific challenges resulting from its widely globalised supply chain, the resource-intensive production of raw materials and other manufacturing processes. In addition to existing independent movements, disasters such as the collapse of the Rana Plaza building in Bangladesh in 2013 led to the launch of more politically driven initiatives, such as the German Government’s Partnership for Sustainable Textiles, for example. Development Minister Gerd Müller, who initiated it, also demands that legislation on supply chains to be drawn up, setting minimum social and ecological standards that would be binding for businesses. In 2020, the importance of mi-

nimum social standards and responsible action throughout the entire value-added chain has gained visibility as a result of the global COVID-19 pandemic and the challenges it entails. Many western textile businesses cancelled their orders, resulting in workers no longer being paid or not benefitting from a furlough scheme.

The challenges we face in the establishment of a more sustainable supply chain are wide-ranging, complex and diverse. This is why we focus on a holistic sustainability strategy.

Under the leadership of Ms Rabea Schafrick, the Sustainability Team mainly deals with issues relating to ecology (especially chemicals management), the circular economy, social standards, certified supply chains, sustainable product development and sustainability communication. Between 2013 (the year of its creation) and December 2019, the Sustainability Department was managed by Ms Kerstin Hofmann.

The entire Sustainability Team reports directly to the Brands Fashion Management Board. Silke Rosebrock and Mathias Diestelmann have already managed to convince many clients and suppliers to use *Fairtrade* or *GOTS*-certified cotton and other sustainable alternatives, as well as the company’s innovative textile design concepts for their workwear or merchandise clothing. The Sales Team supports the Sustainability Department by communicating information about the need to promote the circular economy due to dwindling resources and the ever-increasing environmental damage caused by the

textile industry. By doing so, the Sales Team is able to motivate customers to change their minds.

Co-founder Ulrich Hofmann is responsible for defining sustainability as a cornerstone of Brands Fashion's business. Not only does he believe that this is a future-proof market, but he is also deeply convinced of its importance, proof of which can be seen in our own fashion brand SFL.

The Sustainability Department focuses on the company's entire value-added chain, thus interlinking the processes of the various departments. When developing a new product, the Sustainability Department provides input concerning sustainable materials, manufacturing processes and potential suppliers from the very beginning.

When sourcing a new supplier, the Department ensures that it complies with the company's standards and provides the Procurement Department with an assessment of the sup-

plier in question. A large part of the Sustainability Department's work lies in the support and qualification of suppliers vis-à-vis certifications and improvement measures.

At item level, this Department checks in the inventory management system that every certified product complies with all identified sustainability criterion listed. Following the checks to assess whether the supplier is certified for that particular product and after having fully mapped the supply chain, the item is approved and can be ordered in



The Sustainability Team (left to right): Annekatriin Mohr (Certified Supply Chains), Maret König (Sustainability Communication), Kalina Magdzinska (Ecology), Rabea Schafrick (Social Standards), on maternity leave, not on the picture: Anna Johannsen (Sustainable Product Development)

We strive to commit to a holistic circular textile economy, from the use of sustainable materials and the respect of ecological and social standards throughout our supply chains, all the way to resource-friendly packaging and textile recycling schemes. We also implement measures in our own facilities to promote environmentally friendly habits and raise awareness for responsible action. With our suppliers and clients, we aim to continue moving forward and demonstrate that sustainability in the textile industry is indeed possible.

accordance with the corresponding sustainability criteria.

The Management Board's clear commitment to sustainability raises awareness of the matter across all the company's departments. The Sustainability Team deals with all sustainability-related issues and provides the necessary support.

Moreover, we regularly report on our efforts and experiences at round tables with the Partnership for Sustainable Textiles, presentations at universities or project days in schools, with the aim of raising awareness among the public and providing an incentive to change.

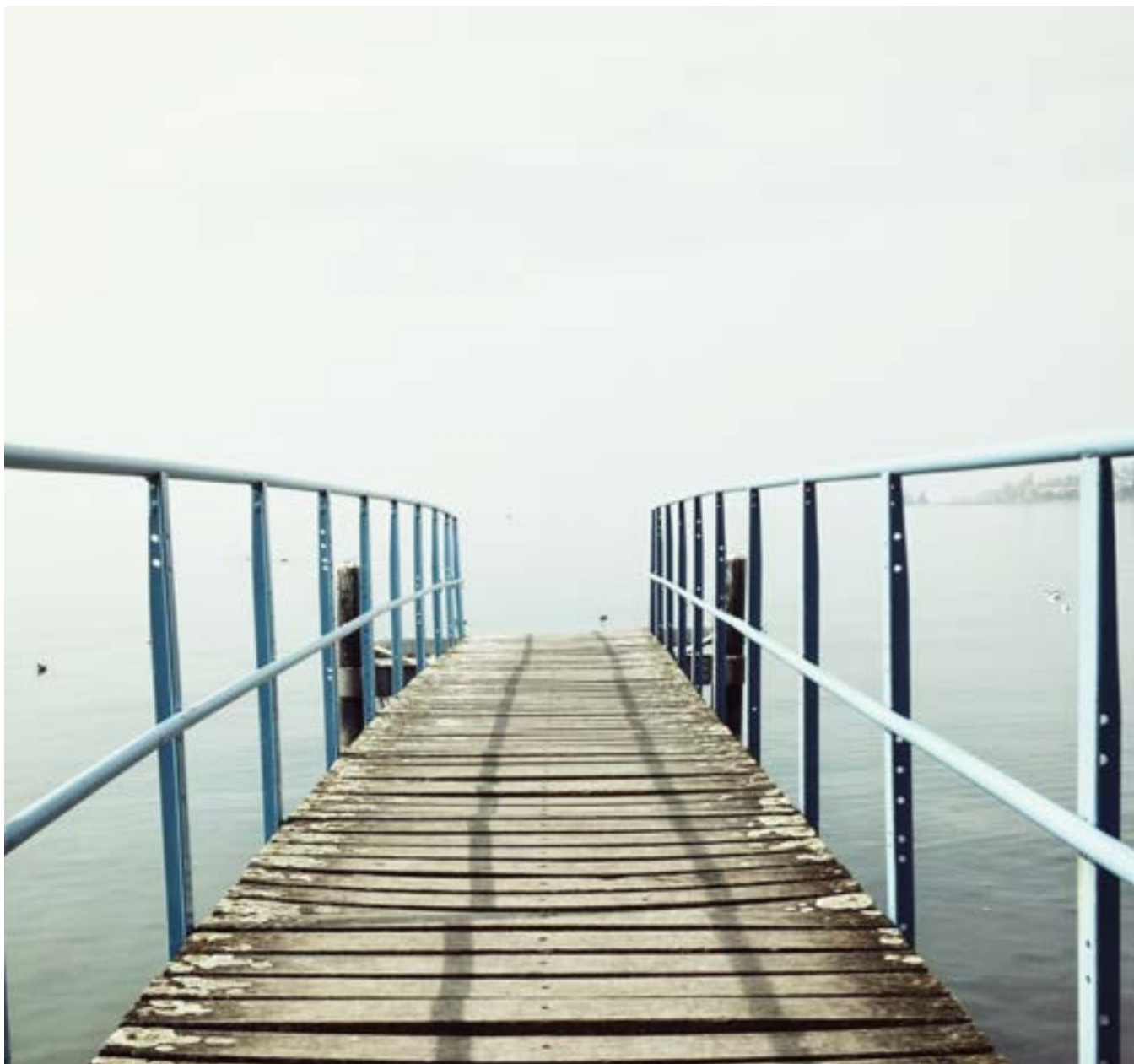


Organic cotton at one of our cooperatives in Gujarat, India

Report structure

As in past reports, we provide in-depth information on our sustainability efforts and commitment in the four fields of action identified by the company: *materials*, *initiatives*, *supply chains* and *company site*. We then give an overview of the activities planned for 2020 under the “Mission 4 Tomorrow” banner. The numerous labels available are often confusing, so we provide a clear summary of all the sustainability labels and certificates we use for *materials* in this report.

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The United Nations' Sustainability Goals

The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015. They currently provide the framework for sustainable development until 2030 in the global community. There are 17 goals and 169 sub-goals for governments, the economy and civil society, all demanding measures to overcome social, ecological and economic challenges. In order to attain the SDGs by 2030, all players must contribute to fighting global issues such as poverty, hunger, access to education, inequalities, unsustainable consumption and production, as well as the loss of biodiversity. The goals and targets are not considered independent from each other and must be viewed as a whole.

As an international company operating in a resource-intensive branch, we are aware of our duty to contribute to reaching the SDGs, mainly by means of our sustainable core business.

We have published information about the measures and projects implemented in the different fields to attain these goals on our company website. In this report, we provide data on our efforts in the fields of action defined above. As an illustration, one SDG and our related corporate activities to achieve sustainability are explained in detail for each field of action.

	End poverty in all its forms everywhere		Ensure access to affordable, reliable, sustainable and modern energy for all		Take urgent action to combat climate change and its impacts
	End hunger, achieve food security and improved nutrition and promote sustainable agriculture		Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all		Conserve and sustainably use the oceans, seas and marine resources for sustainable development
	Ensure healthy lives and promote well-being for all at all ages		Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all		Reduce inequality within and among countries		Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
	Achieve gender equality and empower all women and girls		Make cities and human settlements inclusive, safe, resilient and sustainable		Strengthen the means of implementation and revitalize the global partnership for sustainable development
	Ensure availability and sustainable management of water and sanitation for all		Ensure sustainable consumption and production patterns		

MATERIALS



Sales trends in the industry

The turnover of the German clothing industry totalled approximately 7 billion euros in 2018, 5 % less than the previous year. In 2019, the turnover was about 6.8 billion euros, a 3 % drop from the previous year.¹ The turnover of German manufacturers of workwear has increased continually over the past years, though, going against the overall clothing industry trend. In 2018, the former's turnover amounted to 620.82 million euros, 5.8 % more than in 2017. Over the reporting period for 2019, the industry made a turnover of 649.98 million euros, a 4.7 % increase compared to the previous year.²

Assessment of sustainable fibres

Our aspiration to manufacture socially and environmentally friendly products offers us an opportunity to differentiate ourselves, thus future-proofing our company. Our overall sustainability strategy goes hand in hand with our business strategy: we aim to be a market-leader in sustainable, green and fair workwear, penetrating the European and American markets further.

Cotton remains (at least for the moment) our most important and commonly used raw material. This is in part due to the

properties of the material itself: it is particularly well-suited to workwear. Cotton fibre is very resistant both when dry and wet; its resistance to abrasion is high; its elasticity is low and it does not crease much; it absorbs moisture well and has a high level of heat resistance (it can be washed in hot water up to 95°C).³ In addition, customers' demands for natural fibres is still very high, especially cotton. Our demands for fair and environmentally friendly production are ambitious, so we focus as much as possible on sourcing a large part of our materials from organic cotton grown by farmers receiving a fair wage, in a chain in which all other parties are fairly paid too.



SDG 12: Sustainable consumption and production patterns

When selecting materials, Brands Fashion always integrates the aspect of sustainability in its assessment and seeks environmentally friendly alternatives. We are increasingly taking into account the entire life cycle of products. We place

great emphasis on the chemicals used in the textile wet processing stages, the resulting waste and its disposal. Our thresholds for the usage of chemicals in textile production are very strict, some of which are certified by *GOTS* or *GRS*. By doing so, we are actively supporting the attainment of SDG 12 (i.e. the promotion of sustainable consumption and production) on the 2030 Agenda.

Our focus on more efficient resource management reflects the aim of sub-goals 12.4 and 12.5. In order to achieve these sub-goals, we are increasingly turning to resource-efficient manufacturing procedures. Brands Fashion aims to continue to reduce water consumption in the dyeing processes and to increase the share of renewable energies in the manufacturing processes. Our **Cradle to Cradle Certified™ Gold** collection reflects our desire to follow a “Reduce, Recycle &

Reuse” approach by offering a fully circular solution.

SDG 12.4: By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

SDG 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.

¹2020, Statistisches Bundesamt: <https://de.statista.com/statistik/daten/studie/160277/umfrage/umsatz-der-bekleidungsindustrie-deutschlands-seit-2005/>.

²2020, Statistisches Bundesamt: <https://de.statista.com/statistik/daten/studie/291350/umfrage/umsatz-der-deutschen-hersteller-von-arbeits-und-berufsbekleidung/>.

³2006, Meyer zur Capellen, Thomas: Lexikon der Gewebe, 3. Auflage.

The *Global Organic Textile Standard (GOTS)* and the *Fairtrade Cotton Standard* are the two certification systems that we primarily use as benchmarks. *Fairtrade* has the greatest impact on cotton farming. *GOTS* is implemented from the next step onwards, i.e. the ginning of the cotton, applying to the ensuing steps all the way to our own company's logistics. The more *GOTS* and *Fairtrade*-certified items we sell, the greater the level of transparency throughout the supply chain.

"By using *Fairtrade*-certified organic cotton, we contribute to the protection of both the environment and humankind, ensuring that cotton farmers get a fair wage. Along with our customers, we endeavour to manufacture products that are as sustainable as possible, from the usage of sustainable materials all the way to safe dyeing techniques and environmentally friendly prints and accessories." (Anna Johannsen, Sustainability Department – currently on maternity leave)

According to calculations made by the Textile Exchange non-profit organisation, organic cotton farming produces approximately 978 kg of CO₂ per 100 kg of cotton fibre, compared to 1,808 kg of CO₂ in the case of conventional cotton farming. Organic cotton is watered mainly using rainwater, so the need for artificial irrigation only amounts to 182 litres, whereas non-organic cotton requires 2,120 litres. In total, organic cotton farming needs about 14,000 of water per kilogram of cotton lint (i.e. cotton after ginning). According to its life cycle assessment, organic cotton can save up to 91 % in terms of water consumption and 62 % of energy, as well

as cut field emissions up to 70 % and nitrogen up to 26 %.

Textile Exchange has stated that compared to 2016/2017, the global production of organic cotton in 2017/2018 increased by 56 %, but still only represents a small proportion of overall cotton production (0.7 %).⁴

Cotton from organic farming

Cotton articles or items composed partially of cotton represent a large proportion of our product portfolio. In 2018, Brands Fashion purchased around 6,000 tonnes of raw cotton to manufacture its products. In 2019, this figure was over 7,000 tonnes. In 2018, approximately 47 % (i.e. 2,700 tonnes) of the cotton purchased originated from certified organic farming, and 16 % came from *Fairtrade*-certified sources (over 900 tonnes). In 2019, we were able to increase our certified organic farming cotton share to around 70 %, i.e. 5,200 tonnes. The *Fairtrade*-certified share amounted to 19 %, i.e. 1,400 tonnes.

Global Organic Textile Standard-certified articles

In 2018 and 2019, Brands Fashion's cotton article balance was satisfactory: about 44 % of all the company's cotton articles contained minimum 70 % of *GOTS*-certified cotton. In 2019, this proportion rose to 73 %. These figures reflect how much we value sustainably produced raw materials and environmentally friendly and fair processes.

At the end of the report period for 2018, Brands Fashion had a total of 33 *GOTS* clients, an increase of 9 clients compared to the previous year. In 2019, the number of *GOTS* clients rose by 25, totalling 58 clients that purchase *GOTS*-certified products from our company – a fact that we are proud of.

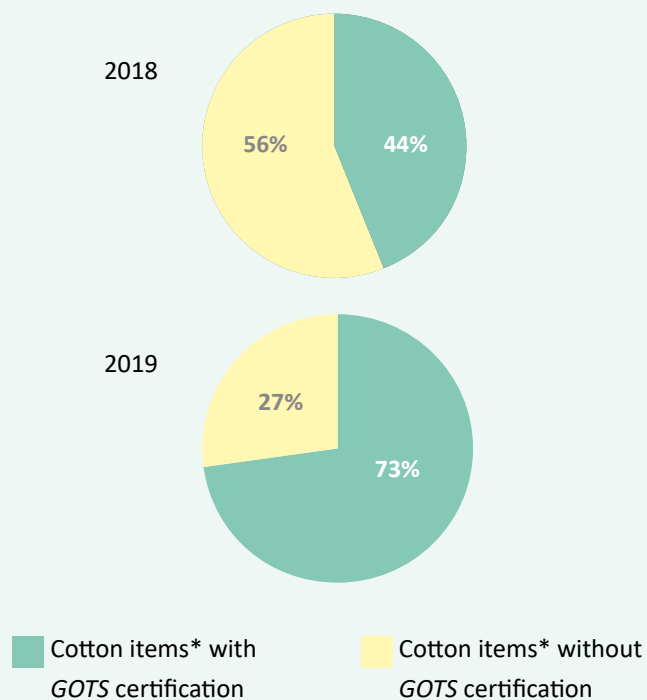
Practically 80 % of the purchase value of *GOTS*-certified articles in 2019 stemmed from clients in the food retail sector, and close to 10 % from football clubs. The remaining 10 % originated from health/beauty store chains, environmental organisations, private labels, DIY chains and others.



⁴2019, Textile Exchange: [Organic Cotton Market Report 2019](#).

Our staff clothing and workwear sales totalled approximately 80 % of *GOTS* articles sold, representing the largest share of our income, promotion and merchandising articles amounted 14 %, and trade articles and private labels to 6 %.

Comparison between cotton items* with/without *GOTS* certification



Fairtrade Cotton Standard-certified articles

About 15 % of all the company's cotton articles contained minimum 50 % of *Fairtrade*-certified cotton in 2018. In 2019, Brands Fashion was able to increase this share to 30 %.

At the end of the 2018 reporting period, we had a total of 23 *Fairtrade* clients, i.e. 7 clients more than in the previous year. In 2019, the number of *Fairtrade* clients rose by 8, totalling 41 clients that purchase *Fairtrade*-certified products from our company.

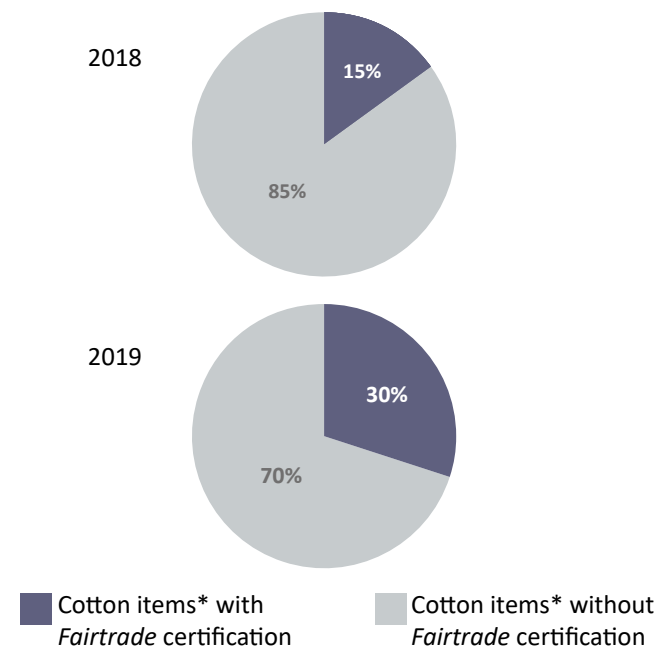
40 % of the purchase value of *Fairtrade*-certified articles in 2019 originated from clients in the food retail market, 22 % from football clubs, 17 % from environmental organisations, 10 % from private labels and 11 % from others.

Our staff clothing and workwear sales totalled approximately 46 % of *Fairtrade* articles sold, representing the largest share of our income, promotion and merchandising articles amounted to 14 %, and trade articles and private labels to 40 %.

In total, since 2017, Brands Fashion has purchased 4.6 million *Fairtrade*-certified articles and processed around 8,300 tonnes of raw cotton, generating nearly 420,000 euros in *Fairtrade* premiums. During the reporting period alone, we generated over 100,000



Comparison between cotton items with/without *Fairtrade* certification



euros, allowing us to cover a large part of the Rapar and Dhrangadhra Farmers Company (RDFC) cooperatives' costs, amongst others. The RDFC has 800 farmers, 80 % of whom are small-scale producers. This organic and *Fairtrade*-certified cooperative is located in Gujarat in Northern India, one of the largest cotton farming regions in the country.

*Cotton items with a minimum cotton content of 50 %



Images of RDFC *Fairtrade* cotton plantations in Gujarat, India

Topic	Investment	Benefitting Stakeholder	Costs in €
Business Development	Upgrade of administration infrastructure	Cooperative	47,130.84
Farming	Quality assurance and self-sufficiency in seeds, vegetable crops on site, product design	All 800 farmers and workers	475.42
Infrastructure	Upgrade of bridges and roads	All 800 farmers and workers	1,230.88
Water	Drip irrigation in order to reduce water consumption	Approx. 13 farmers received capital to implement the measures	592.02
Training	Training and awareness-raising	Approx. 600 farmers took part in the training courses	76.13
Training	Sale of cotton bags in order to raise awareness	All 800 farmers and workers	1,942.08
Education	IT equipment for the local school	Over 100 children	2,107.74
Economic Development	Direct payout of Fairtrade primes and organisation of the general meeting	All 800 farmers and workers	23,097.73
Total expenses of the cooperative in 2018/19:			76,652.84

With approximately €42,000 in generated premiums, we were able to fund more than half of the cooperative's total expenses

For our commitment to the promotion of *Fairtrade*-certified cotton, we were presented with a *Fairtrade* Award in March 2018.

***Fairtrade* Award 2018 in the “Producers” category**

At its inception, Brands Fashion decided to make its contribution to the improvement of ecological and social standards in textile production a primary goal. *Fairtrade* is already very successful in the sales of coffee, roses and food.

The *Fairtrade* Awards jury re-warded Brands Fashion with the second prize in the “Producers” category in 2018. By means of this nomination, the TransFair e.V. non-profit organisation rewards companies for their profound commitment to fair trade. We were the only textiles company to have been selected, motivating us even further to implement *Fairtrade* ecological and social standards. Ulrich Hofmann and Silke Rosebrock collected the award in Berlin on 21 March 2018. We are proud of this achievement and see it as an incentive spurring us on to further root these standards in the field of textiles.





Visit to the RDFC *Fairtrade* Cotton Cooperative: Anna Johannsen (Sustainability Department) & Kerstin Hofmann (former Head of the Sustainability Department) with *Fairtrade*

Recycled polyester

In 2018 and 2019, we integrated over 600 tonnes of polyester (PES) into our articles. The proportion of recycled PES in 2018 was lower than 1 %. In 2019, it rose to 2 %. Recycled PES is subject to criticism, however, and we are also analysing the pros and cons thereof. In comparison with conventional PES, we believe that recycled PES from certified supply chains remains a good alternative, hence why we would like to increase its usage in our products.

What is recycled polyester?

Currently, most textiles in the world are produced from PES.⁵ Polyester fibre dries quickly, it is light, hard-wearing and doesn't crease much.

Despite the many advantages to this material, one must bear in mind that it is a synthetic fibre that is produced from fossil fuels. The issue of dwindling raw oil sources is paramount: it is a finite, non-renewable raw material.

This is why we recommend the usage of recycled PES for products that cannot integrate natural fibres due to the articles' expected performances. Brands Fashion has already managed to substitute conventional PES for recycled PES in many projects, thanks to the collaboration between the Sustainability Team and the Sales Team. For example, during the reporting period, high-quality jackets and lanyards were manufactured with PES waste and a mixture of PES

and organic cotton was used to produce hoodies.

Appropriate material is collected, cleaned and sorted at the beginning of the recycling process. Following this step, textile cuts, PET bottles or rags are washed, shredded and transformed into granules. Then the granules are melted and spun into a new yarn that can be processed in the same manner as conventional PES.

A distinction between *pre-consumer* and *post-consumer* recycled PES is made, depending on the origin of the recycled material. *Pre-consumer* recycled PES is produced during the manufacturing process (e.g. during cutting) and *post-consumer* recycled PES is generated from products that have been already used (e.g. empty PET bottles or pre-used clothing items). The ultimate objective should always be to improve the industrial processes so that as little waste as possible is produced. In order to promote the circular economy, it makes sense to continually increase the proportion of *post-consumer* recycled products.



⁵2019, Textile Network: <https://textile-network.de/de/Technische-Textilien/Fasern-Garne/Jahresprognose-weltweite-Faserproduktion-2018>.



Advantages

The more recycled PES is used, the less dependent the manufacturing company becomes on the global oil market. In addition, energy and water consumption as well as waste are all minimised.

However, we believe that the simple exchange of one raw material for another is insufficient. In our opinion, when using recycled PES, it is crucial to assess, monitor and improve working conditions throughout the supply chain. The same must be done regarding the use and handling of chemicals, with the aim to offer a sustainable alternative to conventional PES. The *Global Recycled Standard (GRS)* bans the usage of hazardous substances, provides limits in terms of wastewater and requires continual improvements to wastewater management. All manufacturing companies across the value-added chain are audited on an annual basis and hold independent certificates.

Thanks to a binding standardised system, *Textile Exchange* provides *GRS* labels and ensures transparency throughout the supply chain, checking the product contents to verify the quantities of recycled fibres and identifying *pre-consumer* and *post-consumer* proportions in the final products. Brands Fashion regards the GRS as a best practice, always preferring this system over others due to its rigorous due diligence methods.



Critical assessment

When assessing textiles made from recycled polyester, it is important to bear in mind that their quality may be lower due to the inferior physical properties of the materials. For instance, at the design stage already, it is important to consider that fibres made purely out of recycled PES are more appropriate for fleece and the colours of the final products cannot be too light. Some studies have concluded that the quality of the final products diminishes as the recycling process is repeated.⁶ Others even state that materials made from recycled PES cannot be recycled themselves. This means that there is a risk of *downcycling*. However, when choosing the fibre, it is crucial to consider the clear advantage that waste is used as a raw material instead of fossil fuels.

⁶2018, Fashion United: <https://fashionunited.de/nachrichten/mode/wie-nachhaltig-ist-recyceltes-polyester-wirklich/2018120330207>.

Overview of sustainability labels and initiatives

Various sustainability labels have already been mentioned in the previous sections. Brands Fashion complies with a number of labels and certificates. The emphasis from one label to the other is not always easy to identify, hence this overview with basic information for each one of them. Initiatives in which we take part are also listed.

As a rule of thumb, labels and initiatives can be distinguished on the basis of environmental  and social standards,  but some focus on both. The *Fairtrade* Textile Standard concentrates primarily on social aspects, although it also sets some ecological requirements forth for companies wishing to be certified. The labels and initiatives have been listed in accordance with their social and/or ecological orientation.

Moreover, the requirements of the standards differ. The criteria may apply to either the products or to the company. Here too, some labels or initiatives combine several aspects, such as the *Green Button*. Both products and the company are checked by independent certifiers according to the criteria.

Labels and certificates

Global Organic Textile Standard (GOTS)

The *GOTS* guarantees the sustainable manufacturing of textiles, starting with the very first step of the process with the usage of organic, natural raw materials all the way to environmentally friendly and socially responsible production processes.



We consider the holistic approach adopted by the *GOTS* to be particularly positive, because it demands continual improvements. All certified facilities must set up an environmental management department, quantify water and power usage and define targets to minimise consumption, for instance. When implementing social management, the *GOTS* 6.0 requires that companies calculate the gap between given wages and a living wage. A concrete implementation strategy must be provided to determine how a garment manufacturer can reach the living wage, for instance.

Organic Content Standard (OCS)

This standard allows companies to measure the exact proportions of environmentally friendly materials in any given product, as well as follow developments throughout the production chain.



CU830374

Unlike the *GOTS*, the *OCS* does not set forth any requirements regarding chemical additives, nor guidelines for environmental management or corporate social responsibility. Depending on the percentage of organic materials in a given certified product, there is the “*OCS blended*” logo (minimum 5 % organic content) and the “*OCS 100*” logo (from 95 % to 100 % organic content). This standard provides a wide range of certification for products with a low proportion of cotton and bans the usage of genetically modified seeds.

*Fairtrade-certified cotton*⁷

The *Fairtrade* cotton label reflects stable minimum prices and the award of a *Fairtrade* premium with the aim of sustainably improving the life of cotton farmers. By buying *Fairtrade*-certified cotton, our company and clients are contributing to fair prices and good working conditions for producers in the Global South. We like to be able to show our clients exactly which cotton cooperatives receive the *Fairtrade* premium and to which projects it is applied. Amongst others, the *Fairtrade* premiums serve to train farmers in environmentally friendly practices, such as water-reducing measures, and to upgrade roads and bridges to improve transport.



⁷All products that are manufactured with **Fairtrade-certified cotton** are physically traceable and marked with the *Fairtrade* Cotton label.

Fairtrade Textile Standard⁸

The *Fairtrade* Textile Standard label aims to improve the working conditions of textile industry workers and ensure a gradual climb to living wages across the supply chain. In preparation for upcoming certification in the summer of 2020, during the reporting period, intensive training sessions and seminars were given to the workers throughout our entire value-added chain (ginning, spinning, knitting, dyeing, printing and assembly) and discussions were held regarding the introduction of living wages as part of a concrete plan.



Green Button

The *Green Button* is label for sustainably manufactured textiles issued by the German Government. To obtain the label, both the products and the company must comply with binding ecological and social criteria. Independent auditors audit the company to check whether all due diligence measures are respected. On the product level, ecological criteria apply, such as refraining from using hazardous chemicals and softeners or binding thresholds for wastewater, amongst others. The social criteria include the payment of minimum wages, compliance with working times and a

WIR FÜHREN PRODUKTE MIT DEM SIEBEL:



ban on child or forced labour.

The *Green Button* is awarded on the basis of existing labels. We use the *GOTS* and *Made in Green* labels in this case and thus guarantee compliance with the defined social and environmental standards throughout the supply chain.

Cradle to Cradle Certified™ on Gold level⁹

This label confirms that all materials in a given certified product are recyclable or completely biologically degradable. This helps create a circular system without waste. There are five levels to this label: “*Basic*” being the lowest, “*Platinum*” being the highest.

We work with this label because we are convinced of the importance of knowing which raw materials are used, that harmful chemicals should not be used, and that the materials should be 100 % recycled after use or returned to a natural state.



Ökotex Standard 100

Ökotex 100 is a product audit for textiles and accessories that excludes or limits the usage of specific chemicals or substances for raw materials and final products in order to guarantee consumer safety. *Ökotex Standard 100* is a good minimum requirement for healthy, harmless end products. Combined with *GOTS*, the *Ökotex Standard 100* is an ideal benchmark to restrict the types of chemicals used in products.



MADE IN GREEN by OEKO-TEX®

This label confirms that a product is free of harmful substances and was manufactured in environmentally friendly and socially acceptable conditions. Thanks to the product ID, consumers can trace the initial steps of the supply chain. Unlike the *GOTS*, in which the entire supply chain is verified, the *Ökotex Standard 100* focuses on the assembly and dyeing processes.



⁸The certification of articles by means of the *Fairtrade* Textile Standard will begin in 2021.

⁹All products that are *Cradle to Cradle Certified™* on Gold level are labelled as such. *Cradle to Cradle Certified™* is a licensed product standard issued by the Cradle to Cradle Products Innovation Institute..



Global Recycled Standard (GRS)

The GRS is a product standard that allows the traceability and monitoring of the proportions of recycled materials in a given final product. Strict requirements must be respected. This standard monitors the processing, manufacturing, packaging, labelling, trade and distribution of all the products that contain minimum 20 % of recycled material. We apply the GRS to products made of recycled polyester and are glad to know exactly where the old PET bottles in our rain jackets come from and how many were used, for example.



Forest Stewardship Council® (FSC®)

The FSC® is an international certification system aiming at more sustainable forest management. FSC®-labelled wooden packaging or other FSC® resources come from forests that are responsibly and sustainably managed. More and more customers want sustainable packaging materials. The FSC® label offers them a solution in the form of recycled material, e.g. new bands to wrap around our products.



VA total of 10,406,191 articles were purchased in 2019, of which 3,490,272 (about 34 %) were labelled as *sustainable* (i.e. those items have at least one sustainability label, e.g. organic or Fairtrade cotton, recycled PES or certified supply chains). In 2018, 1,930,173 articles (about 21 %) out of the 9,210,722 items purchased were *sustainable*.

Partnerships and initiatives

Amfori Business Social Compliance Initiative (BSCI)

The members of the *amfori BSCI* commit to monitoring their suppliers by means of external auditors, with the aim of improving social and labour framework conditions of workers in the production countries. Elements such as freedom of opinion and assembly are verified, as well as the principle of non-discrimination. We have been a member of this initiative since 2010.



Amfori Business Environmental Performance Initiative (BEPI)

The *amfori BEPI* aims to improve environmental standards throughout the supply chain in order to streamline the usage of raw materials and design more efficient manufacturing processes, amongst others.

Supplier Ethical Data Exchange (SEDEX)

Sedex is similar to the BSCI. It is an initiative aiming to improve social and environmental standards at suppliers' facilities. Independent auditors are employed to monitor conditions.



Bangladesh Accord on Fire and Building Safety (Accord)

Under this agreement, extensive inspections in the fields of building, fire and electrical safety are carried out in textile factories in Bangladesh. Suppliers also receive support to improve their systems.



Partnership for Sustainable Textiles

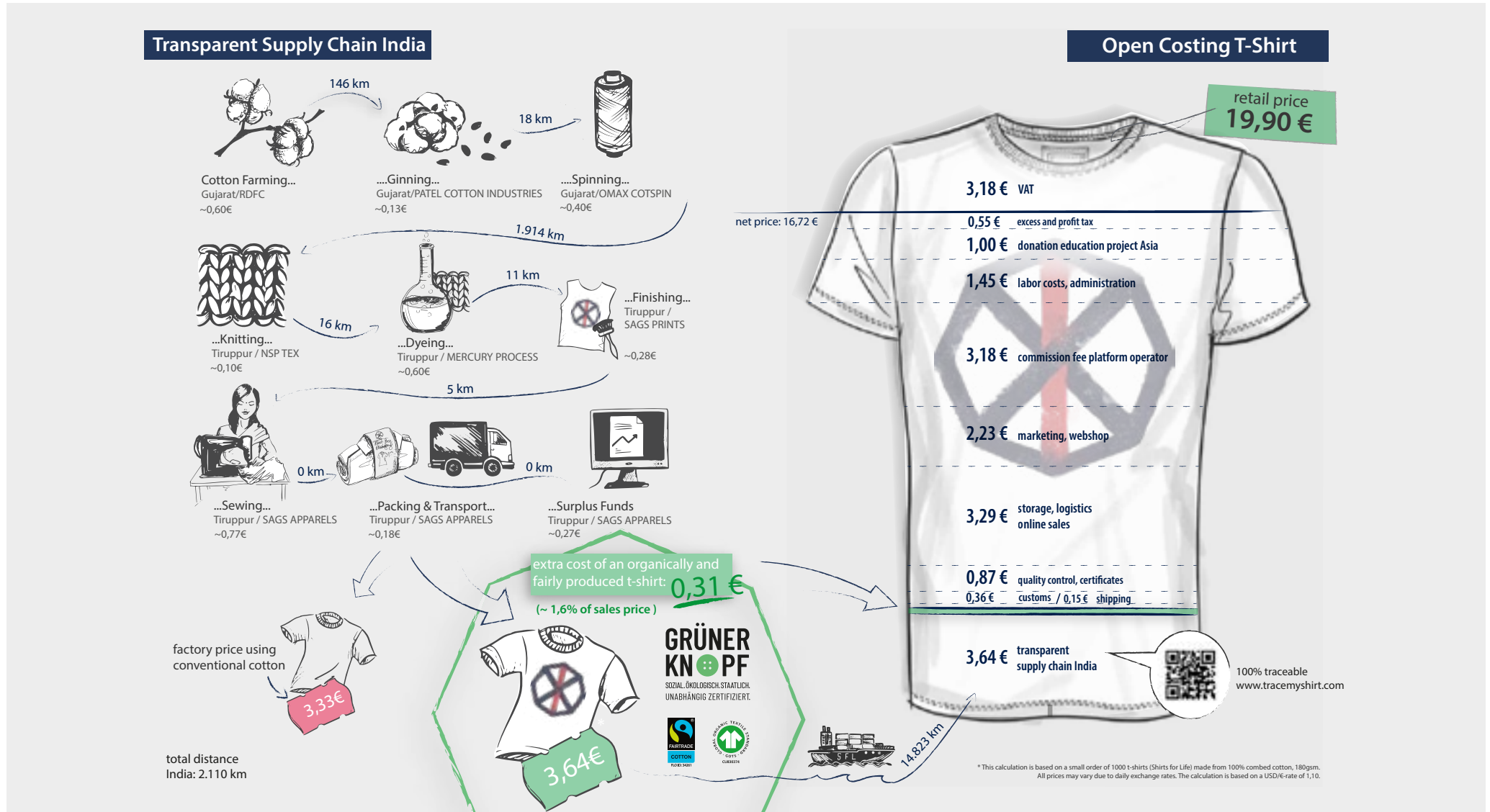
The German Partnership for Sustainable Textiles is composed of representatives from the economy, civil society, standards organisations and trade unions. Together, they work on social, ecological and economic sustainability throughout the entire textiles supply chain, aiming at continual improvement. Brands Fashion benefits from these exchanges and the opportunity to network with other players in the textiles branch in order to jointly design new approaches. For example, in the past, we intensively contributed to a chemicals management working group, and now we are working on an initiative on social standards in spinning facilities in the context of the regional Partnership Initiative Tamil Nadu (India).



“By means of independent certifications, we focus on the application of environmental and social requirements throughout the entire supply chain, in addition to the usage of sustainable materials such as organic cotton or recycled fibres. I believe that the targeted selection of labels is very important, because this ensures greater transparency and high standards for our clients.” (Annekatriin Mohr, Sustainability Department)

Cost calculation for a sustainably manufactured t-shirt

Does it really cost more to manufacture sustainable textiles than conventional ones? We will now demonstrate that fair manufacturing only costs a little more than standard production. To do so, we will use a SHIRTS FOR LIFE (our own label) t-shirt produced in India to calculate this price difference:



Development of the *Cradle to Cradle Certified™ Gold* collection

Brands Fashion launched the development of its *Cradle to Cradle Certified™* collection in the spring of 2019. After a little over a year of preparation and development, we were awarded our *Cradle to Cradle Certified™ Gold* certificate in April 2020. This date is not covered by the official reporting period for the present document, but the product preparation and development took place within the timeframe covered by this Sustainability Report.

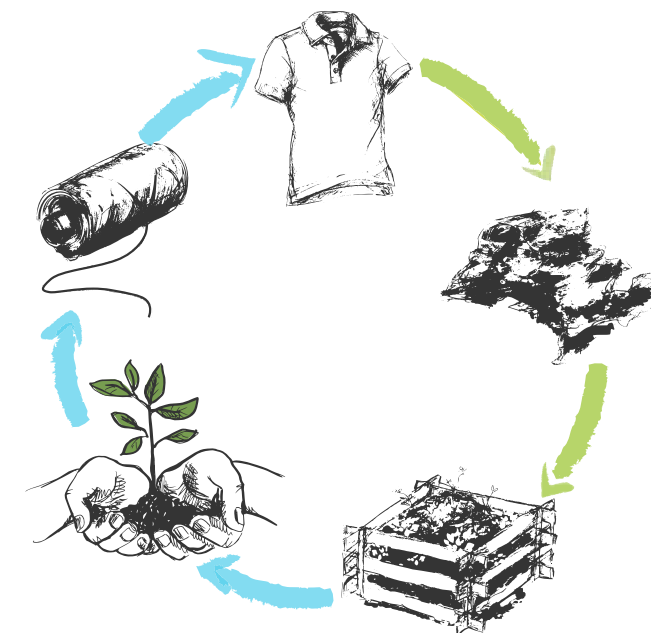


What does *Cradle to Cradle Certified™* entail? *Cradle to Cradle Certified™* means that the manufacturing of a given product respects a comprehensive circular economy approach and does not produce waste. All the materials used in our certified items of clothing can be re-used or are biodegradable. Due to the fact that they are compostable after use, the materials can serve as biological fertilizer to help new organic compounds grow. The exclusive use of safe materials throughout the entire production process means that these items can be worn against human skin without any risk whatsoever. Moreover, they are not hazardous to nature. The supply chain of these certified clothing items is verified for its consumption and generation of renewables, its protection and optimisation of water quality and the promotion of social justice.

In collaboration with the consultancy firm EPEA, we went to Tirupur, in Southern India, in the autumn of 2019. There, with our consultants, we visited the wet processing facilities (i.e. the dyeing and printing facilities) and the assembly facility of the selected supply chain. We then worked on the implementation of measures with our suppliers. In the area of “*Material Health*”, Brands Fashion even attained the top level, *Platinum*, which means that all the components, including the tiniest contents, have been tested for their compatibility with nature.

This means that our *Cradle to Cradle Certified™ Gold* collection...

- ✓ is biodegradable
- ✓ generates fertilizer for soil
- ✓ creates a closed circuit for raw materials
- ✓ does not generate any waste
- ✓ exclusively uses non-hazardous substances, both in the final products and during manufacturing
- ✓ does not generate any textile abrasion with a negative impact on the environment
- ✓ and is high quality



Textile recycling

In order to protect resources, as few items of clothing as possible should be destroyed. Normally, clothing items are destroyed after they are worn out, or if they are faulty, overproduced or in the case of a collection change. Such cases do not often occur in the case of our company's products because although the workwear we offer is fashionable, it does not follow seasonal trends and we manufacture mainly on demand. One of Brands Fashion's main concerns is to advise clients on the disposal of the textiles once they can no longer be used. In 2018 and 2019, we contacted various recyclers several times in order to provide our clients with an appropriate alternative to what is known as 'thermal recycling'. However, as the owners of the items, our clients have the last say over how the clothing is disposed of. Some of the greatest challenges when it comes to value retention is trademark protection, easy and quick access to thermal incineration and the high cost of *upcycling*. Textiles retain most of their value if they are sold second hand. In the case of workwear, however, this is only possible in certain cases: usually, all logos must be removed by hand – a tedious process. It is cheaper and safer for trademark holders to *downcycle* textiles. In that case, the items are turned into lower-value items than the original pieces, e.g. fleece floor covering for painters or cleaning rags. The market is overflowing with pre-used textiles though, so recyclers are reluctant to *downcycle* items. Moreover, it is seldom profitable.

The most adequate manner to retain textile value is to recycle the fibre material. This technique allows pre-used textiles to be brought back to their original form in order to use them as raw material for new textiles. The main advantage is that valuable resources are saved. Fibre mixes and unusual accessories make recycling more difficult, which is why we raise awareness both inhouse and outside the company about the importance of using one type of material only. Under specific circumstances, textiles composed of 100 % polyester can now be completely melted and spun into new yarn. Our best-selling products, however, are made of 100 % cotton, which makes recycling more difficult. The mechani-



cal processes applied during manufacturing tear the cotton fibre, the staple length becomes shorter and quality loss is significant. In this case, the best practice is chemical recycling by means of a lyocell process. No new cotton fibre is created from old cotton clothing, but a viscose fibre can be produced, which may then be used to manufacture high-quality items.

So far, mixed fibres have only been recycled in academic pilot projects. In the field of workwear, however, mixed fibres are often necessary to meet the requirements of practicality and durability. We therefore recommend clients use recycled fibres. Our **Cradle to Cradle Certified™** collection is the perfect opportunity for fibre recycling.

Brands Fashion aims to closely follow the developments in this field, assess their evolution and network with other parties. In the Partnership for Sustainable Textiles, this issue has already been put on the table: the goal is to improve the conditions to establish a circular economy in textiles in collaboration with 50 % of the German textile industry.

“We hope that what we believe to be the most appropriate business model, i.e. value-retaining recycling, will be market-ready in the upcoming years, so that as many clients as possible can get on the bandwagon.” (Kalina Magdzinska, Sustainability Department)

Sustainable packaging scheme

In the interim report for 2018, we defined the development of a new packaging scheme as a target in the area of “*Materials*”. In order to reduce our consumption of packaging materials (especially plastic), Brands Fashion has developed a more environmentally friendly packaging concept that we have been able to offer to our clients as a more sustainable alternative since 2019.

Cross-department discussions were held on this matter, revealing its great complexity. Many ideas were exchanged at these meetings, including the use of certified paper bands instead of polybags (polyethylene or polypropylene), re-usable boxes instead of cardboard boxes, and packaging bands made of paper and natural rubber instead of polypropylene with acrylic glue, for example. All suggestions that could be easily implemented were carried out immediately. Whenever possible, for instance, we use master polybags instead of single-use polybags. In order to protect clothing from dampness and dirt during transport, we now use only one large plastic bag per cardboard box instead of several individual bags. Our warehouse is equipped with modern technology, thanks to which we can store individual products without any risk of quality loss before sending them on to our clients. To be precise, 400 grams’ worth of plastic can be saved per cardboard box, meaning plastic consumption savings of up to 90 %.

The implementation of further innovations will require more



time and is a rather tedious process, especially in terms of product packaging for our clients. Aspects such as handling at the clients’ facilities, waste separation in the target country or the impact of new packaging on logistics must be analysed and checked. Last but not least, one or several sustainability goals can mutually exclude each other. For example, it is possible that packaging made from plant-based raw materials is not recyclable, or that its manufacturing competes with foodstuff production in countries in the Global South.

It is fundamental to assess all the ecological factors at hand and weigh them against each other on a case-by-case basis, e.g. function, amounts, materials, origin, logistics and de-

gradability. This is why Brands Fashion works according to objectives instead of guidelines. We focus on minimising the number of individual packages, reducing the components used and their weight. The number of different components used in packaging has a significant impact on the possibility of its recyclability. This is a decisive factor in our choices, especially for products that usually have a very short product lifecycle.

In addition to innovative packaging solutions, we began optimising our packaging types and amounts in 2018 and been working even more actively on this issue since 2019. In this manner, we aim to recognise risk factors as early as possible.

INITIATIVES





SDG 17:

Partnerships for sustainable development

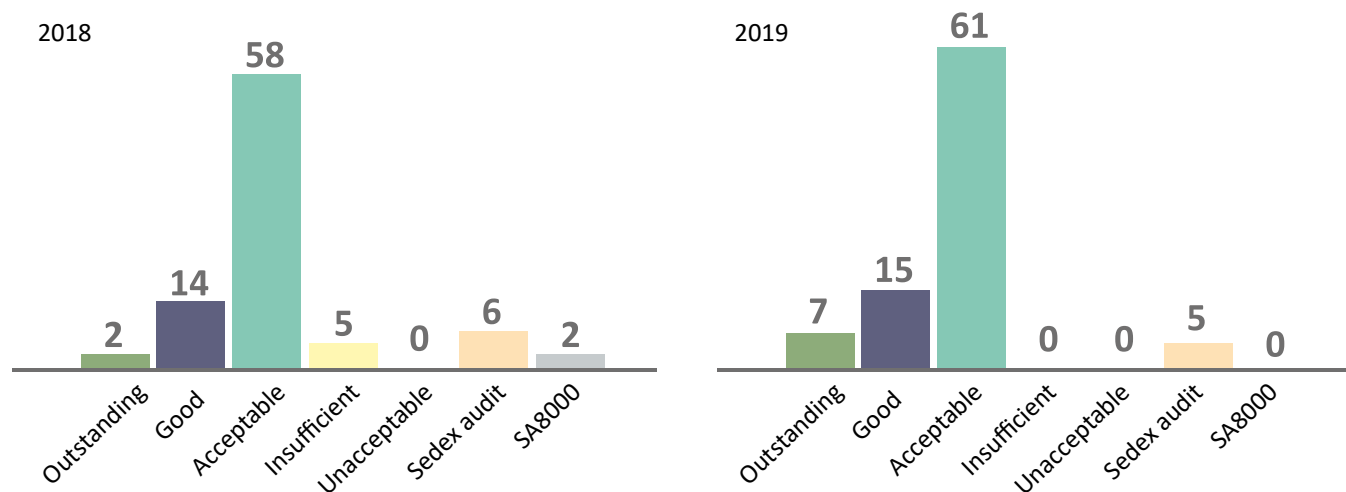
We participate in several initiatives in order to attain the goals under the Agenda 2030. We are one of the first companies to have adopted the *Fairtrade* Textile Standard, thus helping strengthen local infrastructures and targeting capacity-building in the participating supply chains in India. By committing to these actions, we are contributing to the attainment of SDG 17, i.e. Global partnerships for sustainable development. Brands Fashion also actively participates

in multi-stakeholder initiatives, such as the Partnership for Sustainable Textiles. Together with other players in the economy, NGOs and the Partnership's Secretariat, we are working on several projects aiming at greater sustainability in the textile industry. The mobilisation of knowledge, technological solutions and financial resources are quantifiable thanks to the comparison between the annual targets set. Moreover, the results are publicly available. Brands Fashion welcomes the combination of cooperation partnerships with German businesses and international organisations in our supply countries.

Results of the *amfori* BSCI Social Audit

In 2018, 88 social audits were undertaken, and in 2019, 87 were carried out at our tier-one suppliers i.e. our manufacturers. Most audits were based on the *amfori Business Social Compliance Initiative (BSCI)* code. For a small number thereof, though, the *Sedex Members Ethical Trade* or SA8000 Audit methods were applied. In most cases, the facilities were classed as "Acceptable". In 2018, another 5 suppliers failed the audit ("Insufficient") but in 2019, none failed. The number of suppliers that were classed as "Excellent" rose from 2 in 2018 to 7 in 2019.

Results of social audits at suppliers' facilities



The identified shortfalls also varied depending on the country. For instance, we observed that in Chinese factories, adequate social security coverage was not provided for all workers. Exchanges with our Chinese suppliers and colleagues at Triton Textile in China have confirmed that the workers have some issues. They fear that social contributions made (e.g. pensions) will not be paid to them once they return to their place of origin. It is difficult to assess whether the employers are providing insufficient insurance because it is in their own interest or if they do not sufficiently inform the workers on the advantages of social security systems. This can only be confirmed by experienced auditors who hold meetings with workers over a longer period of time.

In Bangladesh and Pakistan, violations against health and safety regulations are still regularly reported, but these are decreasing in seriousness and in number. These are regularly deficiencies of lesser importance, however. They are often the result of workers' actions, often because of insufficient training. In addition to deficient management systems, we have identified gaps in training for workers in all the production countries. Workers tend to be insufficiently aware of their rights as well as health and hygiene regulations in factories with high staff turnovers. In addition to awareness-raising by Brands Fashion headquarters staff during their visits, from colleagues from our local partner Triton Textile or from reliable agents with whom we cooperate in certain countries, we encourage our suppliers to participate in regu-

lar amfori BSCI training courses that concentrate on codes of conduct and the resolution of shortfalls.

Capacity Building

In 2018, 20 of our suppliers took part in *amfori* training programmes. In 2019, 15 of our suppliers participated in those training courses. The suppliers were from several countries: Bangladesh, China, India, Indonesia, Pakistan and Turkey. Management systems to respect social standards, health and safety standards, the definition and implementation of corrective plans to eliminate deficiencies, complaints mechanisms, payments and overtime were all issues that were the object of great interest in 2018.

In 2019, the training courses with the highest attendance levels were: fire and building safety, dealing with young workers, chemicals management, energy and wastewater management and environmental management systems.

BEPI & DETOX workshops

Like the *Business Social Compliance Initiative (BSCI)*, the *Business Environmental Performance Initiative (BEPI)* is an amfori initiative. Here, however, the focus is on environmental protection throughout the supply chains in production countries. Our partners regularly fill in comprehensive *self-assessment questionnaires (SAQs)* onsite. Based on the answers provided, it is possible to identify and analyse risky activities in the fields of environmental and chemicals ma-

agement. In this manner, we can optimise chemical-intensive manufacturing processes to render them more ecological while focusing at the same time on the economic side of the business. The wide range of data permits production facilities to identify which critical *Environmental Performance Areas (EPA)* must be improved in their own businesses. Information sheets are provided to help define measures and carry out training courses with the aim to improve the identified *EPAs*. For example, if there are gaps in the environmental management system in a specific factory, a qualified specialist must be nominated as an environmental manager in the company to set up appropriate systems. If the *BEPI* identifies problems in the area of chemicals management, the information sheets provide advice on how to deal with such matters, for example how to save money by storing chemicals efficiently in properly sealed containers.

In 2017 already, the *BEPI* developed another useful tool: the *BEPI Zero Discharge of Hazardous Chemicals (ZDHC) Chemical Management Audit (CMA)*. As its name indicates, it goes beyond a simple audit, because it also provides a comprehensive training programme aiming to improve chemicals management. The heads of factories must cooperate with a third party to examine all the chemicals used and related processes in the facilities. Moreover, issues such as the correct selection of chemicals, their purchase, usage and disposal are dealt with. The programme also concentrates on improvements to be made to the systems to respect legal and

client-specific requirements, as well as monitoring systems. Following these actions, a *Corrective Action Plan* is drafted, and the overall performance of the production facility is assessed. In March 2018, the three-day *CMA* was successfully

implemented for the first time at our blouse supplier's facility in Bangladesh, Silver Composite Textile Mills.

In addition, the Sustainability Department of Brands Fashion cooperated with our Corporate Social Responsibility (CSR) expert, Shamim Ahmed, from Bangladesh, the service provider *Sustainable Textile Solutions (STS)* and the *BEPI* in October 2018 to provide a *DETOX* Day for 47 participants. In this context, the Brands Fashion company and its General Terms and Conditions of Purchase were presented to the audience. Shamim Ahmed highlighted the connections between environmental protection and business success. STS gave the participants practical advice on sustainable chemicals management. After group exercises during which the attendees shared their experience on drafting inventories of chemicals and checking safety datasheets to improve their knowledge thereof, the *amfori BEPI* initiative was presented.

The combination of training and exchanges was a great success, hence why this system should be applied more frequently in future.



Trainer Sethu Lakshmy at SAGS Apparels, Tirupur, India

Fairtrade Textile Production – **Intensive training courses to prepare for certification in 2020**

Brands Fashion is one of the first companies to adhere to the *Fairtrade Textile Production* Standard, thus actively implementing its programme. Thanks to this standard, we have agreed to push for greater fairness and equity throughout the textile value-added chain since 2016. The objective is to strengthen workers' rights and ensure they receive living wages. In addition, participating businesses must fulfil strict environmental criteria. Our commitment receives the financial support of the *develoPPP.de* project '*Piloting the Fairtrade Textile Production in three supply chains in the textile industry in India*'. This development project is supported by the German Federal Ministry for Economic Cooperation and Development and we are implementing it in collaboration with the German Agency for International Cooperation (GIZ).

The official project launch was on 15 August 2017. Since then, there have been continual checks in textile factories, seminars and training courses for employees and their managers. This is how the project is run: pre-assessments of the factory are performed by independent experts on site to verify whether the criteria are respected. Trainers from the *Fairtrade* Network of Asia and Pacific Producers (NAPP) regularly hold training sessions. We try to accompany them in this process as often as possible. Since the beginning of the project, we have managed to perform pre-assessments and

training courses in a total of 6 production levels of our supply chain. The certification of the entire supply chain should take place by 2021.

In the so-called pre-assessments, *Fairtrade* and their local partners analyse the status quo. They work on specific matters with the workers during workshops and training sessions. For example, the workers are asked what they would like from Management, or what they consider to be good working conditions. The aim is to raise awareness about fair pay and provide information to the workers. In addition, workers' representative bodies are created, and representatives receive targeted training and become spokespersons for their colleagues on the issues of labour and social rights. A plan is also drawn up to gradually increase pay, so that the workers can eventually receive a living wage. *Fairtrade* sets a deadline of maximum six years to reach this final goal. We believe that we will achieve a *living wage* in our supply chain before that date, though.

The *Fairtrade Textile Production* Standard assesses the entire textile supply chain, from the ginning stage to spinning, weaving and dyeing all the way to the assembly of the items. Here lies the great challenge: assembly facilities have a lot of experience in terms of social audits, but the upstream facilities have less experience in the area of complying with social standards and ensuring the occupational safety and well-being of their workers.

We are glad to note that there has been a gradual change in attitudes in the factories. To encourage this, an intensive dialogue is held between the employees and Management, the workers are more aware of their rights, and, last but not least, the process has also had a positive impact on the profitability of the businesses. During the training session that we attended, we were able to see that the participants are becoming more confident, expressing their thoughts and ideas more openly. These soft factors can act as indicators of the progress made in the context of the textile programme.

“We place great importance on reinforcing workers’ rights. We want to support the efforts made in factories to establish democratically nominated workers’ committees, who can then fight for wage increases. Both these matters are closely connected.”
(Rabea Schafrick, Sustainability Department)

Our objectives:

- The certification of our entire supply chain (ginning, spinning, knitting, dyeing, printing, assembly) by the beginning of 2021
- Awareness-raising for all participating factories
- The set-up of Workers' Committees
- The step-by-step introduction of living wages for all workers in all factories

Status quo (on 31 December 2019, updated in July 2020 due to COVID-19):

- Our partner's first factory is certified
- A large part of our supply chain (assembly, printing, dyeing, knitting) will be certified at the beginning of 2021
- Ginning and spinning facilities will be certified at the beginning of 2021
- First *Fairtrade* Textile Production-certified items for sale from 2021
- Workers' representatives nominated in all factories, trained by the NAPP
- Living wages in assembly facilities by 2021, followed by living wages down the supply chain



Workers training session at SAGS Apparels, Tirupur, India



Workers training session with Sethu Lakshmy at SAGS Apparels and Mercury Dyeing, Tirupur, India

What is a living wage?

The introduction of living wages is a complex yet important challenge. One must carefully consider how to achieve this aim. Deeply ingrained cultural and social structures in the production countries and the lack of experience of many suppliers must be taken into account if one wishes to make financial and organisational changes. Minimum wages are set forth by the law and apply across countries and industries. A living wage is clearly higher than the legal minimum wage. In order to prevent negative consequences in the form of corruption or resentment, this matter must be addressed with great care. There are also different definitions of what a living wage actually is. The ongoing discussions on living wages demonstrate that it is new territory. However, it is an important measure to ensure social sustainability. Following in-depth discussions with various stakeholders and the application of various tools (e.g. the anchor method), *Fairtrade* established the pay of 14,250 Indian rupees (€170) as the living wage. (The minimum wage in India is 5,000 rupees.) As indicated above, this amount is debatable, but it does set a foundation to move towards a pay increase in several steps.

A living wage should cover the following expenses:

- Nutritious meals
- Decent accommodation
- Healthcare, education, clothing, transport and savings for unforeseen events, for instance



The Supply Chain Law – Legal regulations for corporate due diligence

The Partnership for Sustainable Textiles, the *Green Button* and other labels are all based on voluntary agreements. If these initiatives do not yield any long-term results in terms of greater participation of the textiles companies, the German Minister for Development, Gerd Müller (from the CSU party), intends to draft a Supply Chain Law for corporate due diligence.

The Law's aim would be to ensure that no textiles are imported from countries in the Global South where "exploitative child or slave labour" are practised during the manufacturing process.¹⁰ Alongside Gerd Müller (CDU), Peter Altmaier (CDU) and Heiko Maas (SPD) are also urging German companies to comply with minimum standards. Germany is still discussing the implementation of such a Supply Chain Law, but in other European countries, such as the Netherlands, France or Great Britain, binding regulations are already in place to ensure the respect of human rights and environmental standards in the global supply chain.

What is Brands Fashion's position regarding the Supply Chain Law?

Our opinion is that fair trade should be a fundamental principle of all companies. We like to work with labels and certificates, but our preferred method is to invest in long-term business relations based on cooperation with our suppliers. These ties must be voluntary and established on the basis of true conviction. If such relations are not the product of free will and if transparency and the conditions in textile supply chains do not improve, then we support legal regulations to oblige all companies to take their responsibilities and to establish a level playing field.

¹⁰2019, Handelsblatt: <https://www.handelsblatt.com/unternehmen/handel-konsumgueter/neues-guetesiegel-der-gruene-knopf-stoesst-in-der-textilbranche-auf-skepsis/23877934.html?ticket=ST-1002173-ngKcjANLiXDleV23HBi-ap5#:~:text=Wenn%20deutsche%20Firmen%20nicht%20freiwillig,hergestellt%20wurden%E2%80%9C%2C%20so%20M%C3%BCller>.

The *Green Button* – a label for fair textiles issued by the German Government

The *Green Button* was launched by the Federal Ministry for Economic Cooperation and Development (BMZ) and mainly pushed forward by the Minister for Development, Gerd Müller. The aim is to provide a credible indication to consumers that the labelled textiles are sustainable. It is a so-called “meta-label”. It serves as a tool to help consumers buy sustainable textiles.

In August 2019, Brands Fashion was audited and successfully certified as the first company out of 27 trend-setters in the textiles industry. Since the official launch of this German textile label, within this reporting period and until the end of 2019, we were able to convince 23 clients to place the *Green Button* on their products. In addition to 10 football clubs whose fan merchandising products are made of organic and *Fairtrade* cotton and who now label their wares with the new *Green Button* seal, we were able to get 7 of our corporate clients to also adhere to it for their workwear. An-

other 6 fashion and merchandise clients also sell products with the *Green Button* label.

How does the *Green Button* work?

As with some older labels, the *Green Button* focuses on the respect of social and environmental standards throughout the supply chain. The *Green Button* is unique because it includes requirements that trading and importing companies dealing with the products fulfil their duties. These companies are independently audited to verify due diligence is complied with. This is done by means of an external auditing institute. The respect of human rights and social and ecological responsibilities is assessed on the basis of 20 criteria:

- Inclusion of policies concerning human rights and environmental protection
- Risks and effects on the supply chain
- Adoption of effective measures
- Transparent and public reporting
- Consideration of complaints

The *Green Button* recognises renowned textile labels for certification purposes. At the launch stage, it applies to the *cutting*, *sewing*, *bleaching* and *dyeing* steps of the process. Companies must present recognised and credible labels. In our case, we work with the *GOTS* or the *Made in Green* label, depending on the product and supply chain. In future,

we will also be able to use the *Fairtrade* Textile Standard label for the first certified supply chain as a foundation for obtaining the *Green Button*.

**GRÜNER
KNÖPF**
SOZIAL. ÖKOLOGISCH. STAATLICH.
UNABHÄNGIG ZERTIFIZIERT.



Critical assessment

During the launch stage, the *Green Button* only covers the cutting and sewing (assembly) step, as well as bleaching and *dyeing* (wet processing) – the most important steps of the manufacturing process. In the upcoming years, the *Green Button* will be developed further, with the set-up of an independent advisory board, extending the checks to other production stages. In the long term, the aim is to cover the entire supply chain. *GOTS* already certifies the entire supply chain, thus ensuring the standards are respected all the way to the ginning stage. So as to include the cotton fields in our checks, we apply both the *GOTS* certification system and use *Fairtrade*-certified cotton.

However, no label, standard or company is perfect. In our opinion, the *Green Button* is a step in the right direction. It is important to take this step even if this label will not be a magic bullet and will no doubt need further development. The *Green Button* is unique in the sense that it is the first seal issued by a government to put requirements on both a product and on the entire importing companies and their procurement policies.



Mathias Diestelmann (Managing Director, Brands Fashion)

“We currently use the Green Button on all our products that are certified by means of GOTS or Made in Green labels. The product portfolio includes many textiles items, many of which are GOTS and Fairtrade certified cotton products, such as t-shirts, polo shirts and sweatshirts, but also jackets and vests. The Green Button is the first label to cover social and environmental standards, verifying the importing companies’ compliance with due diligence criteria applying to human rights and the environment. We view these requirements as positive and worthy of support. In our opinion, the Green Button offers a great solution because it is exclusively awarded to companies that are truly committed to social and environmental criteria in the long term. The continual tightening of the criteria ensures that all participating textiles companies must constantly make improvements.”
(Mathias Diestelmann, Managing Director, Brands Fashion)

Partnership for Sustainable Textiles – Initiatives & goals

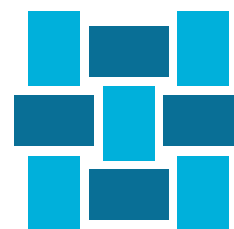
Brands Fashion became an active member of the *Partnership for Sustainable Textiles* in 2015. It is a voluntary alliance of players from the economy, politics, civil society, trade unions and standards organisations who have committed to the overarching goal to improve conditions throughout the global textile supply chain.

This multi-stakeholder organisation was launched by Gerd Müller in October 2014 in reaction to disasters in textile factories such as the Rana Plaza collapse. At the end of the reporting period, approximately 120 members had joined hands to fight for a fairer and more environmentally friendly textile supply chain. (In June 2020, the Partnership for Sustainable Textiles had 130 members.) Members cooperate in Partnership initiatives to work on practical measures to improve conditions in textile supply chains in production countries. In 2018 and 2019, Brands Fashion participated in the Tamil Nadu Initiative and the Chemical and Environmental Management Initiative.

The Partnership for Sustainable Textiles applies a review process to ensure the transparency of all its members' work. Proof of the tasks undertaken to reach the pre-defined goals is demanded and made publicly available. A distinction is made between prescribed and voluntary goals. Brands Fashion's detailed goals and its progress are also published on the Partnership for Sustainable Textiles' website.

In 2018, the binding goals included systematic records of all supply chains. This means that we had to set up a system that documented all the steps of the production process, from spinning to dyeing, in addition to assembly. To achieve this aim, we developed our own digital transparency tool, *Trace My Shirt*. It allows our clients to visualise and understand our supply chain. Despite reaching this objective, the tool requires continual data maintenance. Existing supply chains must be updated, and new ones must be entered into our system. The Procurement Department demands certificates, information and photos from the supply chains before making orders. Once these data are received, the Sustainability Department enters them into the database.

In terms of social standards, in 2018, we committed to implementing a strategy for our suppliers' sub-contracting policies. The aim is to ensure our corporate due diligence also applies to production facilities that we do not know and to guarantee it is complied with. Of course, this requires knowledge of all the factories that manufacture for us. As a company, we therefore ban sub-contracting to third parties without prior consultation.



Bündnis für nachhaltige Textilien

In our progress report for 2019, we published the following comments: We attained the objective by including this ban in our General Terms and Conditions of Purchase. In addition, we adopted an internal strategy to monitor sub-contracting and in serious cases, to sanction them. In practice, the Procurement and Quality Control Departments verify

the capacity of factories to deal with planned orders by means of relevant documentation, checking for discrepancies.

Our General Terms and Conditions of Purchase were extensively updated in 2018 so as to reach our objective regarding the *communication of guidelines on chemicals*. The chapter on this matter sets forth the non-usage of the 11 hazardous chemicals groups according to the Greenpeace DETOX campaign. Moreover, all wet processing facilities must apply the *ZDHC Manufacturing Restricted Substances List* (MRSL) and implement sustainable chemical management systems. The *MRSL* lists hazardous chemicals whose intentional usage is banned throughout our production processes. In this manner, we ensure that

100 % of our manufacturing partners and their wet processing facilities assimilate and apply the ZDHC's MRSL.

A particularly challenging target for 2019 was the *promotion of living wages*. To deal with this matter, the Sustainability Department worked with various departments to carry out a survey using the ACT Assessment Tool. The aim was to discover how our procurement policies impact the payment of living wages. The results of the survey had not yet been evaluated at the end of this reporting period. Moreover, we continued working on the *Fairtrade Textile Standard* pilot project and got our first production facility certified.

The Review Process for our 2019 targets was scheduled for February 2020. However, due to the global Covid-19 pandemic, this has been put off for a year. As a result, we cannot yet provide information concerning the targets that have been reached nor about those that we are still pursuing.



“We are glad to be part of such a valuable multi-stakeholder initiative and are convinced that partnerships are a driver paving the way to a more sustainable global textile industry.”
(Silke Rosebrock, Managing Director of Brands Fashion)

Partnership Initiative Chemical and Environmental Management

Between the end of 2017 and the end of 2019, we were an active member of the Partnership Initiative Chemical and Environmental Management, which was the first initiative launched by the Partnership for Sustainable Textiles. The aim was to raise awareness about sustainability issues in wet processing facilities, harmonise production conditions and product requirements and gradually replace hazardous chemicals in the value-added chain. The overarching goal is to protect humans and the environment, especially in production countries in Asia. In addition, we engaged in dialogues, thus exchanging information about further developments in terms of sustainability requirements and the related harmonisation of international standards.

“Many chemicals are needed to manufacture textiles. For me, it is important to actively support our suppliers in the sustainable management of chemicals, pushing them towards *DETOX*. Only chemicals that are not harmful to the environment or to human health should be used.” (Kalina Magdzinska, Sustainability Department)

Relevance of chemical management in textile manufacturing

Many chemicals are used in modern textile production. Many chemicals are required for what is known as “wet processing”, i.e. the production stage during which the textiles are bleached, dyed or impregnated. Some of the compounds used can be dangerous to humankind and to the environment. The problem is that people in the manufacturing facilities are often unaware of this. As a result, the chemicals are often stored and used in unsafe conditions, the workers’ protection is inadequate, and wastewater is not properly treated. In addition to the risks for the workers and the environment in production countries, the usage of hazardous chemicals can represent a danger to consumers. Thanks to the introduction of a sustainable and innovative chemical and environmental management system in the production facilities in Asia, dangerous chemicals are substituted for safer ones in the wet processing, thus improving occupational and environmental safety.



What has Brands Fashion’s contribution been?

In order to improve access to training opportunities, the Partnership for Sustainable Textiles Initiative set up two training offers: Basic and Advanced Training on Chemical Management for Wet Processing. Kalina Magdzinska, one of our Sustainability Department employees, helped design the *Basic Training for Chemical Management* as part of her bachelor’s thesis. She drafted the module to raise awareness for chemical management among textile industry workers. She also analysed the potential of this module in the context of the United Nations’ SDGs and the concept of “*sustainable chemistry*”. She concluded that this training course could significantly contribute to reaching the SDGs and to pushing sustainable chemistry forward.

Brands Fashion has always actively collaborated on the development of new tools. Along with the other participating members, it completed the Partnership Initiative Chemical and Environmental Management, which included many practical resources.

Partnership Initiative Tamil Nadu

Since July 2018, with our *develoPPP.de* project to introduce the *Fairtrade Textile Standard* along with Transfair e.V., we have been associate partners in the Partnership Initiative Tamil Nadu – *Systemic Improvement of Labour Conditions in the Textile and Garment Industry*. FEMNET, HUGO BOSS, KiK, OTTO GROUP, Tchibo and the Federal Ministry for Economic Cooperation and Development are all participating members of the Partnership. On site, the main implementing partner is the multi-stakeholder initiative Tamil Nadu, whose Secretariat is provided by SAVE, a non-governmental organisation (NGO).

The Initiative aims to systemically improve the working conditions in the textile and garment industry in Tamil Nadu, in Southern India, especially those of women and girls in spinning facilities, so as to raise their social standards. In close collaboration with the Indian multi-stakeholder initiative Tamil Nadu, the objective is to make changes on two levels:

- By means of dialogue, the aim is to raise awareness among important players in the local textile industry about workers' rights.
- A training programme is provided to support the planned introduction of complaints bodies in up to 200 factories and inform workers and management of labour rights and complaints mechanisms.

Following the “*Training of Trainers*” approach under the leadership of the SAVE NGO, at the beginning of the project, trainers from about 50 local NGOs were formally trained on matters relating to labour rights and to the set-up of arbitration and complaints committees. In total, by the beginning of 2020, over 150 people had taken these courses and qualified as trainers. By January 2020, the training programmes had taken place in 147 factories and 104 Internal Complaints Committees (ICC) had been set up. In order to ensure the long-term existence of these committees, the representatives receive continual support and training from their trainers. Dialogues also regularly take place between the players in the local textile industry. In March 2019 and February 2020,

two large annual Partnership Initiative conferences took place in Tamil Nadu with the participation of several Partnership members and which we also attended. The direct exchange with local stakeholders from the economy, civil society and the Government was an important milestone in the establishment of a forum where labour-related matters are discussed and solutions can be developed in an atmosphere of trust and cooperation, both on the level of the Federal State and of the four main production districts (Coimbatore, Dindigul, Erode and Tirupur). Roundtable discussions with all stakeholder groups have regularly taken place since the beginning of 2019. Specific working groups addressed challenges relating to women and girls in factory accommodation and discussed potential solutions.



2nd Annual Conference of the Partnership Initiative Tamil Nadu on 6 February 2020 in Coimbatore, India, under the banner “*Partnering for Sustainable Growth*”.

before



afterwards



before



afterwards



Bangladesh *Accord* on Fire and Building Safety: positive results 6 years on

In order to help improve fire and building safety in factories in Bangladesh, we signed up to the *Bangladesh Accord on Fire and Building Safety* in 2013. This Accord is a legally binding agreement between international and local trade unions, brands, retailers and various non-governmental organisations (NGOs). It contains mandatory, transparent regulations for independent inspections for fire, electrical and building safety, publicly available reports and compulsory corrective measures. By signing this agreement, we take responsibility for our production partners and have provided them with continual support over the past years to help them implement the requirements.

In 5 years, the *Accord* has led to huge improvements in the country's textile factories that would never have been achieved as quickly without the collaboration of large and small European brands. Sometimes, this represented large investments in fire, building and electrical safety for the suppliers. However, the costs were unavoidable because at the end of the day, the workers' safety was at stake. In order to maintain these high standards, Workers' Committees were set up in the factories in order to detect and report potential safety risks in time.

Despite the positive changes resulting from the *Accord*, the fact that every inspector assesses conditions differently and issue contradictory requirements is the object of criticism. An unfortunate technical recommendation in the *Accord* created a financial burden that had to be borne by the affected factories, causing understandable displeasure.



Despite this shortfall, we regard the *Accord* on Fire and Building Safety as a great success. It demonstrates that it is possible to make changes when many companies pull together, factories understand the need to make improvements and are willing to do cooperate. Along with the other signatories of the *Accord 2.0*, we have committed to the renewal of the agreement and to the implementation of its requirements. We support the fact that in future, the tasks under the *Accord* should be undertaken by a government body, because responsibility for the safety of national factories and suppliers should be taken by the authorities in the country. However, we believe it is indispensable to ensure the quality of the work under the *Accord* is maintained and that good

collaboration between the new body and the *Accord 2.0* be guaranteed. Moreover, we hope that similar initiatives will be launched in other garment industry procurement countries, so that steps towards positive developments can also be taken there.



fire hydrant at one of our suppliers in Bangladesh

How do we check social and ecological requirements in factories?

Insights from our Compliance Team in Bangladesh

Our colleagues from Triton Textile Ltd. are our *local team*. The Triton Compliance staff regularly visit the factories to check the respect of our social and ecological criteria. We interviewed Shamim Ahmed, Group Manager Corporate Social Responsibility (CSR) & Sustainability of Triton Textile, based in Dhaka, the capital of Bangladesh and a hotspot in the textiles industry.

Shamim, what is your understanding of “Social Compliance”?

Our definition of Social Compliance is the respect of laws and fundamental principles that protect and promote workers’ rights. This is something we expect from our suppliers, sub-contractors and business partners. We believe that collaborating on compliance with laws and with corporate and international standards contributes to improving the quality of life of textile industry workers.

How do you ensure Social Compliance in practice?

Our daily tasks are based on a code of conduct, a comprehensive audit checklist and a reporting system that always result in a corrective plan to resolve shortfalls. Our

Social Compliance rests on local or international legislation and the 8 fundamental *International Labour Organization (ILO)* conventions, the Occupational Health and Safety Convention, the Declaration of the United Nations of Human Rights and the *ILO* Declaration on Fundamental Rights and Principles at Work.

Could you please tell us a little more about what you focus on when visiting a factory?

Of course! We assess production units according to 13 sections and with a total of 145 control points. The matters we deal with include: licences and authorisations, management practices and the monitoring of supply chains, children and young workers, forced labour, discrimination, freedom of association and collective bargaining, workers’ rights and disciplinary measures, working times, wages, social contributions and compensation, safety at the workplace, occupational health and environmental management. Suppliers are ranked in four categories following an automatic computation method: good, acceptable, improvements needed and unacceptable. 16 control points in various sections are defined as the key areas, and a zero-tolerance policy applies to every negative result in those sections, requiring immediate resolution. If a given supplier is uncooperative, our business relationship may have to be terminated.

How often do you visit factories?

This depends on their ranking following the first visit. Depending on the result, a second visit may take place shortly after the first, i.e. 4, 6 or 12 months later. Some visits are announced and others aren’t. Continual monitoring is crucial. This is why we also train our colleagues in Quality Control on the fundamental and important safety and social standards, because these are often the root of problems – even daily issues – in manufacturing facilities.

What else do you do as a CSR Manager?

In addition to the monitoring tasks I have already described and the crucial mapping of supply chains to ensure transparency, we believe that capacity building is essential to guarantee good compliance. To achieve this, training is needed for factory management staff and workers on laws and regulations, on worker participation and on product certification such as *GOTS*, *GRS*, *OCS* and *Fairtrade*. We also share knowledge about the latest trends in chemical management systems such as *DETOX*, *ZDHC* and *REACH*.

How to the factories react to your assessments?

Assessment procedures begin with a request from our colleagues from Merchandising and after the factory’s agreement to Triton’s evaluation. The CSR Department provides suppliers with relevant documents that they must read and understand and that clearly communicate the fact that the factories must be transparent in all their practices

and that authentic documents must be submitted. Factories can decide whether they wish to proceed or not. If so, they sign an agreement before the time of the assessment. Overall, with very few exceptions, the factories welcome our evaluations and view the results as positive, drafting action plans to remedy their deficiencies.

What do you think has changed in terms of compliance with social and environmental requirements in the textile industry over the past years?

In the past few years, the sector has made remarkable improvements in the area of compliance with social, safety,

environmental, ecological and chemical requirements. These include better know-how, adequate personnel in factories with specific responsibilities, improved respect of laws and regulations, readiness to compete and responsible procurement practices. As in the past, we believe that the challenge is to ensure upholding and improving continual sustainability. That will always be our goal.

Thank you for your comments on your daily tasks!



Shamim Ahmed (CSR & Sustainability Triton Textile)



SHIRTS FOR LIFE – Brand Fashion’s own eco-fashion label

With SHIRTS FOR LIFE (SFL), we have managed to develop a sustainable concept that continually supports ecological and social projects. Thanks to SFL, we are able to demonstrate that fashion that is manufactured in a social and environmentally friendly manner, as well as contributing to society, does not have to be expensive.

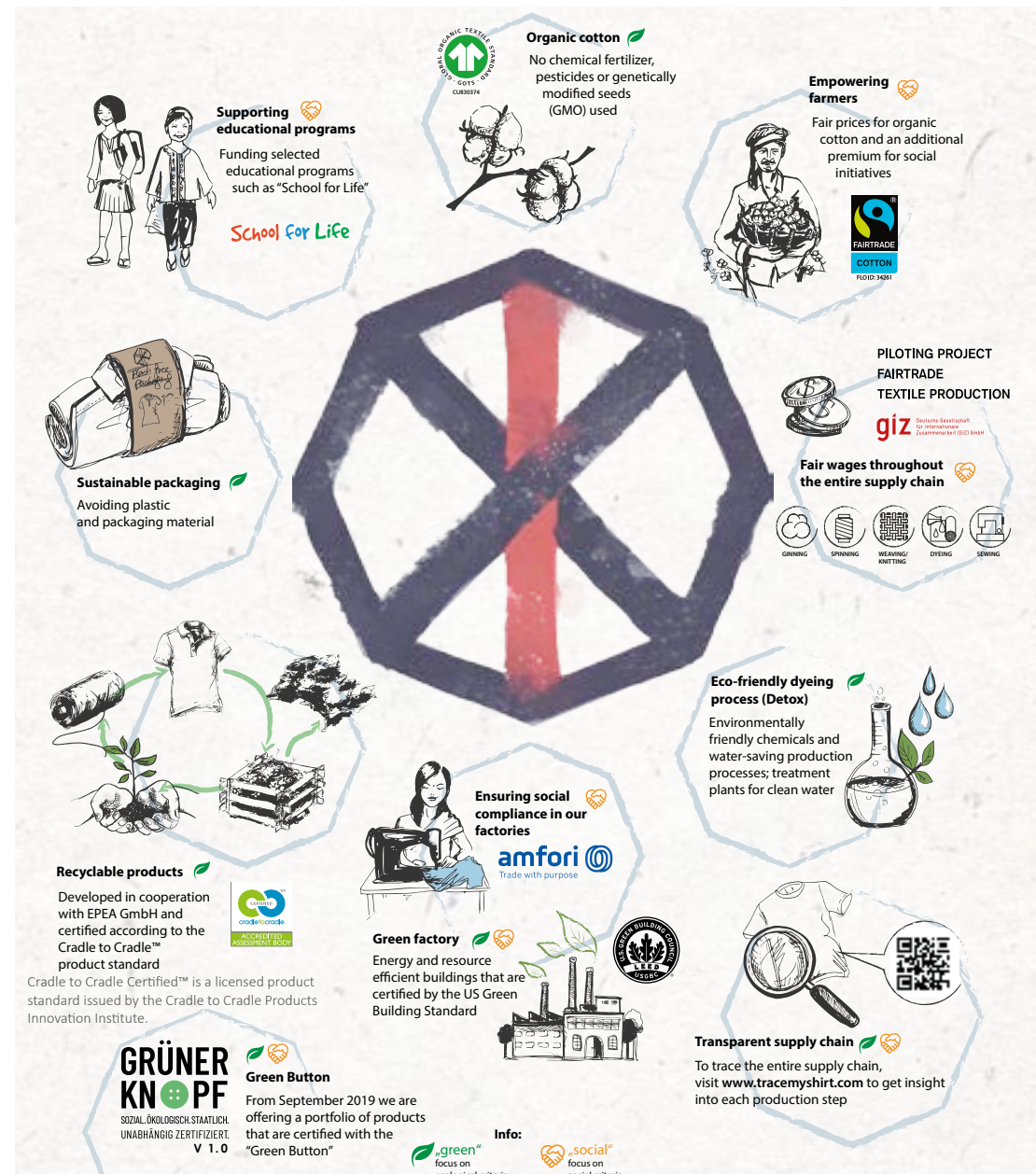
SHIRTS FOR
LIFE



Since the launch of SFL in 2013, we have been producing the brand’s items sustainably, covering all stages from the cotton fields to the consumer. To us, it made sense to donate part of our sales proceeds to *School for Life*, a UNESCO-rewarded educational project. We intend to support this incentive in the long term, thus initiating a closed-loop social concept with our own sustainable label.

SFL includes *GOTS* and *Fairtrade* products from the future first *Fairtrade Textile Standard*-certified supply chain in the world. As from 2020, even circular **Cradle to Cradle Certified™** articles are included in our product portfolio. In the context of the Textile Standard, we are pioneers in our efforts to set up democratic workers' committees and pay living wages throughout the entire supply chain – a first. Since the beginning of 2020, manufacturing has taken place in a certified *Green Factory* that respects our Social.Green.Circle guidelines.

In 2019, our *Never out of Stock (NOS)* line and co-branding strategy aimed to increase sales, so that more donations could be made. The consistent purchase of larger amounts of unprinted basic items allows suppliers to plan better, thus reducing workers' overtime, for example. Thanks to this strategy, brands that are serious about sustainability and committed to it in the long term are encouraged to engage in co-branding with SFL. Our increased reach enables us to have a more impactful influence on the market, as well as support a large number of sustainable projects to provide higher incomes for workers thanks to better education, thus improving local living conditions. *Sea Shepherd*, *Derbe*, *Ethletic*, *VfB Stuttgart* and the environmental activist Robert Marc Lehmann are already paving our way to success for 2020.



The holistic approach at SFL: Social.Green.Circle

NABU Project on organic cotton farming in Nepal

Since 2015, Brands Fashion has been a member of *environmental network NABU (Nature and Biodiversity Conservation Union)*. We promote this organisation's work via regular membership contributions and project funding, such as the current Nepal Project. Humans and nature often compete for resources at the edge of a national park located in Western Nepal. The locals grow food crops there, but the produce is often eaten by wild animals. To resolve this problem and fight poverty thanks to profitable crops, the Nepalese Government is promoting alternatives. Cotton was chosen because it cannot be eaten by animals and can be sold for profit as a raw material. That is the area investigated under the Nepal Project.

Cotton had already been grown in the region between 1971 and 1983. This represents an advantage: cotton-processing tools (e.g. for ginning) that were used in the past can now be reused. A total surface covering 540.8 ha could be reserved for cotton crops.

The Nepal Project was launched in December 2018 on one hectare farmed by 4 to 5 people. In January 2019, the Nepalese farmers went on a research trip to visit our cotton supplier in India, who has extensive knowledge and experience of growing *Fairtrade*-certified cotton. The trip was viewed as very useful: at the beginning of July, cotton was sown according to ecological standards in Nepal, and it was successfully harvested at the end of 2019.

In 2020, the next steps will be undertaken, in line with the organic cotton-growing strategic framework. If the harvested cotton fulfils the quality requirements in place and if it can be processed further, the aim will be to continue the project and expand the farmed surface.



Organic cotton plantation in Nepal, 2019



Organic cotton plantation in Nepal – from flower to cotton

SUP PLY CHA INS





SDG 8: Decent Work and Economic Growth

For years, we have procured our goods from reliable partners in Bangladesh, Pakistan, China Indonesia and Turkey, all of which we collaborate with closely. We are glad to have

met so many individuals committed to a sustainable textile economy and with whom we can push forward together.

Brands Fashion is convinced that long term sustainable economic growth is only possible in decent, safe working conditions. We are contributing to the attainment of SDG 8 by imposing safe working conditions in production facilities, promoting fair wages and supporting suppliers in innovative projects. Standards such as *Fairtrade* and *GOTS* help us to do this, as well as initiatives such as the *Accord* and *amfori BSCI*.

The supply chains in the textile industry are very complex and often opaque, hence why we demand improvements in terms of pay and working conditions. Textile importers usually only work and negotiate with garment manufacturers

at the top of the chain. As a result, they often only know part of the production process. In order to ensure our tough requirements are met, we try to make regular visits to facilities in person, including at the lower levels of the supply chain, to check if minimum standards are respected. For us, these established processes are a step towards better employment opportunities in countries of the Global South, as well as closing the gap between regions, continually fighting discrimination based on age and gender, reducing informal employment and promoting a safe working environment for all.

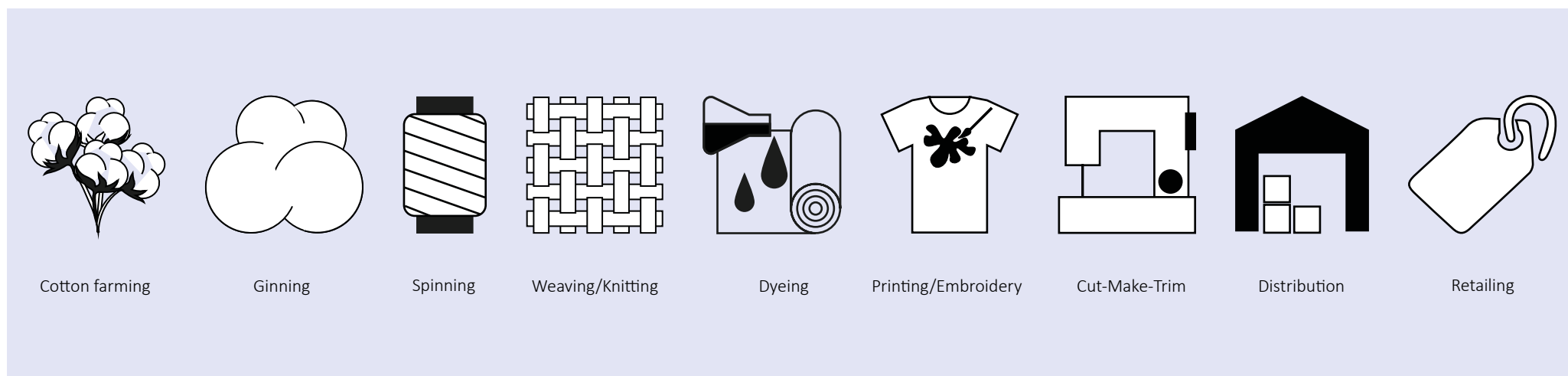
The textile supply chain

Many steps must be taken across various process stages, locations, countries and sometimes even continents to create a simple item like a t-shirt, for example. The textile supply chain is extremely complex and the more we analyse it, the more ramified it seems to get. The chart entitled “*Textile value-creation chain*” on the following page shows a linear supply chain with all the steps in the process. In reality, suppliers receive their wares (e.g. raw cotton or finished materials) from several other suppliers, meaning that procurement is rarely straightforward and usually involves several

manufacturing operations. The challenge is clear: the more parties are involved in the production process, the greater the difficulty in knowing who they are, complicating our control over their compliance with our social and environmental standards.

Brands Fashion has gladly risen to this challenge for years now. We have direct business relations with most of our suppliers, even when they are supported by consultants.





The linear textile supply chain

“Creating transparency in complex supply chains is the first step towards sustainable production. I can only ensure that social standards are respected if I know the individual factories – ideally personally. Implementation is usually a process that we accompany in the long term with our suppliers. Step by step.” (Rabea Schafrick, Sustainability Department)

If factories are organised vertically, i.e. if they perform several processing stages, then we are in close contact with a large part of the chain. We also demand that our suppliers

comply with our Code of Conduct, which bans child labour. This latter condition is also included in our General Terms and Conditions of Purchase as a “no-go” criterion. In addition to audits performed by independent institutes, we count on close cooperation based on a relationship of trust. Several times a year, we visit our production partners on site. The motto is: know your supplier! Thanks to the ongoing certification by means of the *Fairtrade* Textile Standard, we were able to personally connect with the partners involved more. These include factories who outsource their

processes and suppliers with upstream process steps, such as spinning and ginning plants. We also use digital solutions to increase transparency throughout the supply chains.

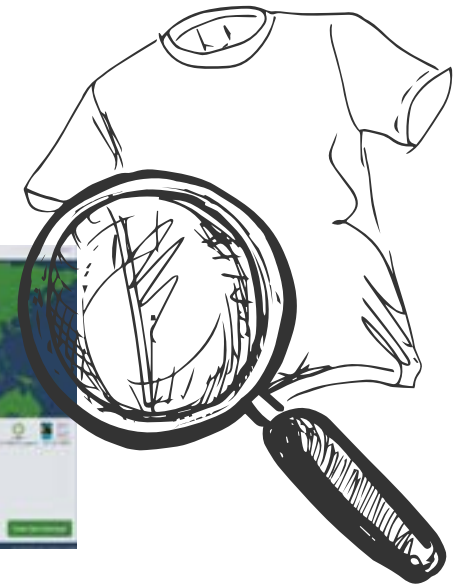
Trace My Shirt – transparency from the cotton fields to manufacturing

An increasing number of textile companies now publish information about their “tier-one suppliers”, i.e. the factories in the last stage of the process – usually the sewing plants. The scope of demands for compliance with environmental and social standards are also expanding across the entire supply chain. Earlier steps in the process are controlled more and more frequently too to include dyeing, knitting or spinning.

Especially in the textiles industry, consumers are increasingly interested in where the resources come from and in the manufacturing of products, wanting to know more about the process. We want to offer our clients transparency, hence why we developed a tracking tool in 2017. This tool, called “*Trace My Shirt*”, allows customers to monitor the supply chains by means of a tracking or a QR code that is located on the items’ care label. The names and addresses of the production facilities are provided and if applicable, information about social and environmental certificates. Photos of the plants also provide an insight into the facilities and manufacturing processes.

TraceMyShirt

Gaining transparency on supply chains



The “*Trace My Shirt*” tracking tool: a digital solution to increase supply chain transparency

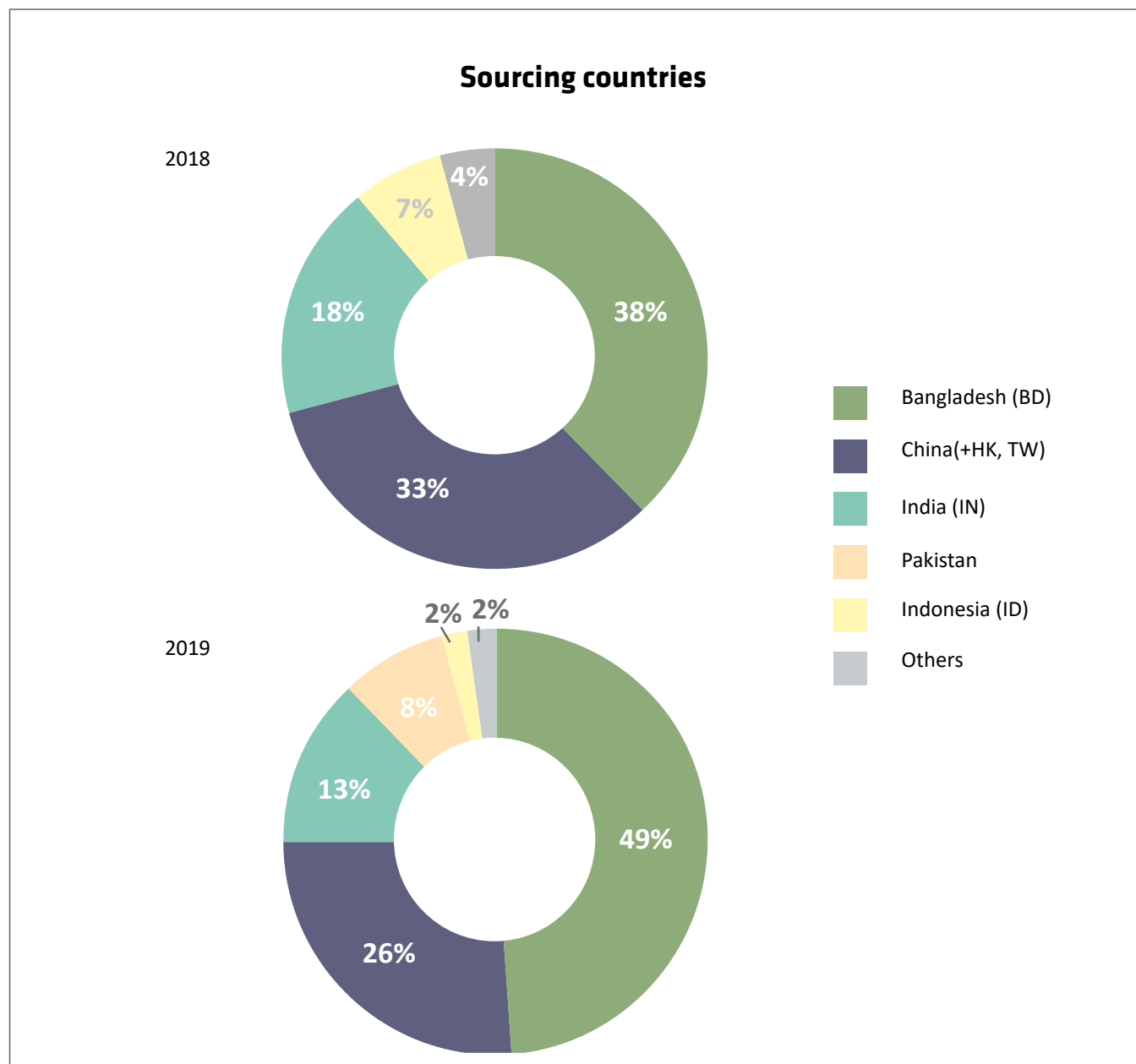
Sourcing markets

The diagrams on *sourcing countries* provide data concerning the volumes purchased per market in 2018 and 2019. The top three countries have remained the same: Bangladesh is the country with the highest procurement volume; its share rose from 38 % in 2018 to 49 % in 2019. China comes second, with a volume of 33 % in 2018 and 26 % in 2019. China remains the country with the highest volume of exports to garment importers in Germany.¹¹ Its role in Brands Fashion's business is significant, as it was in the past. The third procurement country is India: in 2018, it saw a sharp rise, from 8 % to 18 %. In 2019, it represented a stable 13 %.



Female worker Lokeshwari from SAGS Apparels Tiruppur, India

¹¹2019, Statistisches Bundesamt: <https://de.statista.com/statistik/daten/studie/218179/umfrage/die-wichtigsten-importlaender-fuer-das-deutsche-bekleidungsgewerbe-nach-einfuhrwert/>.

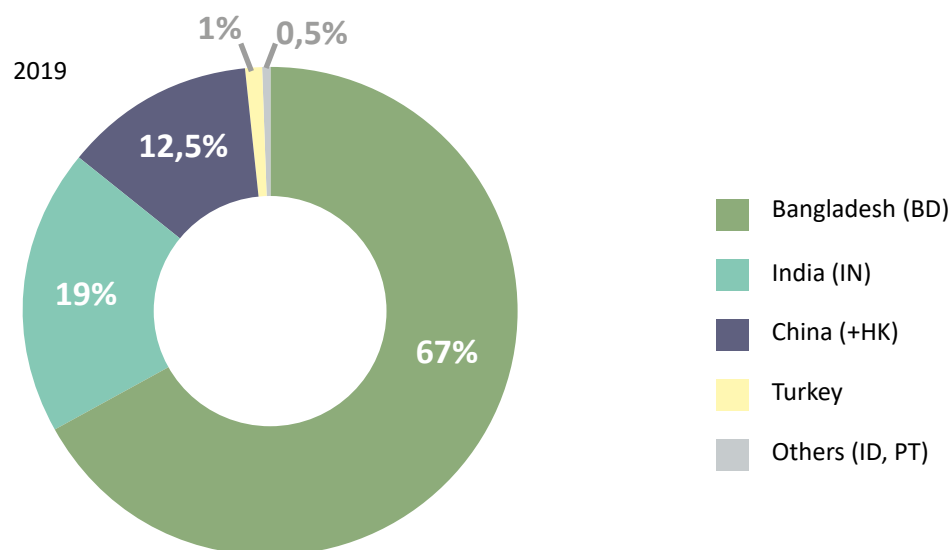


In the case of *sustainable* articles (i.e. with at least one label, e.g. for organic cotton, *Fairtrade* cotton, recycled PES, certified supply chain, etc.), the sourcing countries ranked as follows in terms of volumes purchased in 2019: Bangladesh at the top with 67 %, followed by India with 19 % and in third place, China with 12.5 %.

India is a particularly interesting production country in our case, because the entire textile supply chain is located in the same country, thus reducing the need for high-carbon transport. The limited number of partners allows us to regularly visit production facilities and maintain direct relationships with our interlocutors.

Sankar und Ganesh Anantharaman, two brothers who have been our partners for many years, can appropriately be described as pioneers in the field of sustainability. Their company, SAGS Apparels, was founded in 2011 and is both *Fairtrade* and *GOTS*-certified. Moreover, it is one of the first factories to be certified by means of the *Fairtrade* Textile Standard. Their plant is also the first Indian company to have been refurbished to comply with the stringent requirements of the internationally renowned *Leader in Energy and Environmental Design (LEED)* system for sustainable buildings, becoming a *Green Textile Factory*. In 2020, it was awarded the “Platinum” certificate. Certification is given on the basis of a points system that focuses on the fulfilment of demanding key criteria. Water consumption, waste management, the usage of renewables, ecological materials, indoor air quality and communal transport links are all included in the benchmarks, amongst others.

Sourcing countries for *sustainable* articles



Green Factory

Although the refurbished factory opened outside our official reporting period, the works to create a “Green Factory” took place within that timeframe. For this reason, we have provided an overview of this *LEED Green Factory* in the present report.

Green Factory factsheet

- 75 % of employees can travel to their place of work on foot or by public transport. This reduces CO₂ emissions. Employees also receive training to increase their environmental awareness.
- 465 m² of roofs and other parts of the premises have been covered with greenery to promote biodiversity.
- On average, 15 m³ of water is collected per day and used for sanitary facilities to cut consumption.
- Local trees are planted in open spaces to offer shade and prevent the ground heating up.
- Only 100 % ecological fertilisers and pesticides are used to grow and care for both existing and newly planted flora.
- 20 tonnes of CO₂ are saved per year thanks to renovations.
- 30 kW solar panels were installed to cover 60 % of the factory's annual power needs.
- Over 80 % of waste is sorted for recycling.



Green Factory in Tiruppur, Indien

Ganesh Anantharaman on changes in awareness, fair wages and the *Green Factory*:

What has changed in concrete terms over the past two years?

We have increased the capacity for our sustainable production by buying additional machines and employing more staff. Everyone is now aware that sustainable textile production is a competitive advantage. And we truly believe that the business will continue to grow because it is future proof.

What were the biggest hurdles for you and for your employees?

A change in attitude had to take place. Many discussions were held, because in the beginning everyone here was a little sceptical. However, now, we greatly appreciate the support received and we have learned a great deal.

Unfortunately, we still suffer from a high staff turnover, which makes building capacities difficult. We must invest much more to ensure that sustainable production guidelines are respected in our supply chain.

Why does it take so long to pay higher wages? (Won't clients cover this?)

We need to bear our local legislation and the competition in mind... If we paid higher, living wages immediately, then higher social contributions would be deducted from the wages, and our employees would reject this.

Could you tell us by how much the costs per item have increased as a result of the implementation of a sustainable production system? Where could savings be made?

On average, the costs have risen by 5 to 10 %. However, in the long term, if the system is implemented properly, savings will be made in various production steps.

Have clients shown more interest in your products since the changes have been made?

Yes, clients have shown a clear interest in our *Green Factory*.

To what extent are you a trend-setter in India? Do you have many followers? What would you recommend other factory owners do if they want to jump on the bandwagon?

Sustainable standards have already been introduced in many plants. However, we recommend that competitors truly believe in what they are doing and that they're not just applying the standards in order to get more sales and make clients happy. It is important to make the necessary



Ganesh Anantharaman, SAGS Apparels

changes to ensure that our society, country and planet can benefit from this move and make our daily lives better.

How did you get the idea of the *Green Factory*?

On the long road we have taken towards sustainability, we are now focusing on this large-scale project – something made possible thanks to the support provided by Brands Fashion. My wish was to manufacture our environmentally friendly products in a factory that was in line with corresponding standards to have a positive impact on the environment. Thanks to the upgrade of our facilities to create a green factory, we have been able to reduce our carbon footprint by 20 tonnes a year.

Thank you, Mr Anantharaman!

General Terms and Conditions of Purchase

In 2018, we included our social and environmental supplier requirements in our General Terms and Conditions of Purchase. By doing so, we have integrated these conditions in our business relationship with every one of our direct business partners, i.e. tier-one suppliers. The signature of our General Terms and Conditions of Purchase is now a pre-requisite for every new business relationship. A mission statement lists the various human rights conventions and guidelines we adhere to, as well as definitions of the risks present in the textile industry. Following this introduction, the document communicates concrete demands to our tier-one suppliers and their supply chains. As an *amfori BSCI* member, we refer to amfori's Code of Conduct, which is in turn based on *ILO* core labour standards and which signatories must respect. Breaches against this Code of Conduct result in specific measures that are clearly defined. Basically, shortfalls must be dealt with. Depending on the seriousness of the breach, the improvements required must be made immediately, in the medium or in the long term. In the case of serious violations, known as *zero-tolerance* criteria, the business relationship can be terminated. Our *Sub-contracting Policy* indicates that sub-contracting to other suppliers is not permitted without our consent and can result in penalties or the termination of the business relationship.

Concerning environmental standards, the General Terms and Conditions of Purchase focus on wet pro-

cessing facilities, i.e. the dyeing, washing and printing steps. Many chemicals are used in these processes to add value to the garments. This means that the risk of environmental impact is particularly high here.

In order to mitigate negative impact on humankind as much as possible, we demand that our tier-one suppliers and their own supply chains work in accordance with the *Manufacturing Restricted Substances List (MRSL)* issued by the *Zero Discharge of Hazardous Chemicals (ZDHC)*. It bans the use of all 11 most hazardous chemical groups in the entire manufacturing process. To guarantee the safe handling of all other types of chemicals, our suppliers must set up a sustainable chemical management system.

Inventories of chemicals must be drawn up for all their wet processing facilities and safety data sheets must always be available. Last but not least, wastewater and sludge must be managed in an effective manner. This is a pre-requisite for wet processing facilities wanting to work with Brands Fashion. These plants all consume large amounts of water and other resources, hence why we offer all tier-one suppliers and their supply chains the possibility to draw up their environmental management performance sheets on the *amfori BEPI* platform for free, so they can monitor them and identify appropriate improvement measures.

One of Brand Fashion's key objectives is to ensure increa-

sing levels of transparency across the supply chains, which is why we ask our business partners to disclose data on their sub-suppliers. The information regarding the supply chain is entered into our "*Trace My Shirt*" tracking tool.

BRANDS 
SOCIAL. GREEN. FASHION.

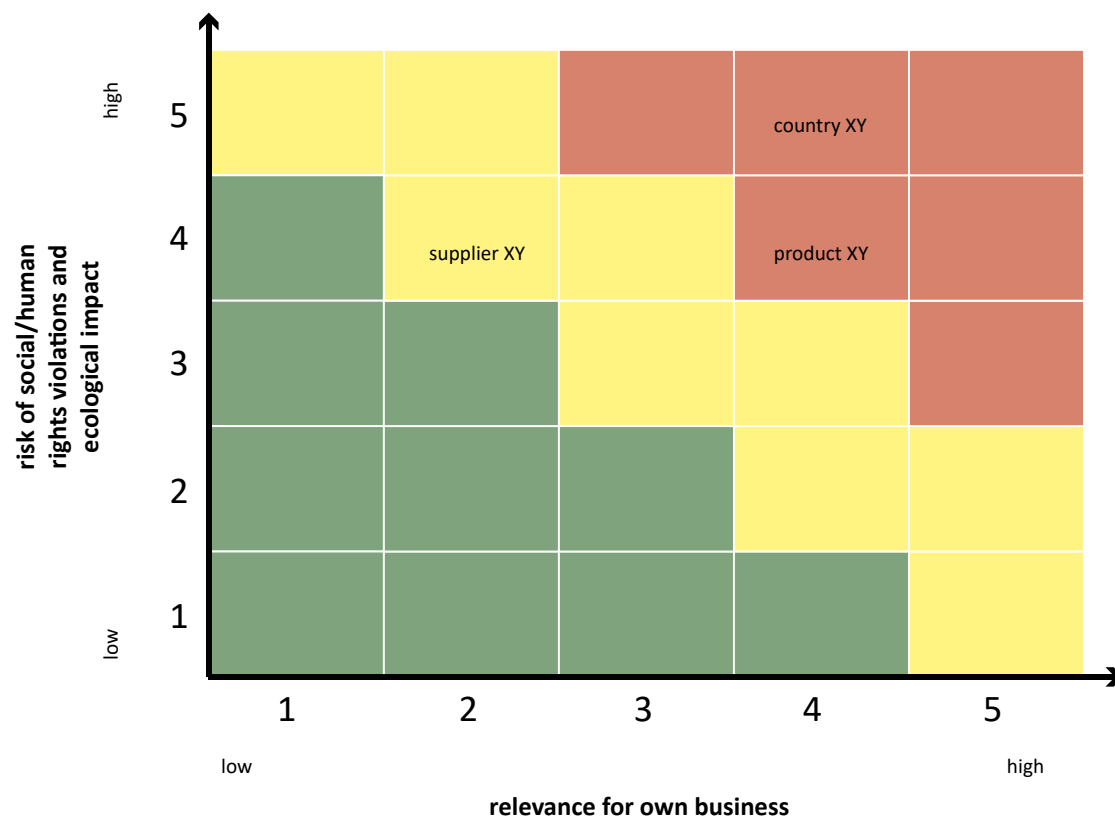
Declaration of compliance of Brands Fashion GmbH

Risk assessment

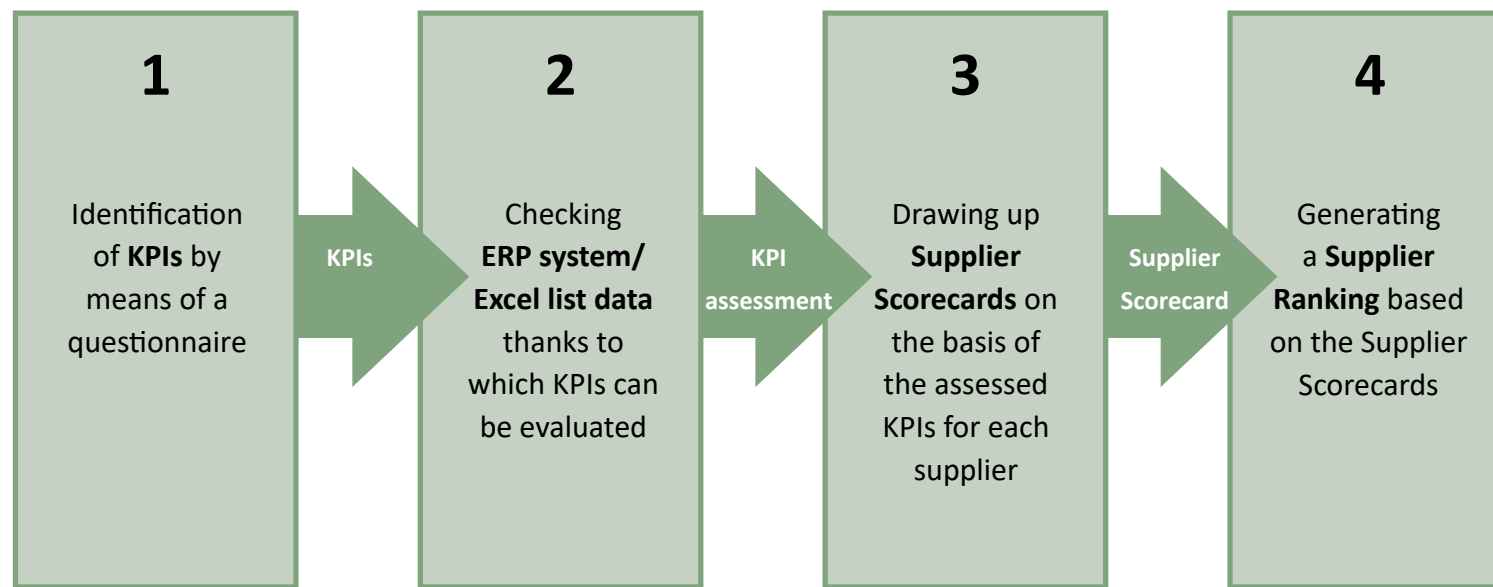
The Sustainability Department's daily tasks include the identification of risks and the definition of appropriate measures to counter them. In 2019, a new standardised risk identification and prioritisation process was developed and implemented. Since then, we have been working with an extensive matrix in which the social and ecological risks are distributed according to countries, products and supplier levels. The risk matrix presents a specific advantage: the

three levels are interlinked so that the overall risk and need for action can be identified on a case-by-case basis. In the detailed view, it will become clear for example that risk can be mitigated in the case of the *production of a softshell jacket (product) at Supplier XY (supplier) in China (country)* if recycled PES is used instead of conventional PES. Here, the exchange of one raw material for another is an appropriate measure to reduce the PES-related ecological risks, as well as the chemicals used and waste produced.

The identification of potential risks is based on pertinent sources issued by textile branch initiatives, e.g. the *CSR Risk Check* and *Textile Exchange*. In combination with the analysis of internal data (e.g. order value per country, volume purchased per supplier, number and quality of third-party certifications per supplier and the composition of fibre in articles), they help assess the actual risks. In this manner, decisions can be taken on how to minimise risks in real individual cases according to objective criteria. The *OECD* recommends carrying out a risk assessment at least every 2 years when dealing with new products, countries, suppliers or relevant changes within the company, which is what we do. Based on this process and on the *OECD*'s recommended criteria (degree of impact, likelihood of occurrence, irreversibility and relevance for the company), we prioritised the following risks in 2019: occupational health and safety, living wages, greenhouse gas emissions and risks in terms of environmental and human toxicology with conventional materials. In the present report, we provide information on the measures implemented, including the updates to the General Terms and Conditions of Purchase mentioned above.



Risk matrix: classification of suppliers, countries and products according to risk



4 milestones of the *supplier assessment* project

Supplier Ranking System

In 2018, we created a supplier ranking system with a student from the University of Lüneburg in the context of her bachelor's thesis. Every supplier with whom we work was ranked according to specific criteria. The criteria were defined and evaluated by the Procurement, Quality Control, Import Logistics and the Sustainability Departments. For procurement, criteria such as turnover, minimum volumes and respect of deadlines play a role, whereas in terms of quality control, it is of paramount importance that articles are free of defects. As to sustainability, the requirements concern various areas. In addition to the results of the social audits and

the corrective measures undertaken, we also evaluate the availability of the wastewater tests carried out at the textile dyeing plants and their results, as well as the suppliers' willingness to disclose their supply chains. Whether and with which product labels for sustainable fibres or supply chains suppliers work also have an impact on their ranking. In addition, we have defined so-called "*knock-out* criteria" that lead to the immediate termination of the relationship with the supplier.

The overall score of a supplier is calculated on the basis of the cross-section of all the departments' evaluations. The medium-term objective is to distribute orders according to ranking levels to promote the success of good suppliers. Suppliers that comply with our requirements and continually improve should be rewarded. Moreover, this cross-department ranking system helps us pool suppliers and reduce their number even further.

Effective complaints mechanisms

Amongst other driving factors, over the past months, the *Green Button* has lived up the debate about complaints mechanisms in textile supply chains. As a member of *amfori*, our suppliers must all provide workers with a complaints and suggestions system. Independent social audits ensure such mechanisms are in place in the garment facilities. *GOTS*-certified supply chains must be able to prove that they fulfil the standard's requirement for a complaints mechanism. This is checked during *GOTS* audits. We also ask for information from our suppliers concerning the mechanisms implemented and evaluate their effectiveness. This is done by our local partners during their assessment onsite, but first and foremost by means of personal visits to the production facilities. Not only management but also workers are asked about the mechanisms in place.

We have defined the establishment of effective complaints mechanisms in high-risk countries as a medium-term target. The aim is to ensure the fulfilment of the effectiveness criteria defined in the United Nations' Guiding Principles and to implement them at least on the level of assembly. As a first step, in the summer of 2019, we began systematically mapping complaints. Since then, they have been reported and evaluated in a targeted fashion.

In Bangladesh, complaints are collected, checked and transmitted to us via a channel established by the Bangladesh Accord on Fire and Building Safety. We then contact the facto-

ry's management to clarify the issues. The complaints filed in 2018 and 2019 in Bangladesh were mainly related to breaches against trade union rights, workers' rights violations or safety deficiencies in factories. In India, in the context of the *Fairtrade* Textile Standard programme, we have been in clo-



Suggestion box at a supplier's facility in Wujiang, China – but a productive complaints mechanism is more than just making a box available...

se and regular contact with factory workers across the entire supply chain and were able to implement certain measures directly in cooperation with the Workers' Committees and factory management teams. Far-reaching matters such as wage raises to reach living-wage levels are being addressed with long-term measures. We received a complaint directly (i.e. outside the *Fairtrade* Textile Standard system) regarding the non-payment of wages to workers in a specific factory. In this case, *Fairtrade* helped us research and solve the case.

We wish to build on our experience in both countries and promote the establishment of complaints mechanisms in other supply chains and countries. A specific process on how to deal with complaints has been defined, including clear steps to follow, contact persons and timeframes. It is our belief that a fair, accessible and transparent mechanism on the level of the factories is the most sensible way to handle complaints. However, based on our research on the effectiveness of existing mechanisms, we are still assessing whether our participation in a so-called "back-up mechanism" is required outside the factory, thus escalating complaints externally.

COM
PA
NY
SITE





SDG 9:

Industry, innovation and infrastructure

At our company site in Buchholz, we have implemented various measures to pursue SDG 9, i.e. to “build resilient infras-

tructure, promote inclusive and sustainable industrialization and foster innovation”.

To do so, for example, we network with local stakeholders from the Economic Development Agency in Harburg and discuss innovations and trends with businesses in the textile branch. As an employer offering apprenticeships to future wholesalers, retailers, graphic designers and warehouse logistics specialists, we have close ties to academia through our cooperation with the Career Academy (“Berufsakademie”) in Lüneburg.

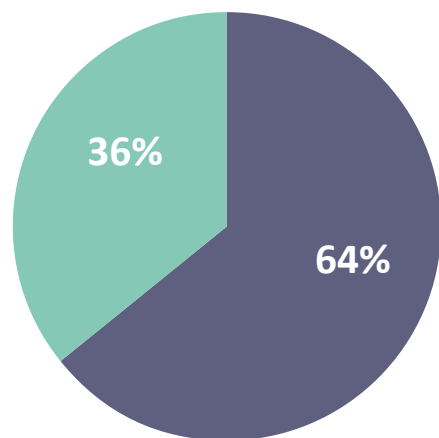
A Mobility Team was set up to improve regional mobility for our staff. After having introduced plug-in hybrid and electric vehicles as our company fleet, we are now planning a new scheme for better cycling infrastructures. Since 2018, we have been recording our CO₂ emissions for business trips and analysing optimal transport routes. Brands Fashion is investing in renewables and fosters biodiversity by means of beehives and hanging birds incubators at our company site in Buchholz. Investments made in new fields of business led us to create the innovative GoJungo company, where new technologies are applied and developed.



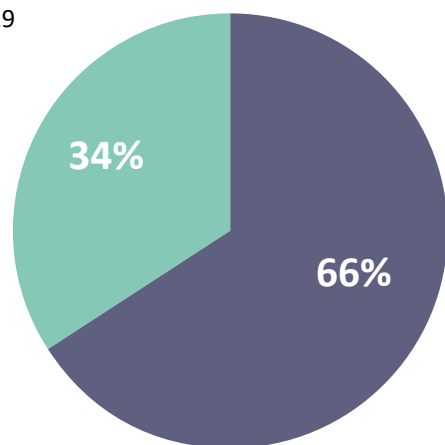
Summer party and public viewing of the World Football Championship at Brands Fashion 2018

Male/female balance at Brands Fashion

2018



2019



■ women ■ men

Our efforts and actions to promote sustainability are not exclusively limited to our supply chain. In addition to our headquarters in Buchholz, we also implement measures at our warehouse in Zachow, mainly targeting our employees.

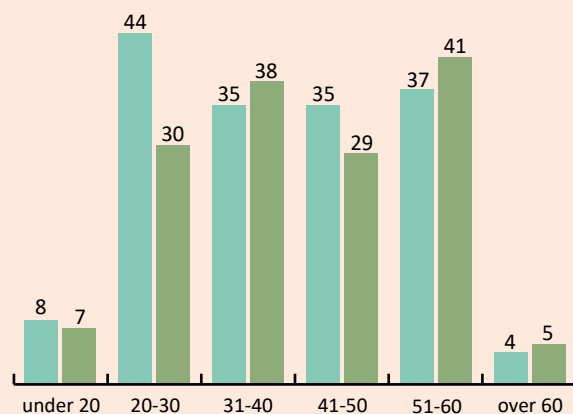
Staff indicators

In 2018, Brands Fashion employed a total of 163 people, 97 % of whom were permanently employed on 31.12.2018. That same year, 19 temporary staff, apprentices, trainees and interns were recruited. In 2019, the number of employees dropped to a total of 150, due to the fact we closed our outlets in Lüneburg and Buchholz. On 31.12.2019, 96 %

were permanently employed and there were 14 temporary staff, apprentices, trainees and interns. The average age of our staff was 39 years in 2018 and 41 years in 2019.

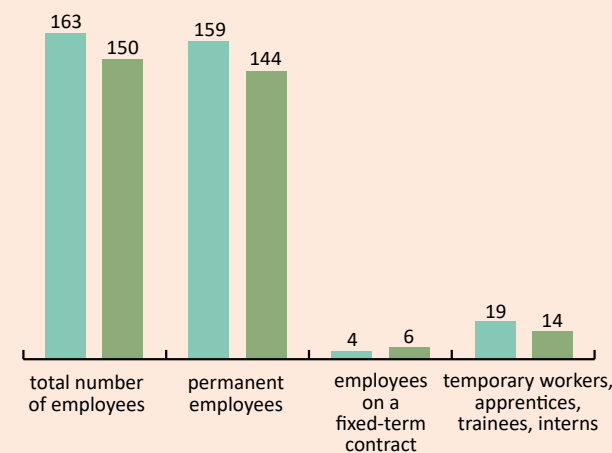
Practically double the number of women were employed compared to men during this reporting period. In management positions, the ratio was 1:2 (female:male).

Age distribution



■ 2018 ■ 2019

Employment status



New Promotion Department: Opportunities and challenges

In line with our corporate strategy, Brands Fashion wants to offer sustainable and durable promotional products. Here too, we aim to position ourselves as trend-setters. To achieve this aim, in October 2019, we expanded our portfolio to include *Social.Green.Promotion* products. Here, we want to ensure procurement is social and ecological, as well as use more sustainable materials. To date, feedback has been very positive: we have noted that even in the production countries in the Far East, awareness is rising about the fact that the manufacturing of consumer goods must not be a burden on the environment.

Following our launch last year, we exchanged and communicated intensively with our existing suppliers in China. In future, we want our wares to be produced exclusively in factories that are audited according to the *Business Social Compliance Initiative (BSCI)*. This decision received great support and even our agents in China showed increasing interest in the matter. We currently produce a large part of our promotional articles in BSCI-audited plants.

Unfortunately, it is not always possible to manufacture the products clients want in such factories. However, in order to obtain the most comprehensive information possible about the factories, alternatively, we ask our manufacturers to fill in a questionnaire about their social standards and send us photographs of the plants, e.g. emergency exits, production

lines, fire extinguishers. This is a temporary solution in lieu of the *BSCI* Report, because we encourage the factories to agree to an audit.

We have also evaluated the options of many sustainable materials, such as bamboo, corn starch, polylactic acid, rice husks, recycled polyester, cork, organic cotton, sugar cane, coffee grounds, wheat and natural rubber. We have been able to manufacture numerous articles from innovative, more sustainable materials, e.g. writing devices made out of sugar cane fibre and coffee grounds, sports pouches and bags out of recycled PET or bamboo fibre, and various articles out of bamboo (such as an insect hotel construction kit). The insect hotel was very successful, which particularly pleased us, because bamboo is a fast-growing renewable raw material and the article fosters local flora and fauna.

The production of coffee mugs from more sustainable materials was very challenging. It is not yet possible to manufacture them exclusively from natural materials, and unfortunately, there is a lot of misinformation about this on the market. Glue is required when manufacturing certain articles out of bamboo, wheat fibre or rice husks. It contains synthetic materials such as melamine, polypropylene or synthetic resin. Melamine particles may be released when in contact with hot liquid. Moreover, recycling these products is complicated because waste recovery plants cannot extract the materials. Product requirements must therefore be carefully analysed to select the most appropriate ones.

Unfortunately, the use of a more sustainable alternative is not always an option, e.g. in the case of charger cables or lamps. To mitigate this impact, we concentrate a great



“We remain true to our guiding principles even in our new product lines and attempt to convince as many clients as possible of the importance of our efforts towards sustainability.” (Lena Sabine Stöck and Christian Hoppmann, Promotion Department)

deal on more sustainable packaging. The size of our packages must be as small as possible to save raw materials and freight costs. The packaging materials must be free of synthetic materials whenever possible, using recycled or natural paper.



New affiliate company – GoJungo

In July 2019, we founded a new affiliate company, GoJungo GmbH. Its core business is the provision of multiple e-commerce services. The start-up offers an innovative platform and undertakes complex, time-consuming processes for brands to ensure the successful sale of their products on marketplaces, especially textiles and household textiles. In addition, GoJungo performs all the other tasks in the e-commerce value-added chain, such as image and text processing, fulfilment, logistics, customer care, marketing and the construction and support of online stores. The company is always faithful to its core principles: competence, transparency and sustainability. This is why clients are asked about their sustainability standards, labels and certificates. Following this inquiry, GoJungo actively advises them to foster ecological and social standards.



Moreover, the name GoJungo comes from Latin. “Go” means “to start” and “jungo” means “to connect”.



“We are a new company, but not new in the business. GoJungo is a joint venture of Brands Fashion GmbH, headquartered in Buchholz in the Nordheide, and the Scan Thor Group, headquartered in Herning, Denmark. Our international nature and experience in the world of fashion and textile brands allows us to adapt to the demands and provide knowledge to international markets.” (Stephan Sommerlik, Managing Director of GoJungo)

Mobility management set-up

In March 2018, within the context of our membership in the German Federal Working Group for Sustainable Management (B.A.U.M. e.V.), we applied for consultancy on corporate mobility management and were accepted on the federal programme. The B.A.U.M. consultants advised us in May 2018. First, they analysed the status quo in our company, then they provided us with advice on concrete measures to improve the mobility of our employees. As a result, we decided to prioritise the following goals as a first step:

- Analysis of employees' trips to and from work
- Promotion of public transport (ÖPNV network) and cycling
- Reduction of CO₂ emissions from our fleet and mobility
- Reduction of domestic flights
- Overall reduction in the number of trips, increase of digital work

We were already able to make progress towards reaching these goals in 2018 and 2019. We started by analysing how our employees travelled to and from work by means of an anonymous questionnaire to get a more comprehensive overview of the situation and of our colleagues' mobility needs. The assessment and implementation of the measures developed as a result have not yet been finalised, but we have been able to make some concrete improvements. For example, we built a covered bike shed to encourage staff to begin cycling to work instead of driving. Our fleet

has been practically entirely replaced by electric and hybrid vehicles. Purely diesel or petrol vehicles are no longer used. In addition, we have provided 12 charging stations that can be used by our staff for free, even for their personal use. Staff that are able to get to work by public transport can obtain a discounted travel card (*HVV Proficard*) to travel on regional public transport, thus promoting a more ecological option. Ideally, we hope to encourage our workers to use public transport (ÖPNV) for their personal use too, instead of driving.

For longer train rides within Germany, we have fostered the use of the BahnCard (the German rail travel card). For

flights abroad (i.e. for trips that cannot be made by train), we collect information about the ensuing CO₂ emissions. The carbon footprint is then offset in the long term. Whenever possible, we try to avoid travel altogether, making use of videocalls with clients and suppliers to exchange information. Consequently, in 2019, we set up a videoconferencing system. Further systems will be implemented in 2020. Due to the Coronavirus pandemic, in 2020, we also increased the number of people working from home. Overall, working from home has been positive and effective, hence why we aim to develop and try out a new concept for long-term mobile work.



Charging station for electric vehicles at Brands Fashion



“One of my tasks is to set up Brand Fashion’s fleet and the entire mobility management system so that it becomes more environmentally friendly. It is fascinating to see how many innovative technological options there are now! Their strategic implementation is versatile, and I look forward to adopting more efficient, more sustainable and smarter mobility with all my Brands Fashion colleagues!” (Mats Wedemann, Key Account Management)

CO₂ emissions offsetting

Business trips

Flights release huge amounts of CO₂ into the atmosphere, contributing to global warming. In order to reduce our carbon footprint resulting from flights, we want to travel by train whenever possible. However, because the textile industry is a global business, this is not always an option. This is why we have recorded information about all our employees’ flights since the beginning of 2018. By applying a mathematical key, the emissions released during our flights are converted into amounts of money that are then invested into a German *NABU* biodiversity project. As an incentive to avoid domestic flights, especially those can easily be avoided, the conversion to funds is particularly high. Hand in hand with measures to reinforce the responsible action of every member of staff, we were able to reduce our flights by 50 % in 2019. In comparison, train trips increased from 63 in 2018 to 93 in 2019. Overall, there were 15 % fewer business trips thanks to the set-up of an additional videoconferencing room in Buchholz. An increase in online talks with suppliers and clients has also helped cut CO₂ emissions.

Transport and logistics

In the field of transport and logistics, we try to offset our CO₂ emissions as much as possible. Thanks to the carbon-neutral GOGREEN products and services of the Deutsche Post, the German Post Office, in 2019, we were able to offset 11.43 tonnes of CO₂ emissions. With the funds collected, we support climate protection projects in countries of the Global South, with the aim of fostering the local economy and improving the local citizens’ living conditions. We invest in various regions, supporting different types of projects, such as energy efficiency, water supply or renewables.

Moreover, we analyse the transport mix to ship our products from the procurement countries, to assess the proportions of sea, air, truck shipping and observe changes. Not only are production countries compared with each other, but agents and suppliers are too, with the goal of ensuring air freight is avoided whenever possible. We also break down the various transport routes to our clients. This allows us to see what the best options are to reduce air freight.



Insect hotel for wild bees on the company site in Buchholz

Biodiversity & Office and Environment

We have decided to promote sustainable development in addition to our core business. We protect biodiversity by placing birdboxes and insect hotels for wild bees on our site, in line with *NABU* and *Vivara* recommendations. The design and size of the entrances to the birdhouses are designed to accommodate different bird species. For example, swifts, red robins and even bats can find a new home on our site. By doing so, we aim to make a small contribution to the protection and preservation of our local flora and fauna.

Moreover, at our sites in Buchholz and Zachow, 100 % of our power and gas is green, we use *Blauer Engel*-certified toners for our printers, drink *Fairtrade* and organic tea, coffee and soft drinks. Thanks to these initiatives, we are well on our way to becoming a sustainable office, which is why we were granted an award by environmental NGO *NABU* in 2019 in their *Office & Environment* competition.



Our brand's BRANDS WORKWEAR collection

WORKWEAR online store release

In September 2018, we launched our second label, BRANDS WORKWEAR, to provide small crafts businesses with modern, functional and sustainable workwear. An assortment of polo shirts, shirts, jackets and trousers – some made of organic cotton and recycled PES – can be tailored to the clients' demands in terms of colour and shapes. Our logistics and warehouse staff have been given a full set of work clothes and are happy with their durability and comfort.

Clean-up Day 2019

On 20 September 2019, thousands of people participated in climate strikes. We organised our very own climate action: we collected rubbish! Close to the date of *International Coastal Clean-up Day*, accompanied by Jebsen & Jessen employees, we cleaned up three locations near our company site in Buchholz. We managed to collect 300 kg of waste in two hours. The City Council lent us the necessary equipment, which was later picked up along with the full rubbish bags from us.

Summer party with *Sea Shepherd*

In 2019, we organised a summer party with marine wildlife conservation organisation *Sea Shepherd* to celebrate five years of collaboration. CEO Captain Alex Cornelissen and Captain Peter Hammarstedt were among the guests, and both visitors and Brands Fashion staff were delighted to get their autographs. One of the highlights of the afternoon

was the "*Plastic Planet*" presentation made by Robert Marc Lehmann, a marine biologist, scientific diver and adventurer. He spoke about the negative impact of plastic waste on the world's oceans and visibly got the entire audience to reflect about it. This sustainability-themed summer party also offered organic food and drinks produced according to the *Bio-land* standard.



Mathias Diestelmann and Robert Marc Lehmann

Sustainability is not only of the essence in the Sustainability Department: Brands Fashion employees also have their opinion on the matter, both in their personal and professional lives, as can be seen below.

Statements from Brands Fashion employees on sustainability

Christine Mougios (Customer Management Department):

“I find it particularly difficult to always bear sustainability in mind when it comes to my daily life. It should be made easier for consumers to act in a sustainable fashion. For example, it should be possible to purchase food that is not wrapped in plastic at the supermarket and higher-quality products should be available, so we don’t have to throw them out as often and replace them with new ones.”

Kerstin Riedel (Procurement/Product Development Department):

“At work, I find it particularly important to reduce packaging waste. Amongst others, we have developed schemes to use multi-polybags instead of single ones and we use paper bands to reduce waste. However, I don’t think we are meeting our full potential here.

When I do my personal shopping, the amount of unnecessary packaging annoys me, especially in the case of cosmetics and food. I also find the application of the many

different labels confusing. I find single meta-labels very helpful and consumer-friendly, such as the *Green Button* for textiles, for example. A similar label for food would make me feel much more secure.”



Kerstin Riedel (Procurement/
Product Development Department)

Julian Schulz (Sales Department):

“My interest, commitment and knowledge about socially responsible and environmentally friendly products has been ever-increasing since beginning to work for Brands Fashion in 2017. I have been able to expand my horizons a lot, especially in the field of textiles. I have a much more sceptical approach to a lot of these products. I try to share the knowledge that I have gained by working with our clients at work. Part of my work is to convince existing and potential clients of the importance of sustainable textile production. The social and environmental aspects are decisive, but so is the business perspective – for both our clients and for us. We can only achieve long-term success in terms of sustainable development if the economic, ecological and social factors are taken into account. This is where I see the biggest challenge.

I have also learned a great deal from my colleagues about a more sustainable lifestyle. By chatting to them, I have discovered many interesting approaches and possibilities about how to save resources by giving up certain things and buying specific products. I am much more careful about leading a sustainable lifestyle than I was a few years ago.

Sustainably manufactured articles are sometimes more expensive than conventional products if one compares them directly with each other. This is in part due to higher raw material and production costs, but also the result



Julian Schulz (Sales Department)

of lower demand on the market and the ensuing lower production rates. However, if you compare quality levels, the price of sustainable products is usually not higher at all. This is particularly true for food, mainly meat.

In textiles, the price difference is not that big. Many end consumers and companies are starting to understand this. In my opinion, consumers can really make a huge positive impact on people in the manufacturing countries and on the environment, for example by buying a t-shirt made of organic cotton for just a couple more euros.”

Andrea Gülzow (Customer Management Department):

“My motto is: talk the talk and walk the walk and lead by example! This is why I have tried to live as sustainably as possible for years now. Specifically, this means that I separate my rubbish and I am a vegetarian. I have also managed to reduce my petrol costs from 100 euros to 30 euros a month. I take the train for longer trips.”

MISSION 4 TOMORROW

We have provided a short overview of our planned sustainability measures and activities below, as well as our concrete objectives in terms of sustainability. Due to the fact that this report was due mid-2020, we have been able to reach some of these goals; we are still working on others, some of which will be reached in the second half of the year.

Materials

Recycling textiles remains an area in which we want to continue to make progress. One of our top objectives was already attained in May 2020. Brands Fashion received the first order to entirely recycle 500,000 cotton articles.

One of our more focused and ambitious targets is in the field of chemical management. We want to continue working on our cooperation with *BHive* to establish *DETOX*-compliant supply chains. *BHive* is an app that wet processing facilities, i.e. dyeing and washing plants, and suppliers can use to scan, document and monitor the chemicals they use. After its analysis, the app then displays which chemicals should be replaced by more sustainable alternatives. The results are fully transparent, for both the wet processing facilities and for us.

Our newly created ***Cradle to Cradle Certified™*** collection (Gold level) will be extended to include more groups of artic-

les such as recyclable accessories, e.g. buttons, scarves and other cotton items. Moreover, we will report on our ***Cradle to Cradle Certified™*** collection on various media. We would be glad if you read our news posts or followed us on social media.

We have also taken several steps to reduce packaging material. We will focus on identifying packaging that is especially resource-intensive and reducing its usage. This is a continual process we are pushing forward.

Brands Fashion will continue to increase its share of *Fairtrade* and *GOTS* clients. Even if the challenges caused by the Covid-19 pandemic have been especially harsh in the personal sphere as well as for all economic players, we see this as an opportunity to promote more sustainable manufacturing processes. In addition to organic cotton, we aim to test and step up the usage of newer, more sustainable fibres, such as *Tencel®*.

Unfortunately, the *Fairtrade* Awards ceremony was cancelled this year due to the breakout of the COVID-19 pandemic at the beginning of the year. We already know that we have won one of the top three awards in the “*Producers*” category without knowing which one and we are excited about the upcoming gala, which we hope will take place very soon!

Initiatives

By the beginning of 2021, Brands Fashion will have an entire *Fairtrade* Textile Standard-certified supply chain. This will be a first! To receive this certificate, all the production stages involved, i.e. from ginning to assembly, will be assessed according to strict environmental criteria, as well as others. Workers’ rights are being promoted, and, step by step, the aim is to introduce living wages for workers in all factories.

In the late summer of 2020, the *Green Button* audit will take place again. In addition to our preparations for the audit, we are actively participating in the development of the *Green Button 2.0*. Brands Fashion continuously advocates for legislation on supply chains.



- ✓ Use of **sustainable fibres and raw materials**
- ✓ Effective wastewater management and **eco-friendly dyeing process** (Detox)
- ✓ First LEED-Platinum revitalized **Green Factory**



- ✓ Ensuring **social compliance** in our factories
- ✓ Goal: **fair wages** throughout the entire supply chain
- ✓ **Transparent supply chain** – tracemyshirt.com

All products that are manufactured with **Fairtrade**-certified cotton are physically traceable and marked with the **Fairtrade** cotton label. The certification of articles by means of the **Fairtrade** Textile Standard will begin in 2021.



- ✓ Ongoing focus on a **circular system** without any waste
- ✓ Concepts for **textile recycling**: Up-, re- and downcycling
- ✓ **Sustainable packaging** – avoid unnecessary plastic- and packaging material



- ✓ Supporting **social and environmental projects** School for Life
- ✓ Membership in **alliances and initiatives**
a. o. Bündnis für nachhaltige Textilien, ACCORD, amfori (BSCI & BEPI), Grüner Knopf
- ✓ **Sustainability communication** – do good and talk about it!



Supply chains

In February, we celebrated the opening of our first *Green Factory* alongside SAGS Apparels. Brands Fashion and some of our clients, including the VfB Stuttgart, Hamburger SV and 1. FC Union Berlin football clubs and the Australian sustainability label OCC Apparel, were warmly received by the Anantharaman brothers, Ganesh and Sankar, and their employees. Their factory produces *GOTS*, *Fairtrade* and *Green Button*-certified articles, as well as our new ***Cradle to Cradle Certified™*** collection.

We see the establishment of effective complaints mechanisms at our suppliers' facilities as one of the biggest challenges for 2020. We are already assessing a certain number of initiatives and approaches that are in place to identify the best way to proceed. We are keen to avoid setting up our own mechanism and would prefer to use an overarching existing system, hence why we are analysing the options. The Bangladesh Accord on Fire and Building Safety and the *Fairtrade Textile Standard* have allowed us to gain experience about two countries. We wish to build on this to promote the establishment of mechanisms in other supply chains and countries.

Another goal in the field of *supply chains* is to calculate the carbon footprint of a t-shirt. We want to determine potential cuts in the consumption of water, CO₂ emissions and chemicals for an organic cotton t-shirt as compared to a conventional item.

Company site

We were awarded a medal by EcoVadis in April and reached "Gold" status in their Sustainability Ranking.

At the beginning of 2020, we also introduced digital pay slips in the company to reduce paper consumption, thus saving further resources.

The issue of sustainability communication is gaining in importance at Brands Fashion because of our sustainability work both in our core business and other areas. The goal is to continue our work in this area and to spread the word.

Silke Rosebrock speaks of the future:
"We are pioneers in ecologically and fairly-produced workwear. Sustainable management is an integral component of our company, so we continuously support innovative projects with the aim to promote change in the textiles industry. As is demonstrated in the Sustainability Report for 2018/2019, we are truly committed to a large number of measures and activities that go beyond our core business. It is particularly important to us to continue supporting our clients and inspire them to accompany us on this path. We see every single of our clients' challenges as an opportunity, hence why we are always passionate about every project."



Brands Fashion GmbH

Müllerstraße 11

21244 Buchholz i.d.N.



info@brands-fashion.com

+49 (0)4181 9422-0

Layout & Produktion: Maret König