



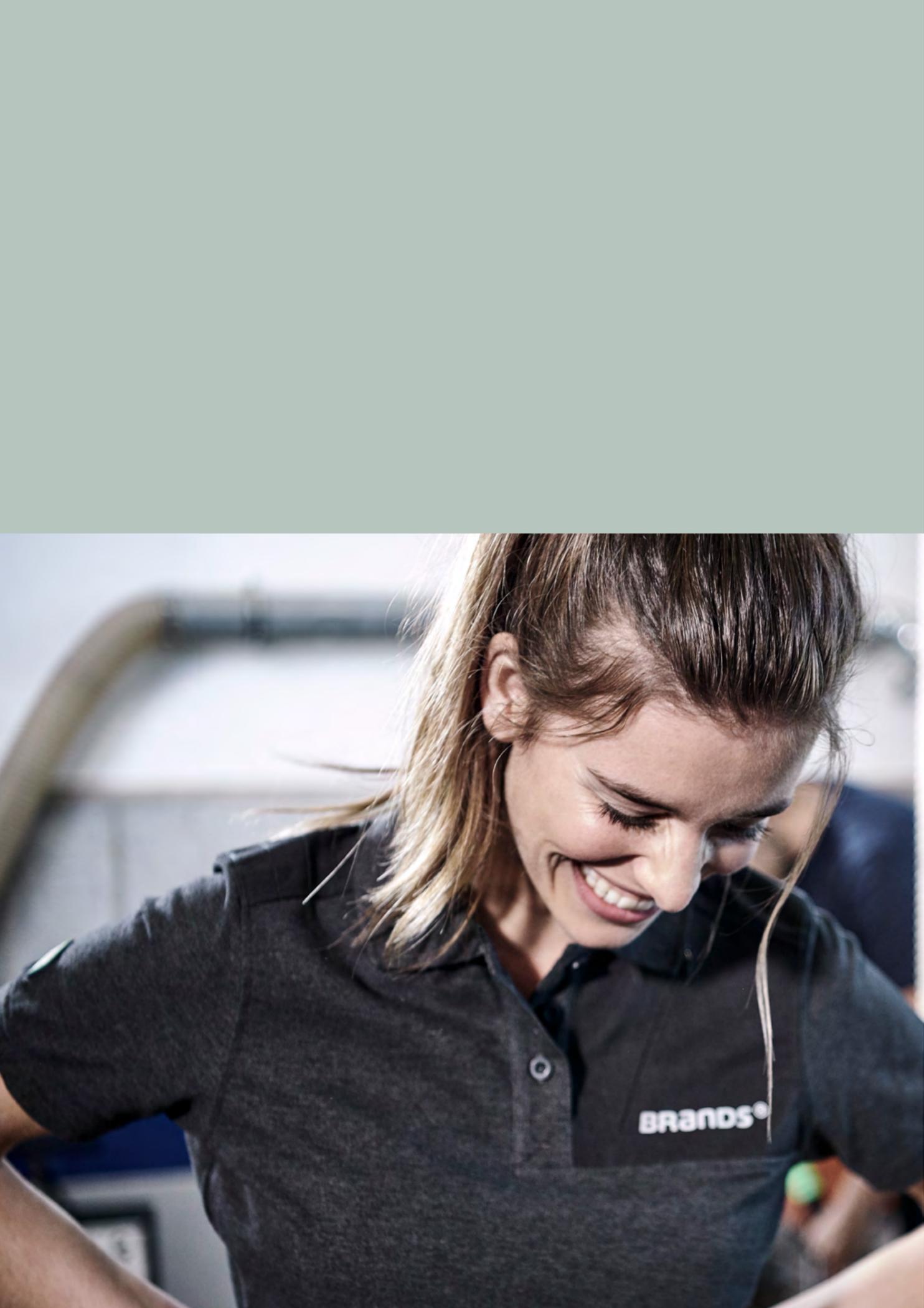
2020
2021

SUSTAINABILITY REPORT

BRANDS 

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ABOUT THIS REPORT

Every two years, we produce a detailed, publicly available report about our sustainability efforts, activities and targets. In order to make sure up-to-date figures are available, we also publish these on an annual basis.

This sustainability report covers the progress made in 2020 and 2021. In some sections, we also take into account important events that occurred after this period up until the copy deadline in April 2022, so as to ensure the information is up to date. The report was published in June 2022.

Together with our stakeholders, we have identified relevant key topics and grouped them into four action areas. In doing so, we endeavour to respect the principles of accuracy, balance, clarity, comparability, reliability and timeliness in order to ensure our reporting is of a high quality.

Reporting in accordance with the GRI

As this is the first report of this kind that we have published, we have aligned ourselves with the *Global Reporting Initiative* (GRI) standard. That said, we do not claim to have fully complied with the principles of reporting therein. Rather, our thorough analysis of the requirements and principles of the GRI standards has allowed us to prepare for the next report in two years' time. This report will be drawn up and verified in accordance with the GRI's reporting principles for defining report content and report quality.

The relevant references have been provided for each topic, and an index can be found on page 88.

Dear readers,

Sustainability continues to define the era we live in, especially in light of the insidious little virus we were beleaguered by in the 2020/2021 reporting period. Climate change as well as resource scarcity and social injustice in a host of textile supplier countries have made it all the more necessary to devote ourselves wholeheartedly to tackling these historic challenges. Indeed, there are some successes to celebrate that have motivated us and our suppliers to actively and decisively take on this necessary transition.

On a recent visit to Bangladesh, our Minister for Development, Gerd Müller, saw for himself the positive impact that the *Green Button* label he launched can have on manufacturers. He was impressed by just how much of an influence the initial measures were already having and encouraged us to keep pursuing the path we have set out on.



Matthias Diestelmann, Managing Partner BRANDS Fashion

We are making a further positive impact with the *Fairtrade Textile Standard*, which serves to ensure that all participants throughout the supply chain receive a living wage by the end of a period of six years at most. Not only that, but the entire initiative is certified and evidenced. We at BRANDS Fashion are the first and only company worldwide to have implemented such an innovative measure together with our partner SAGS Apparels in India, and it has emboldened us to take similar measures in other countries in future. A living wage is about more than just survival: it also ensures that workers can set aside savings for illness and old age or invest in their children's education.

One particularly groundbreaking development is the fundamental shift within the industry from a linear to a resource-efficient circular economy. At BRANDS Fashion, we have invested a great deal of time and creativity into developing recyclable products, and our first



Silke Rosebrock, Managing Director BRANDS Fashion

Cradle to Cradle Certified™ Gold clothing items are now available on the market. However, now is not the time to rest on our laurels; we are currently working hard on B2B recovery schemes in conjunction with closing the technical cycle. We have already launched a number of pilot projects in this area, and we are optimistic that we will be able to announce that these projects are ready for series production by the time of our next sustainability report.

At a time when planning is such a difficult task, it is becoming increasingly important to know your own suppliers well, whether they are sewing facilities or part of the more distant supply chain. In order to be able to obtain and disclose relevant information at any time, a digital application is required. Our newly developed tracking tool TRACYCLE will enable this transparency, as well as allowing us to calculate a product-specific CO₂ footprint.

Many of our customers and suppliers have become close partners who have resolved to join us in our numerous endeavours, who view the challenges we face as opportunities and understand that there may be setbacks along the way. Yet this is hugely beneficial for them, too, as demonstrated by the German Sustainability Award we won in the 'Global Partnerships' segment together with our partner SAGS Apparels in Tiruppur. This award is more than just a trophy: it rewards us with widespread recognition of all our combined efforts. It is also an accolade that proves to our partners in the global South, too, that there is purpose to our endeavours.

The journey towards a fair, resource-efficient world will be eventful and challenging. It will take courage and resolve to walk this path, so let's walk it together.

*The Management Board of
BRANDS Fashion GmbH*



BRANDS FASHION

BRANDS Fashion is a pioneer in the field of sustainable workwear and fashion merchandise. We develop various products for a range of renowned businesses in Europe and the USA in the fields of corporate workwear, private label, merchandise and promotion. We offer our customers a one-stop solution, from design and product development to webshop and distribution solutions. Our customers include grocery retailers, chemist and hardware store chains, sports and football clubs, as well as petrol station groups and NGOs

In the Far East, BRANDS Fashion has enjoyed long-standing relationships and partnerships with reliable producers in Bangladesh, India, Indonesia, Pakistan, Sri Lanka and China. Six employees are responsible for quality control. 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 Textiles Ltd, headquartered in Hong Kong, is in charge of sustainable procurement, quality control and compliance on the Asian market.

The cornerstone of BRANDS Fashion was laid in **1996**, with the **founding of the textile production company BRANDS Polska**. This textile embroidery and printing firm was started by Henning Brandt and Kersten Kruse. With a current total of 100 employees, the company serves both the Polish and German markets.

BRANDS Fashion GmbH was **founded** in **2002** as a textile retail and services company by Mr Brandt, Mr Kruse and textile merchant Mr Hofmann. Our European headquarters are located just south of Hamburg, in the town of Buchholz in der Nordheide. Its managing directors are Silke Rosebrock and Mathias Diestelmann. Mr Diestelmann is also a shareholder in the company.

The Sustainability Department was established in **2012**, at which time we also launched the slogan **Social. Green. Fashion**. Co-founder Ulrich Hofmann was responsible for defining sustainability as a cornerstone of BRANDS Fashion's business, and this has been carried forward by Silke Rosebrock and Mathias Diestelmann.

One year later, BRANDS Fashion became a shareholder in Clothing Network. The company, which has been operating since 1996 and is currently managed by Rupert Gimpl, is headquartered at Lake Chiemsee and is a full-service provider for private label clothing.

Under the direction of Michael Schwaegerl, Jepsen & Jessen Textil (GmbH & Co) KG has been a strategic partner and majority shareholder in BRANDS Fashion GmbH since **2017**. The founder of BRANDS Fashion, Ulrich Hofmann, is a minority shareholder and Chairman of the Advisory Board. In the same year, under the leadership of Hendrik Lohkemper, we opened another site in Charlotte, North Carolina, USA.

GoJungo GmbH, a subsidiary of BRANDS Fashion, was founded two years later in May 2019. The company is managed by

Stephan Sommerlik and Andreas Mehr. GoJungo offers services in the field of e-commerce.

In early **2022**, so outside of the reporting period but prior to the copy deadline, we spun off our logistics division. The new company is named BRANDS Logistics GmbH. Under the management of Peter Böttcher and Frank Blankertz, it is responsible for providing logistics services to BRANDS customers, other customers and online portals.

In Europe, we work with production partners in Turkey, Poland and Portugal and maintain additional warehousing capacity in Zachow, in Germany (since 2022 'BRANDS Logistics GmbH'). Our own site in Buchholz, near Hamburg, has been TÜV ISO 9001-certified since 2009, in compliance with the *Global Organic Textile Standard* since 2014 and with the *Global Recycled Standard* (CU830374) since 2018, and *Green Button*-certified since 2019.



BRANDS Fashion GmbH organisation chart, June 2022



SUSTAINABILITY AS A CORE VALUE

The specific demands of our clients always stand at the core of our actions across our varied business operations. We strive to ensure entirely sustainable supply chains. For us, being sustainable is not just about tapping into a future-proof market: it is something that is close to our heart.

Rabea Schaftrick, Head of Sustainability Department



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: we strive to promote a holistic circular textile economy, from the use of sustainable materials and the respect of high ecological and social standards throughout our supply chains, all the way to resource-friendly packaging and textile recycling schemes.

The areas covered by the Sustainability Department include ensuring transparency and compliance with social and environmental standards in supply chains, working with various quality labels and certifications, providing support with regard to environmental and chemicals management (in particular for our dye works), targeted sustainability monitoring and stakeholder-tailored sustainability communication. Rabea Schaftrick is Head of Department and reports directly to the Management Board.

In order to live up to the high standards we set ourselves, in 2021 we created a part-time position in the area of sustainability monitoring. The administrative burden is enormous when it comes to requesting and maintaining data from within the supply chains. As we identified high environmental risks in our wet processing facilities, our environmental activities are focusing in particular on chemicals management. We are delighted to announce that we have been able to hire an expert in this field to join the team. As for sustainability communication, we enhanced our efforts in this area over the reporting period. Despite the challenging situation we have faced during the past two years, we engaged even more than previously with our stakeholders.

Across all departments at BRANDS Fashion, there is a real awareness of sustainability. This is down to the clear commitment of the Management Board to the company's sustainability efforts. Cross-departmental projects, for example regarding the circular economy, foster understanding and collaboration between the departments. The Sustainability Team deals with all sustainability-related issues and provides the necessary support.

We want to know what our stakeholders' expectations and impressions are, feed their ideas into the further development of sustainable business processes and join forces to come up with future-oriented solutions to environmental, social and societal challenges.

IDENTIFICATION & INVOLVEMENT OF STAKEHOLDERS

BRANDS Fashion is in close and continuous contact across a range of channels with all stakeholders inside and outside of the company.



We are in routine contact with many of our stakeholder groups. We have taken their expectations and interests as well as their information requirements into account as best possible when deciding on the key topics and indicators for inclusion in our report.

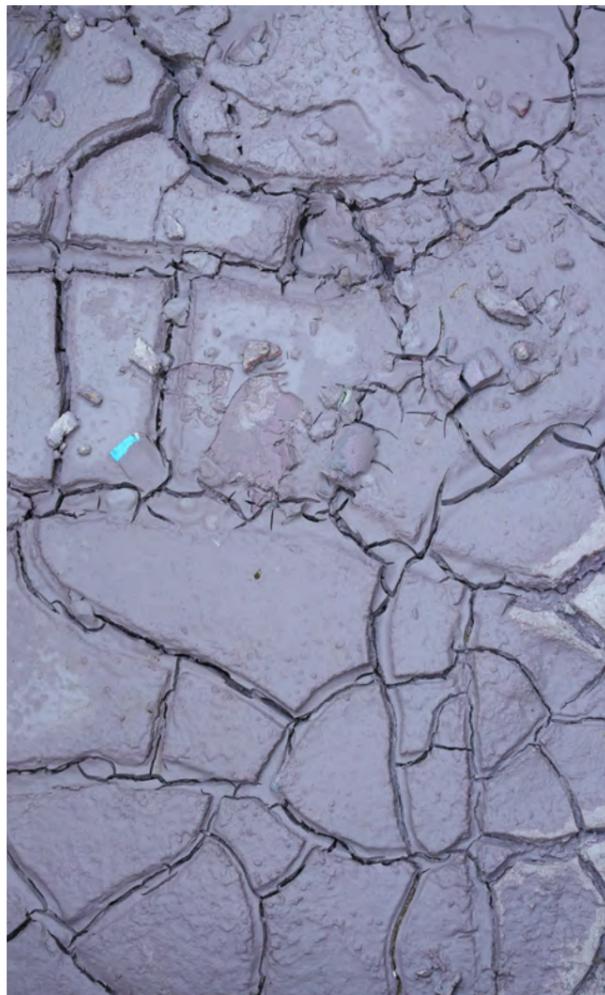
With a view to the next report in two years' time, we want to make increasing use of systematic or generally recognised approaches, methods and principles as a basis for involving stakeholders.

Our stakeholders are invited to help us identify relevant issues and respond with suitable measures. This participatory process takes place in a range of specifically selected formats depending on the topic and circumstances, for example direct exchanges, audits, surveys, round tables, collaboration on initiatives or emails. In addition, we keep an eye on the relevant industry media and actively engage with scientists, colleagues and other stakeholders.

We also use our exchanges with stakeholder groups to identify opportunities and risks as early as possible. This enables us to respond proactively.

OPPORTUNITIES & RISKS

As a textile importer operating on a global scale, we are exposed to different types of risks: environmental incidents and disasters can have an adverse effect on lead times, and fluctuating raw materials prices influence our own prices. Political developments in procurement countries can also impact our collaboration with suppliers.



For example, a change in legislation may limit the right to freedom of association, thereby inciting the workers to strike, which in turn can result in production losses.

In general, as a result of its global networks and the fact that a range of chemicals are required for production, the textile production industry entails significant human rights, social, environmental and corruption risks. Many of these are mutually dependent and reinforcing. That is why breaking down these risks by country, product, supplier and production stage is so important for us. In order to rectify identified shortfalls – including in other sectors – we have drawn up a statement on the German Due Diligence Act.



We believe that our strategic opportunity lies in further bolstering and expanding our position as pioneers in sustainable corporate workwear in order to ensure we are fit for the future.

To this end, we act as a credible partner in advising our customers on sustainable product solutions and collaborate within various alliances to bring about innovative market solutions. As a result of climate change and geopolitical developments, raw materials supplies fluctuate dramatically. We counteract this by forging close partnerships in our procurement countries and by participating in projects to boost biodiversity and promote the cultivation of sustainable materials. In this way, we contribute to securing the supply of sustainable raw materials.



MATERIALS & PRODUCTS

We continue to pursue our aim of being a market-leader in sustainable, green and fair workwear and fan merchandise and penetrating the European and American markets further.

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

In 2020, sales in the German clothing industry declined dramatically compared to the previous year, falling 19% to EUR 5.1 billion. In particular, the first lockdown caused spring sales to collapse by 45% in some cases. From this low baseline, sales experienced a small recovery in 2021, rising by 3% to EUR 5.2 billion.

In 2020, the workwear segment of the clothing market was the least affected by the drop in sales, only falling by 2.9%. This year, sales amounted to EUR 500 million. In 2021, this segment saw a minor rise in sales of 1.3%, and the trend continues upwards. In 2021, sales rose to EUR 509 million.

Source: German Federal Statistical Office

Cotton remains our most important and commonly used raw material.



For example, we bear in mind the relevant requirements of a new product as early as the design phase. We also place great emphasis on the chemicals used in the textile wet processing stages, the resulting waste and its disposal. Moreover, we of course endeavour to meet our customers' requirements with respect to design, price and quality. Certain items are subject to special regulations and standards, for example children's clothing or personal protective equipment.

Cotton remains our most important and commonly used raw material. This is due to the properties of the material itself: it is particularly well-suited to workwear and merchandise. Moreover, customer demand for natural fibres, in particular cotton, remains high. Our demands for fair and environmentally friendly production are ambitious, so we

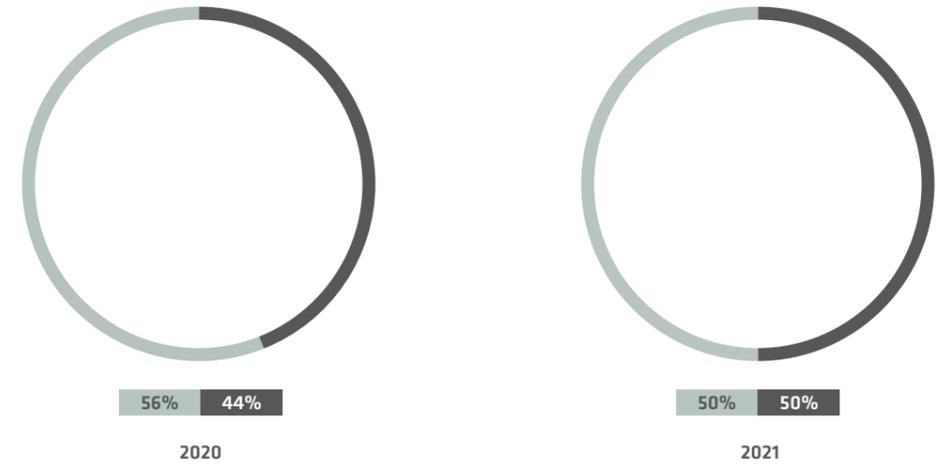


focus as much as possible on sourcing a large proportion of organic cotton grown by farmers receiving a fair wage, in a chain in which all other parties are fairly paid too. We are assisted in this endeavour by various certification systems and quality labels, for example the *Fairtrade Cotton Standard*. During the reporting period, we also successfully obtained certification of our first supply chain in the world in accordance with the ambitious *Fairtrade Textile Standard*. This involves both bolstering employee rights and gradually introducing living wages.

SUSTAINABLE FIBRES & PRODUCTS

In 2021, we purchased more than 7500 tonnes of raw cotton. Around 83% of the cotton we purchased originated from organic farms. This represents a significant increase compared to previous years (2020: 63%, 2019: 70%). We also increased the proportion of Fairtrade-certified cotton from 19% in 2019 to around 50% in 2020, then to 53% in 2021.

Fairtrade Cotton Standard



Comparison between cotton items* with/without Fairtrade certification

■ Cotton items* with Fairtrade certification
■ Cotton items* without Fairtrade certification

*Cotton items with a minimum cotton content of 50%

We also increased the proportion of **Fairtrade**-certified cotton items: around 50% of all the company's cotton articles containing a minimum of 50% cotton were **Fairtrade**-certified in 2021 (2020: 44%, 2019: 30%). By the end of the reporting period, we had 49 **Fairtrade** customers (2020: 47, 2019: 41).

Global Organic Textile Standard



Comparison between cotton items* with/without GOTS certification

■ Cotton items* with GOTS certification
■ Cotton items* without GOTS certification

*Cotton items with a minimum cotton content of 70%

We once again increased the size of our **Global Organic Textile Standard** (GOTS) range in 2021: 87% of all the company's cotton articles containing a minimum of 70% cotton were **GOTS**-certified in 2021 (2020: 77%, 2019: 73%). We were able to increase the number of customers purchasing **GOTS**-certified items from us to 70 by the end of the reporting period (2020: 65, 2019: 58).



Polyester

In absolute terms, the amount of polyester (PES) used was a little lower in 2021 than in the previous year. At the same time, we used a greater amount of recycled polyester: around 14% of the PES we processed was recycled, and over 70% was manufactured within **GRS**-certified supply chains and was endowed with the corresponding quality label. This represents a sevenfold increase on previous years (2020: 2%, 2019: 1.7%).

SUSTAINABLE FIBRES & PRODUCTS

Global Recycled Standard

We greatly increased the proportion of **Global Recycled Standard** (GRS)-certified items in 2021. Whilst in 2020 fewer than 1% of our items containing a minimum of 50% polyester bore the GRS label, 5% of those items bore the label in 2021.

Among others, we work with following sustainability labels & certificates:



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

Proportion of sustainable articles

In 2021, we increased the proportion of textile items bearing a sustainable product quality label (e.g. *GOTS*, *Global Recycled Standard*, *Fairtrade Cotton*, *Made in Green*, *FSC*, *Green Button*, *Cradle to Cradle Certified™*) to around 36%. In 2020, this was true of 35% of all textile items purchased from us. With the help of our customers, we therefore managed a small increase on the previous year (2019: 34%).



Customer testimonial: ROSSMANN:

'Together with BRANDS Fashion, we are developing sustainable uni-forms for our employees. This not only means using more sustainable materials like organic cotton or recycled polyester, but also recycling the existing employee collection by combining items from the 'old' collections that are still in good condition with items from the new ones.'



Green Button- and Fairtrade-certified Corporate Workwear of Dirk Rossmann GmbH made of recycled PES and organic cotton.

FAIRTRADE PREMIUMS



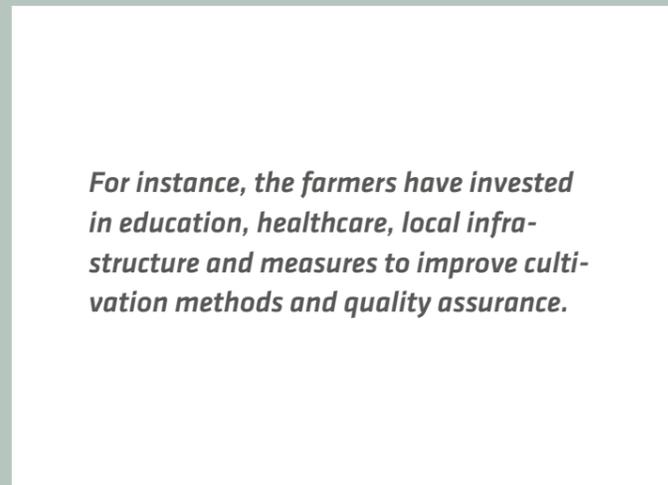
Over the past five years to the end of the reporting period, BRANDS Fashion purchased over 9.5 million Fairtrade-certified articles, processed over 15,000 tonnes of raw cotton, thus generating more than EUR 770,000 in Fairtrade premiums.



Farmers of the RDFC cooperative

In 2021, we purchased 2.4 million Fairtrade-certified items, thereby matching the total from 2020 (also 2.4 million items). In 2021, we generated EUR 194,000 in Fairtrade premiums. This allowed us, among other things, to once again co-finance the majority of the expenditure of the cooperative Rapar and Dhrangadhra Farmers Company (RDFC).

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. The premium is paid to the small-scale producer cooperative in addition to the purchase price, and the cooperative as a whole is able to independently decide on what to do with the money. For instance, the farmers have invested in education, healthcare, local infrastructure and measures to improve cultivation methods and quality assurance.



For instance, the farmers have invested in education, healthcare, local infrastructure and measures to improve cultivation methods and quality assurance.



Farmers of the RDFC cooperative



9.5 Mio
Fairtrade-certified articles

€ 770.000
Fairtrade premiums

COTTON AVAILABILITY & SOLUTIONS TO CHALLENGES

Back in early 2021, we were already having to regularly deal with the challenge of a low supply of organic cotton and high mark-ups. From the point of view of the producers, there were a number of reasons for this situation: in early 2021, it became apparent that large quantities of cotton were being falsely labelled as organic. This cotton was taken off the market, which led to a sudden shortage. This shortage was exacerbated by the fact that many major companies decided to stop purchasing cotton from the Chinese region of Xinjiang due to reports of forced labour. Cotton price speculation also drove prices up.

So that we were not forced to rely on second-hand information and were able to take measures to guarantee our supply of organic cotton, we met some of our organic and Fairtrade-certified cotton producers in Mumbai in autumn 2021. These producers all agreed on one thing: the price of organic cotton, especially that grown in India, had been too low for some time, and the price increase was long overdue. Those we spoke to forecast that the price will probably settle at a slightly higher level than before and remain stable and that the price of conventional cotton will also rise.



Based on these findings, we set out various short-, medium- and long-term measures to give us greater planning certainty and ensure the availability of organic cotton. One of these measures was to set up a project to increase the production of organic cotton in collaboration with development agency Gesellschaft für Internationale Zusammenarbeit (GIZ) and a number of customers. As part of this initiative, we are helping 450 farmers in Gujarat, Western India, to convert from conventional to organic cotton farming. The conversion process takes three years, allowing the soil to regenerate and ensuring that no residue from synthetic fertilisers remains.

During this period, the farmers also learn how organic farming works and what alternative fertilisers and pesticides they can use. However, the producers do not receive organic cotton premiums until after the conversion period. As converting to organic farming can result in a 30–40% decrease in yields, we provide the farmers participating in the project with financial support in the form of yield loss premiums. In order to create further economic and environmental incentives for the farmers, we also help by purchasing the '*cotton in conversion*'. **This allows us to secure the supply of organic cotton for our customers in future, offer farmers long-term prospects through organic farming and contribute to improving biodiversity.**

To make sure we stay up-to-date with the latest findings, we regularly engage with representatives from the fields of science, business and independent organisations. This allows us to continually develop new recyclable products and solutions.

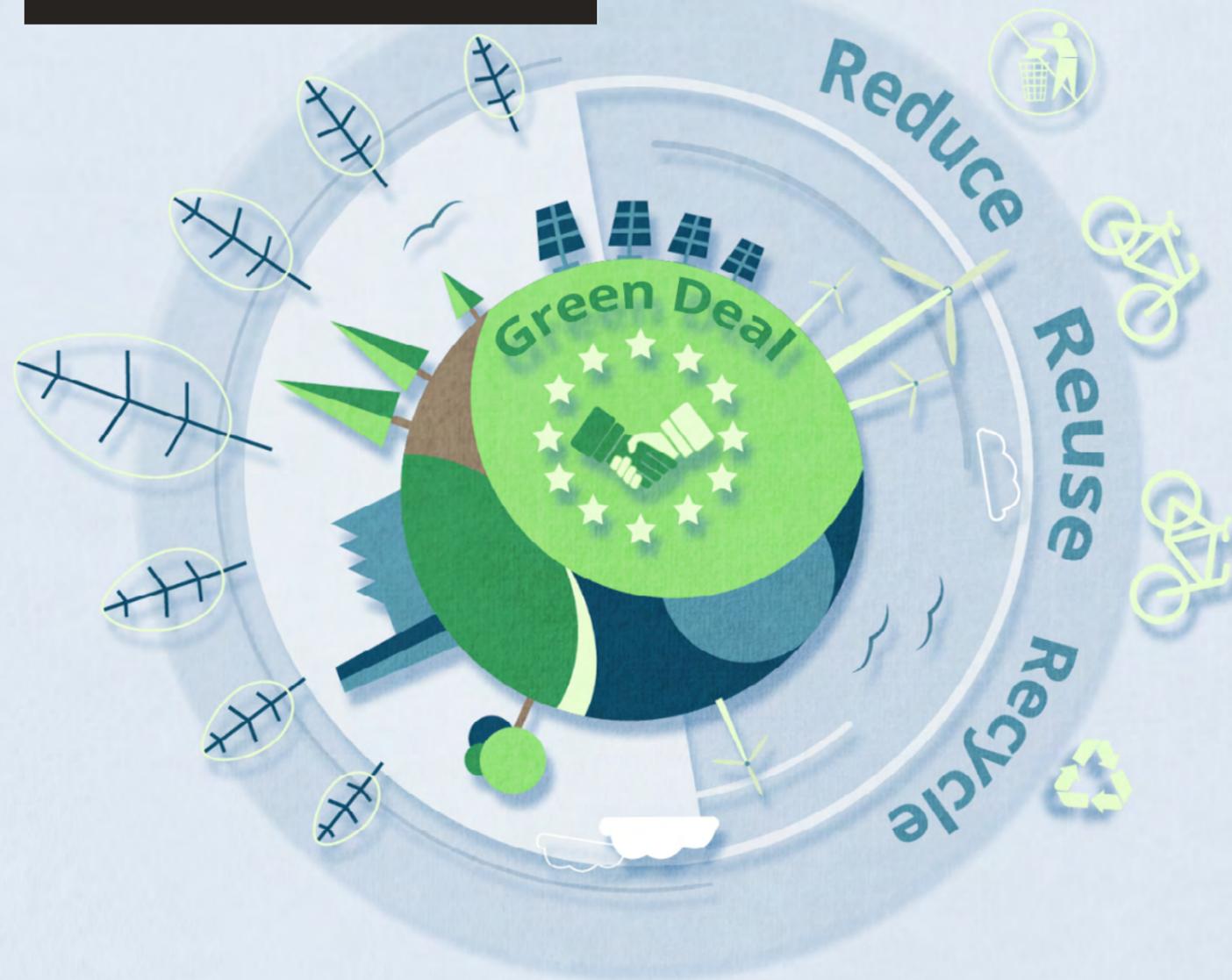
TEXTILE RECYCLING & CIRCULAR ECONOMY

'Circular economy' is a key concept when it comes to preventing waste and making sustainable use of resources. We have made great strides in this area in recent years.

In early 2020, we established the circular economy as a core focal point of the Partnership for Sustainable Textiles, and internally we convened a cross-departmental 'Task Force on Circularity' that is working on reducing textile waste in the long-term and making efficient use of important resources.

To this end, we are developing an innovative take-back system. The objective is to come up with a textile recycling system that preserves as much of the value of the textiles as possible and that is tailored to the individual products and needs of our customers. We are attempting to achieve this by categorising the used items based on material composition, so that they can be recycled accordingly. Of course, this system will also be interlinked with our range of fulfilment services.

The first step in the process was to analyse our material flows. This allowed us to identify the relevant partners for recycling used textiles and for circular innovations and to forge partnerships. To ensure that the textile products being produced right now will also be as recyclable as possible in future, we have drawn up 'Guidelines for Circular Design'. These guidelines help us, together with our customers, to keep resources within a closed loop whilst ensuring their quality remains the highest possible.



CRADLE TO CRADLE™ CERTIFIED

Our Cradle to Cradle Certified™ Gold collection

After a little over a year of preparation and development, we were awarded our *Cradle to Cradle Certified™ Gold* certificate in April 2020. This covers various organic cotton sweats and jersey items for women, men, children and babies, some of which also contain biodegradable elastane or polyester.

11 courageous customers have since decided to produce all or part of their collections in accordance with this stringent standard. The standard requires evidence of a consistent and entirely circular economy in the manufacture of products, with no waste generated. All the materials used in our certified items of clothing can be re-used or are biodegradable. The exclusive use of safe materials and chemicals 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.



All 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.



The *Cradle to Cradle Certified™ Gold* standard provides us with a potential solution for creating closed loops for our textiles, in particular in the B2C area, where textiles cannot always be recovered through a take-back system. *Cradle to Cradle Certified™* textiles can also be biodegradable, and customers have the option to close the loop again themselves.

We are currently working on growing our *Cradle to Cradle Certified™ Gold* collection, so that in future we can offer even more certified components and accessories and expand our product portfolio.



Steffen Otten, founder of runamics

INTERVIEW WITH RUNAMICS

Together with our customer runamics, we have developed the first ever Cradle to Cradle Certified™ sportswear collection at gold level. Steffen Otten, the founder of runamics, and Julian Schulz, from the BRANDS Fashion Sales Team, talk about our motivation, partnership and how the collection was built.

@Steffen: Why did you choose BRANDS Fashion as a production partner, and what makes the partnership so special?

Steffen: We first got in touch via a shared business contact between myself and Rabea Schafrick from the Sustainability Department at BRANDS Fashion. Back then, we at runamics already knew we had to focus on Cradle to Cradle™ if we wanted to get serious about producing 'sustainable' sportswear. We were on the same page from the start. Not only that, we were totally thrilled to find

a Cradle to Cradle™ partner located so close to us. We Northerners have to stick together! What's really special about our collaboration is that we are both very familiar with the specificities of the added value of Cradle to Cradle™: the people at BRANDS Fashion know exactly what is important to us. In turn, we know what is realistic in practice and what isn't. What's more, all the processes are very transparent – we like that.

@Julian: How would you characterise runamics as a customer, and what is so special about your collaboration?

Julian: runamics' goal of becoming the first Cradle to Cradle Certified™ sports brand in the world is truly something special. This is not the kind of objective you achieve in two or three years; it takes a lot of work and perseverance. When you get to know Steffen

Otten and his team, you realise that they are really passionate about the runamics brand, and that environmental aspects are very much at the forefront of their production process and product. We are delighted to be able to support the runamics team in this endeavour, and we value the honest and transparent partnership we have.

@Julian: What products are we developing together?

Julian: We are primarily developing products made of organic cotton; in particular, we are producing Cradle to Cradle Certified™ sweats and jersey items at gold level – from hoodies and tracksuit bottoms to running armbands.

@Steffen: How does the joint product development process work?

Steffen: On the materials side, we now know exactly what components are available and feasible. Once we have an idea, we move on to the design, which we produce here at runamics. Together with a pattern maker, we then turn the design into an actual pattern. We then discuss this pattern with BRANDS Fashion in terms of its feasibility, costs, availability, lead time, volumes etc. We usually end up producing several prototypes. As we are limited by the Cradle to Cradle™ certified materials, we often have to get creative when things aren't turning out how we want them to. For example, we may have to use a different sewing technique or a different type of elastic.



Julian Schulz, Sales-Team BRANDS Fashion

@Julian: What did you particularly enjoy when creating the collection for runamics, and what did you find challenging?

Julian: I imagine that most people think that it's easy to convert a conventional product to Cradle to Cradle Certified™ Gold, but a lot of work has to go into it, and it often takes much longer to develop a completely new product than you think at the beginning. I am just as impressed by runamics' perseverance in product development and its solution-oriented working method as I am by our mutual collaboration.

@Steffen: What makes our partnership so successful?

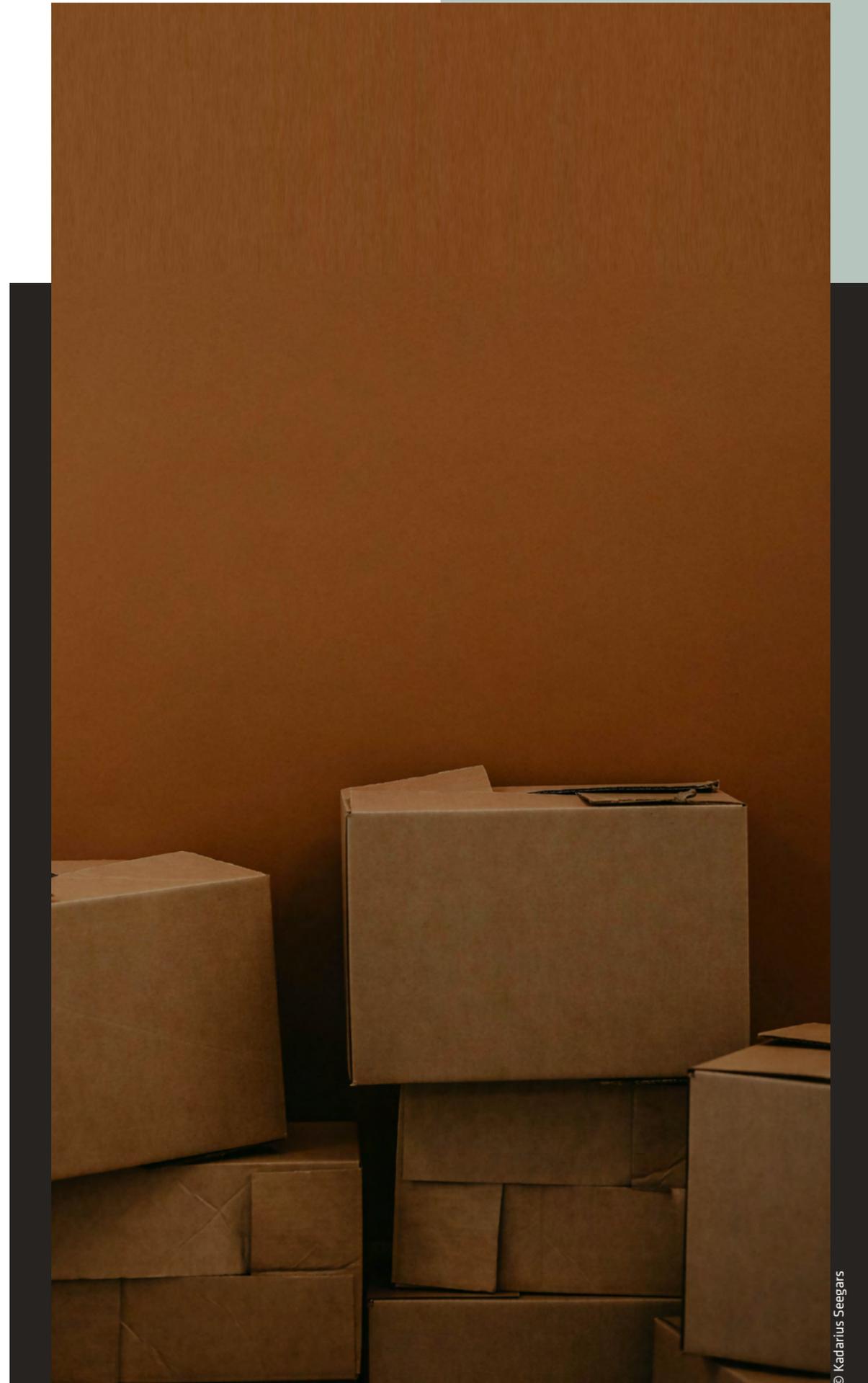
Steffen: Trust, transparency and having the same understanding of sustainability. I really appreciate BRANDS Fashion's patience and support in numerous areas, whether it's logistics or development.

Thank you for agreeing to talk to us!

LESS PACKAGING

BRANDS Fashion has developed and implemented a holistic concept for ERP-based tracking of product packaging. **This allows us to ensure that we respect the 'polluter pays' principle in this area too and means we are able to support Germany's top quality recycling infrastructure.** Moreover, we are reducing the large number of different materials used in product packaging (e.g. composite materials, aluminium) and are focusing on paper and plastic packaging made from recycled materials. These are easily recyclable or suitable for waste disposal systems.

By 2021, we had reduced the amount of product packaging made of composite materials by around 15% compared to 2020, simply by switching to mono-materials and refraining from using stickers. We even managed to reduce the use of aluminium by 91%. This was achieved by making a small change that had a big impact: instead of using small aluminium pins to attach hang tags to products, we now attach them directly on to the clothing. This example shows that even the smallest changes can have a huge effect on your environmental footprint.



© Kadarius Seegars

Packaging put into circulation by BRANDS Fashion is subject to meticulous tracking and is licensed for recycling under the Duales System Deutschland (DSD) recycling scheme. The DSD was born out of the dual system Der Grüner Punkt and was set up as an alternative disposal system to the existing waste disposal system under public law. Through our participation in the DSD scheme for recycling sales packaging, we are significantly reducing our impact on the environment. In 2021, BRANDS Fashion saved a total of 61 tonnes in CO₂ equivalents and 20 tonnes in crude oil equivalents thanks to the scheme. The reduction in CO₂ equivalents achieved is equal to the amount a 6-hectare forest can filter out of the air in one year.

Together with our customers and suppliers, we continue to look for sustainable packaging solutions that are fully recyclable or compostable at home. Moreover, as part of a Peer Learning Group within the Partnership for Sustainable Textiles, BRANDS Fashion is developing a set of harmonised guidelines on sustainable packaging.

ON THE WAY TO DETOX

In particular during the wet processing stages, namely bleaching, dyeing and impregnating, a host of different chemicals are used, some of which can have a severe environmental impact. Our aspiration is to minimise the use of these chemicals, maintain a high environmental standard and build upon that standard. To this end, we use a tool produced by the Zero Discharge of Hazardous Chemicals (ZDHC) initiative, the [ZDHC Manufacturing Restricted Substances List \(MRSL\)](#).

Since July 2020, we have been collaborating with GoBlu. We use their digital chemicals management tool, [BHive](#), to improve our processes for monitoring chemical levels. This tool makes it possible to monitor the chemicals used and their conformity with the ZDHC MRSL.

In addition to this, our wet processing facilities have adopted the [ZDHC Waste Water Guidelines](#). These guidelines define a single, unified quality standard for the discharge of waste water into the environment that goes beyond regulatory compliance.

In addition to the aforementioned initiatives, we are also working on internal instruments for assessing our production facilities and to ensure the traceability of chemicals throughout all vertically integrated and centralised wet processing facilities. As a result, the **chemicals management tools** we use cover all relevant aspects of environmental management; they help us to record information about resource consumption, be that of materials, water, energy or chemicals and analyse the risks associated with and the capacity of sewage water/waste water treatment plants.

The ZDHC MRSL is a list of chemicals that are harmful to health and the environment and that should not be used or should only be used in certain concentrations. Thus, the use of ZDHC-MRSL-compliant input chemicals and dyes ensures that we meet all chemical and environmental compliance requirements.

INITIATIVES & SUSTAINABILITY STANDARDS

In procurement countries where there is an increased risk of infringement of employee rights as a result of weaker legislation and law enforcement, our partners are obliged to comply with the amfori BSCI Code of Conduct. This code of conduct comprises those ILO labour standards that cover the right to freedom of association and collective bargaining, appropriate remuneration, regular working hours and job security. The use of child labour, discrimination or forced and compulsory labour are strictly prohibited. Our Code of Conduct forms part of our Declaration of Compliance, and is supplemented by specific requirements with respect to the environmental and social standards that must be met.

Every new supplier manufacturing in a high-risk country as defined by amfori BSCI is assessed by the Sustainability Department based on reports from third parties in terms of their compliance with our company standards. An assessment is then drawn up and passed on to the Procurement Department, and together the two decide whether or not to enter into a business relationship with that supplier. If they deem that the potential supplier is committing severe infringements of the Code of Conduct, a relationship will not be initiated. Severe infringements primarily include shortcomings with respect to the zero-tolerance criteria of child labour, forced labour and inhumane treatment, occupational safety, and unethical behaviour. During the reporting period, no infringements with regard to child labour or forced and compulsory labour were identified.

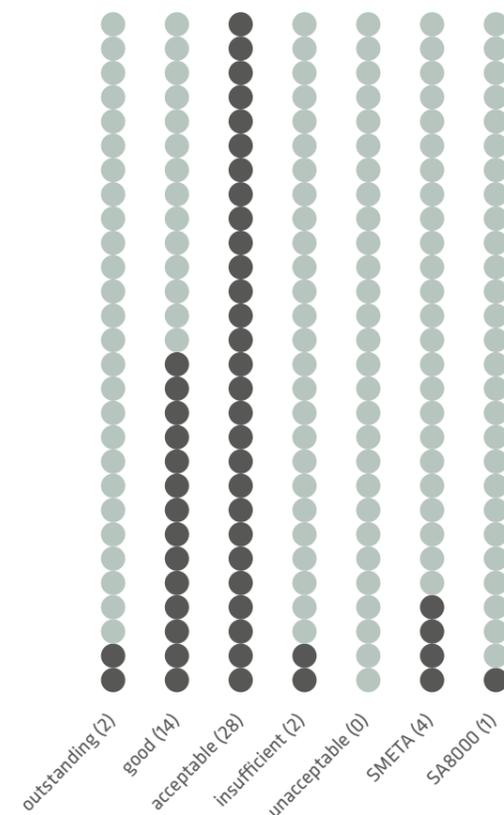
SOCIAL AUDITS

In 2021, a total of 62 social audits took place (2020: 91, 2019: 87) at our tier 1 suppliers (garment manufacturers) for textiles and hardware who were active during the reporting period. The reason why there were significantly fewer audits than in the previous year is that we have vastly reduced the size of our supplier pool. 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'. As in previous years, numerous shortfalls were identified in the areas of management systems and overtime in Turkey and China. In the area of occupational safety, a total of seven suppliers from China, Turkey, India, Sri Lanka and Pakistan were judged to be insufficient.

The potential negative social impact of our suppliers and supply chains is evaluated as part of our risk analysis. We measure the actual impact on the ground based on audit reports by external auditors, assessments performed by our local partners or our own factory visits performed by the Sustainability Department as well as our colleagues from Quality Development and Procurement.

As for existing suppliers, in the event of infringements of the code of conduct, corrective measures are requested and reviewed. Usually, suppliers are asked to remedy the shortfalls. Depending on the seriousness of the breach, the improvements required must be made immediately, in the medium term or in the long term. In the case of serious violations, i.e. the aforementioned 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.



Results of social audits at suppliers' facilities (2021)

GREEN BUTTON RE-AUDITS

We have already successfully passed our Green Button audit two years in a row. These audits consist of a company review and a product review.

For the 2020 company review, the auditor gave very positive feedback on our thorough supply chain monitoring and external communication via TraceMyShirt (now TRACYCLE), our risk analysis and our Covid-19 measures in our supply chains. The primary action points he identified were to improve certain structures and to draw up a clearly defined catalogue of measures on how to deal with infringements by suppliers. We subsequently created such a catalogue of measures, which we presented to the auditor in 2021. Once this was received, the auditor saw no need for further action.



In the second year, the auditor spoke particularly highly of our partnership with BHive, our innovative pilot project 'Circularity Workwear', and the further development of our tracing tool TRACYCLE. He noted that there was room for improvement in the field of reporting on complaints received from workers in our supply chain. We took this criticism to heart and now produce an annual report on complaints received, which is also published on our website.

Overall, the auditor was full of praise for the fact that sustainability activities occur not only in one department but across the entire company and that they are reflected in our company objectives. This is only possible and achievable if sustainability is placed at the core of the company, and this is clearly the case at BRANDS Fashion, in the view of the auditor.

Even after passing our *Green Button* audits two years in a row, we are always happy to learn more. We welcome all new ideas and food for thought with respect to our future development.



VISITING BANGLADESH WITH GERD MÜLLER

A particular highlight of 2020 was our joint visit to a textile factory in Bangladesh with Development Minister at the time, Gerd Müller (Federal Ministry for Economic Cooperation and Development, BMZ). The factory we visited belongs to one of our suppliers of workwear and jeans. It is certified in accordance with *GOTS* and *Green Button*. Following a successful assessment in August 2019, BRANDS Fashion joined those companies that have been working with the *Green Button* label since the start of the pilot phase. By the end of 2021, we had managed to convince more than 60 customers to apply

this German government 'meta-label' to their collections.

As Mathias Diestelmann, CEO of BRANDS Fashion, explained to the minister during the factory visit, 'the price difference between sustainable and conventional products is absolutely affordable – there is no real reason for other companies not to follow suit'. Gerd Müller lauded BRANDS Fashion and the textile factory as ground-breaking pioneers, who together have proven that sustainable textile production and implementation of the *Green Button* are possible.



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PARTNERSHIP FOR SUSTAINABLE TEXTILES

The multi-stakeholder initiative was launched in 2014 by then Minister for Economic Cooperation and Development, Gerd Müller, in response to the Rana Plaza disaster in Bangladesh.

We actively participate in many of the Partnership's activities, for example in the field of sustainable packaging, organic cotton and the circular economy. 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. When prioritising and defining our objectives, we rely on a previously performed risk analysis.

Since 2015, we have been a member of the Partnership for Sustainable Textiles.

This voluntary association of stakeholders from business, politics, civil society, trade unions and standardisation organisations has the objective of improving conditions in global textile supply chains.



The 2021 review process

The review process of the Partnership for Sustainable Textiles takes place every two years and was last performed in 2021.

In 2019, we set ourselves 12 ambitious goals in various areas, from fighting corruption to reducing the use of hazardous chemicals. Of these, we have fully achieved 7. As for the goals we were not as close to achieving, we are now working even harder to make them a reality. For example, we revised the cross-departmental criteria for our 2020 supplier evaluation and finally achieved technical implementation in 2021. For 2022, we are planning to actually incorporate this tool into our order placing process.

We are delighted to have achieved our goal of communicating the ZDHC waste water standard to 100% of our manufacturers and business partners. We have included a corresponding paragraph in our General Terms and Conditions of Purchase, which have been sent to all suppliers. In this paragraph, we call upon all suppliers to communicate the ZDHC Waste Water Guideline to the dye works they use. They should ensure that at least the 'foundational' level is complied with. The foundational level comprises the minimum requirements for suppliers, ac-

ording to which local legislation must be adhered to and it must be possible for effective monitoring to be performed as regards the use of chemicals compliant with the MRSL (Manufacturing Restricted Substances List).

In order to improve access to effective complaints mechanisms, in 2019 we set ourselves the objective of introducing a measure to improve workers' access to complaints mechanisms. To this end, we successfully introduced a committee-based complaints mechanism in our supply chain in India in connection with our certification under the Fairtrade Textile Standard.

Another objective we set ourselves was in the field of good housekeeping, which was to request a chemicals inventory from all our suppliers. However, the response rate was low, so we made strategic changes to our chemicals input management process: since 2019 we have been holding regular discussions and carrying out initial tests with GoB-lu regarding their application with the B Hive tool. We successfully tested the app with Chinese and Bengali suppliers. We used the results for various [tier 2](#) suppliers, and they are now being fed into our good housekeeping strategy for the coming years. Another initiative in this regard is our offer to help [tier 1](#) and [tier 2](#) suppliers obtain certification in accordance with the *GOTS*, *GRS* or *STeP standards*. These standards take into account good housekeeping in order to ensure safe handling of chemicals.

You can view detailed information about our risks, objectives, measures and progress on the website textilbuendnis.com.

The 4 production stages in the textile value chain

Tier 1:
Product manufacture and assembly

Tier 2:
Wet processes and material manufacture

Tier 3:
Raw material processing, yarn production and spinning

Tier 4:
Cultivation and raw material extraction



The 2021 review process: How are we defining future objectives?

In order to perform as precise an analysis of the current risks as possible, we extended our existing risk analysis in connection with the Partnership for Sustainable Textiles review process to include the four production stages from tier 1 to tier 4. This was done based on a risk matrix, in which the social and environmental risks are broken down by country, product and supplier.

The 11 sectoral risks were defined by the OECD (Organisation for Economic Cooperation and Development) and represent the key risks in the textile industry.

In the summer of 2021, we defined our own objectives and accompanying measures for the next two years based on an analysis of each sectoral risk using the risk matrix.

An example of a goal we set ourselves in the area of 'Wages and social benefits, living wage' is:

To improve transparency with regard to wage structures at pre-selected tier 1 suppliers in India and Bangladesh by the end of 2023 in order to determine the gap between actual wages and living wage reference values. On this basis, requirements and approaches for promoting payment of a living wage will be identified.

For this objective, we took the external measure of nominating suppliers and defining and implementing an open costing model. Internally, there are plans to run awareness-raising programmes in Sales and Procurement.

In 2023, the Partnership for Sustainable Textiles will review whether and to what extent we have been able to meet the individually defined objectives. Information about the progress made towards achieving these objectives will be publicly available. This open reporting promotes dialogue with civil society and allows them to monitor whether we as a company are addressing the risks identified and working to minimise them.

Overall, we are very pleased with the 2021 progress report. We are delighted to have already implemented numerous measures to improve the situation in our supply chains. We continue to work towards achieving our ambitious goals, and to this end we are engaged in an ongoing process of identifying risks, detecting shortfalls and adapting our work accordingly.



FAIRTRADE TEXTILE PRODUCTION

We have committed to one of the most ambitious certification systems: the Fairtrade Textile Standard. This new label is intended to improve fairness and equity along the entire textile value chain, and ultimately bolster workers' rights and ensure they receive living wages. Since 2017, intensive training sessions and courses have been provided to employers and employees at the production facility in India with the aim of building an understanding of the concept of fair wages, raising awareness and providing information. In addition, democratically elected employee representations have been set up, whose members have also received specific training and who serve as a contact point for their colleagues regarding labour and social rights. We have also discussed the introduction of living wages and specified practical measures we plan to take to this end.

THE FAIRTRADE TEXTILE STANDARD

BRANDS Fashion implemented the standards set by the *Fairtrade* label in connection with a develoPPP development project in collaboration with the GIZ. The project was funded by the develoPPP programme, which was launched by the Federal Ministry for Economic Collaboration and Development to support entrepreneurial initiatives that contribute to development policy.

In 2021, all participating companies finally managed to obtain certification under the strict standard, thereby becoming the first ever supply chain to commit to implementing living wages under the *Fairtrade* programme. The first textiles to be produced with the *Fairtrade Textile Standard* label have been on the market since October 2021.



'We are proud to have VfB Stuttgart on board as our first partner to embark on this journey with us.'

**Mathias Diestelmann,
Managing Partner BRANDS Fashion GmbH**

Thomas Hitzlsperger, Chairman of the Board at VfB Stuttgart, hopes that other clubs in the Bundesliga will follow their lead.

When the new label was first launched, *Fairtrade* produced a video featuring us and VfB Stuttgart in order to promote the new standard

LIVING WAGES

throughout the textile supply chain.
An implementation report on the introduction of the Fairtrade Textile Standard

Together with Fairtrade Germany e.V., we have drawn up an implementation report regarding the introductory phase of the standard, which ran from August 2017 to December 2021. You can read an abridged version below.

What activities took place in connection with the project?

Since 2017, assessments have been performed and intensive training sessions and courses held for employees in a nominated BRANDS Fashion value chain, which includes the process steps of ginning, spinning, knitting, dyeing, printing and garment manufacturing. The introduction of living wages was discussed, and specific practical measures were planned. In addition, democratically elected employee representations were set up, whose members also received specific training and who serve as a contact point for their colleagues regarding labour and social rights. In addition to ensuring fair working conditions, the participating companies also have to meet exacting environmental standards.

In 2021, all participating companies finally managed to obtain certification under the strict standard, thereby becoming the first ever supply chain to commit to implementing living wages under the Fairtrade programme. Compliance is monitored and certified regularly by Flocert, Fairtrade's independent certification institute.



What were the main challenges?

Especially in cases where we had no direct business relationship with a particular facility, such as a dye works or knitting mill, we had to do a lot of lobbying, which meant being present on the ground and talking to the management to convince them of the added value of the standard.

Facilities deeper down in the supply chain do not usually dedicate their entire capacity to one brand, and the same is true in our case. The deeper into the supply chain you go, the smaller a brand's share of a factory's production volume. Consequently, it becomes increasingly harder to get those supplier companies on board.



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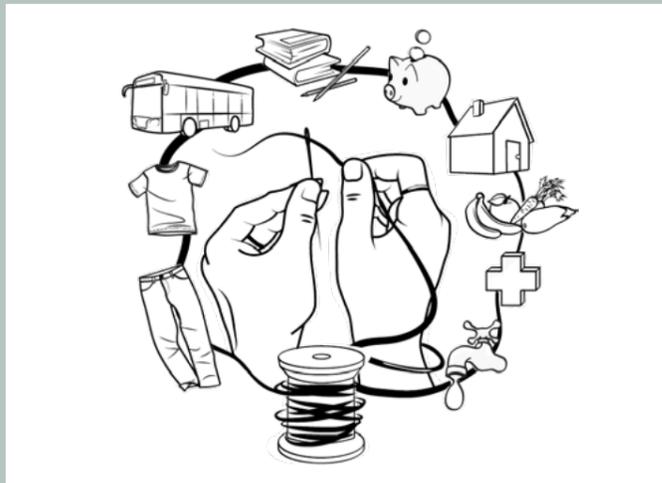
How did factory managers and employees respond?

Many supplier companies were sceptical to begin with. One of the first factories to be involved in the project was a dye works whose existing customers had mostly set only minimal requirements for compliance with social standards. As such, they had very little experience on the matter. To begin with, the factory did not take the request from Germany seriously, so we had to do a lot of lobbying.

Gradually, however, we saw the desired shift in consciousness occurring: there was increasing dialogue between employees and management, and the employees were becoming better and better informed about their rights. During the training sessions that we attended, we were able to see that the participants were becoming more confident, expressing their thoughts and ideas more openly.

'Ensuring that all textile workers get paid a living wage is not a task we can tackle alone. We are delighted that other companies are following our lead, as the more companies who get involved, the quicker we will be able to achieve payment of living wages.'

**Silke Rosebrock, Managing Director
BRANDS Fashion GmbH**



How are living wages being introduced?

Under the Fairtrade Textile Standard, introducing living wages is a multi-stage process. It starts with evaluations of the various wage levels for employees and the legality of their employment relationships, for example whether there are written employment contracts for all employees and whether these are in line with legal provisions. Even the various wage components are determined and calculated. In order to obtain initial certification, a factory must meet a certain wage threshold for all employees. If the remuneration paid (wages including all benefits) is below the living wage specified by the Global Living Wage Coalition, the company must work with the trade union or employee representation to come up with a time-limited plan to increase real wages to the level of the living wage within a maximum of six years from initial certification.

Under the Fairtrade standard, this applies to all employees in the respective factory, including those not directly involved in the processing of the product.



Minimum wage vs. living wage

A minimum wage is usually set by a country for a specific branch of industry and is enshrined in law. However, this does not mean that employees will be able to live off this wage. For textile workers, a living wage is far higher than the minimum wage and covers the basic needs of their families. It enables workers to afford adequate housing and nutritious food, as well as expenditure on healthcare, education, clothing, transport and savings.



GOLD STATUS WITH ECOVADIS FOR TWO YEARS IN A ROW

We are thrilled to have successfully made it among the best 4% of companies evaluated by ecovadis in the clothing manufacture segment for the second year in a row. ecovadis is one of the most reliable international providers of sustainability rankings for global supply chains.



The online platform evaluates companies with respect to their corporate social responsibility (CSR) performance by looking at the measures they are taking in the areas of the environment, labour and human rights, ethics and sustainable procurement. For each of the aforementioned areas, ecovadis checked whether we had a relevant policy, to what extent the corresponding measures were being implemented, and whether these measures can be quantified using key figures.

In the area of labour and human rights, for example, we earned praise for our internal strategy for providing further education opportunities to our colleagues. In the area of the environment, we submitted, among other things, our publicly available Environment Policy and provided evidence of our active collaboration within the Partnership for Sustainable Textiles with respect to climate protection and the circular economy. We also received positive feedback for reducing the use of materials made of virgin fibres and thereby decreasing consumption of raw materials derived from crude oil. The key figures can be found in this report.



SHIRTS FOR LIFE IS RELOCATING

With our private label SHIRTS FOR LIFE (SFL), we have managed to develop a sustainable concept that supports ecological and social projects. We have achieved our objective of producing socially and environmentally conscious fashion whilst also making a contribution to society, all without a big price tag. However, it is with a heavy heart that we have to say goodbye to our in-house fashion label. We must take this step in order to focus better on our core business in B2B. The experience and knowledge we have gained through SFL will help us to provide purposeful and professional advice to our customers about sustainable merchandise and corporate workwear. **We are delighted that our subsidiary Clothing Network will be taking over the eco-fashion label and look forward to seeing how both the design and sustainability of the collection evolve.**

PARTNERS & SUPPLY CHAINS

The textile supply chain

The textile supply chain is extremely complex and widely ramified, sometimes spreading over multiple continents. The more partners 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. Yet we see it as our duty as a company to take responsibility for our actions—and that means throughout the entire global value chain. As we are in a position to reap the benefits of a globalised world in which the division of labour is widespread, it is our duty to pay heed to the impact of our business operations on people and the environment. We have been tackling this issue with great pleasure and enthusiasm for many years now, with a particular focus on building close relationships with our suppliers. After all, transparency is the first step towards sustainable manufacturing. To this end, we work with a variety of labels and certification programmes as well as agents in procurement countries, we are reducing our pool of suppliers, and we use our supply chain management tool TRACYCLE.



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Furthermore, in our [Code of Business Conduct](#) we define non-negotiable minimum standards for our own site and all facilities belonging to the company. All colleagues and partners of BRANDS Fashion must agree to this code. In addition to compliance with applicable law, the Code of Business Conduct also covers respect of human and labour rights, occupational health and safety, data protection and the principles of fair competition.

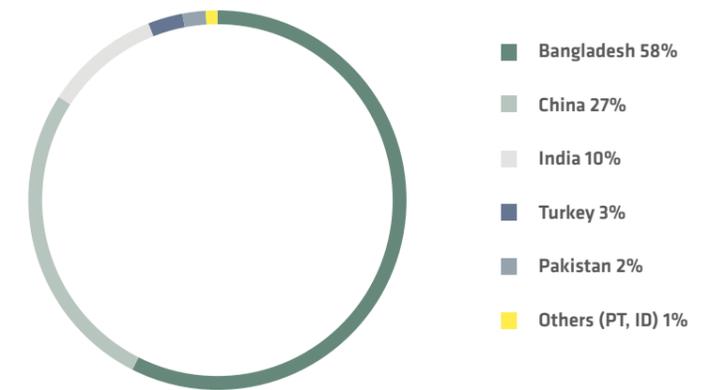


The process steps in textile supply chain:
Cotton cultivation, Ginning, Spinning mill, Weaving/Knitting mill, Dyeing plant, Print shop, Finishing, Distribution & Retail

SOURCING MARKETS

In 2021, our main procurement markets by order volume were Bangladesh with 58% (compared to 54% in 2020), China with 27% (compared to 21% in 2020) and India with 10% (compared to 9%). 3% of our order volume could be attributed to Turkey, followed by Pakistan with 2%.

As these figures show, our top two procurement markets remain unchanged. We have strengthened our position in India, which now finds itself in third place. Pakistan, which was in third place in 2020, has dropped to fifth place. At the same time, the procurement volume from Turkey has increased, making it the fourth-biggest market in 2021.



- Bangladesh 58%
- China 27%
- India 10%
- Turkey 3%
- Pakistan 2%
- Others (PT, ID) 1%

Sourcing markets (2021)



Opening ceremony of the Green Factory in January 2020

THE GREEN FACTORY

Highly rated partner in India

At the beginning of 2020, we celebrated the opening of the first LEED-certified refurbished Green Factory in an existing building. Together with SAGS Apparels, we invited customers, partners and politicians to the inauguration. The celebrations were also attended by representatives of renowned football clubs, who purchase the majority of their fan collection from this factory through us.

60%

of energy demand is met by renewable sources

-20 t CO₂

per year thanks to modernisation measures

'During implementation of the project, we took every possible measure to promote sustainability,' explains Ganesh Anantharaman. Managing Director SAGS Apparels.



LEED (Leadership in Energy and Environmental Design) certification is accompanied by one of four ratings, and our partner has achieved the highest one: platinum. This is the first time that an existing factory in India has been refurbished to achieve this status. BRANDS Fashion is the biggest customer of this South Indian textile factory, which is run by long-standing partners Ganesh and Sankar Anantharaman.

As a result of the refurbishment, 60% of the factory's energy demand is now met through renewable sources; LEDS, modern machinery and technologies save energy and thereby reduce CO₂ emissions, rainwater run-off is collected, waste water is purified, plants have been planted in unused areas on the site and on the roof, and solar panels have been installed. What's more, the majority of the refurbishment was done using local, natural and recyclable construction materials.



Mathias Diestelmann (Managing Partner BRANDS Fashion) & Ganesh Anantharaman (Managing Director SAGS Apparels)

In addition to environmental protection, a great deal of importance is attached to complying with and raising social standards. The objective of our partnership is to improve social and environmental conditions in the value chain in the long-term. Together with our partner, we are now taking the next step towards introducing living wages. Following certification of this supply chain in accordance with the *Fairtrade Textile Standard* in 2021, SAGS Apparels is now under an obligation to pay fair wages. Together, we launched the world's first collection to be certified under the *Fairtrade Textile Standard* in October 2021—a truly pioneering achievement.

We were even rewarded for this long-standing and successful partnership in late 2020, when we won the German Sustainability Award.



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GERMAN SUSTAINABILITY AWARD

FIRST PLACE & LEAD PARTNER

It was with great pleasure that we accepted our trophy as winners of the German Sustainability Award in December 2020. We accepted our award in the 'Global Partnerships' category together with our Indian supplier SAGS Apparels online at the 13th awards ceremony.

Mathias Diestelmann,
Managing Partner of
BRANDS Fashion GmbH:
'Industry-wide change is only possible if other textile companies follow suit.'

The German Sustainability Award is an accolade granted for effective contributions by businesses, local authorities and research to promoting the transition towards sustainability.



In the opinion of the jury, we 'achieved a real milestone' with this partnership and the opening of the Green Factory. They were particularly impressed by our joint efforts towards a holistic approach to circularity. The fact that the majority of our articles boast 'meaningful certification' under programmes such as *GOTS*, *Fairtrade Cotton Standard*, *Cradle to Cradle Certified™* product standard or the *Green Button* was met with particular enthusiasm among the jurors.

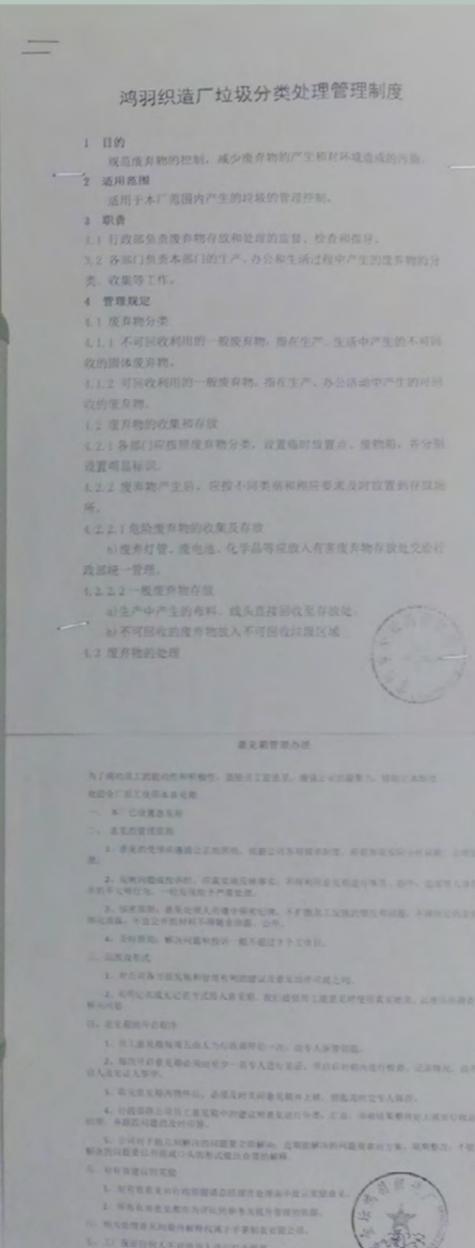
Our involvement at multi-stakeholder events was also received positively by the jury: we want to bring suppliers together so that they can exchange views about how to bolster employee rights and make the necessary wage increases to ensure an acceptable standard of living.



Raising awareness about acting sustainably is one of BRANDS Fashion's primary objectives. That is why in the following year we decided to get actively involved in the German Sustainability Award Foundation and become an official Lead Partner. This gave us an opportunity to support companies that demonstrate a commitment to sustainability.

In 2021, the 14th edition of the German Sustainability Days and accompanying prize ceremony took place in Düsseldorf. Our managing partner Mathias Diestelmann was interviewed as an ambassador for a holistic approach to circularity during the event on supply chains and the circular economy and subsequently participated in a podium discussion about '*Green Button* and the German Supply Chain Act'.

We find the Accord's complaints mechanism to be a particularly effective tool for gaining direct feedback from our supplier companies. We would welcome the introduction of similar models in other production countries. In the long term, we hope that effective mechanisms such as the one in Bangladesh will help to bring about an improvement in working conditions and safety standards, and that this will in turn lead to a reduction in complaints.



COMPLAINTS MECHANISMS

As a member of amfori, our suppliers in high-risk countries must all provide workers with an effective complaints and suggestions system. Independent social audits ensure such mechanisms are in place in the garment facilities.

Supply chains certified in accordance with the *Global Organic Textile Standard (GOTS)* are also obliged to provide evidence of a functioning complaints mechanism, which is verified during the annual audit.

In order to determine the effectiveness of these systems, we run a survey to find out what mechanisms our suppliers have in place and assess how effective they are based on the information and documentation we receive. Assessments are also performed by our partners in the countries in question, but mostly during on-site visits to production facilities by members of the Sustainability Department. Not only management but also workers are asked about the mechanisms in place.

We also receive complaints from Bangladesh via a channel of the Accord on Fire and Building Safety. In collaboration with our partners on the ground, we get in touch with the factory management and the employees in question in order to review the circumstances of the matter and take measures where necessary. In total, we received 16 complaints via the Accord complaints mechanism in 2020 and 2021, of which only one was still under investigation by the end of December 2021. The complaints received pertained to a total of nine of the suppliers active at that time. We terminated business relations with one of the suppliers in question during this two-year period, though this was not directly related to the complaint. The objections primarily concerned outstanding wage payments owed to employees who had left the factory and failure to comply with labour law provisions during the required Covid 19 actions.

SUPPLIER EVALUATION SYSTEMS

In July 2021, BRANDS Fashion began the test phase for its new supplier evaluation tool for assessing our import article suppliers. The performance specification was developed as part of a student project, and technical implementation was performed by our IT team.

In order to ensure more professional and objective assessment of our suppliers' performance in future, we have specified and weighted various key performance indicators for different areas (procurement, quality assurance, import logistics sustainability). Evaluation criteria include minimum quantities, compliance with delivery deadlines and quality of the prototype and the goods provided. In addition to this, the suppliers are judged based on various sustainability criteria, such as the results of social audits and corrective measures taken, quality of waste water tests at textile dye works and the openness of the suppliers to creating transparency. The ranking also takes into account certification in the form of sustainable product labels. In addition, we have defined so-called 'knock-out criteria' that lead to the immediate termination of the relationship with the supplier. The data for the evaluation is either drawn from our inventory management system or manually entered by our employees. The final programming work on the supplier evaluation system is currently ongoing, after which an initial analysis will be performed.

Moreover, this year we significantly reduced the size of our supplier pool in order to build closer relationships with our existing suppliers.

Environmental footprint: comparison between a sustainable and a conventional supply chain

Supply chain	Fibre raw materials	GHG emissions/article (kg CO ₂ e)*	Waste water recycling/ZLD
Sustainable supply chain (India)**	100% organic cotton	3.13	over 90%
Conventional supply chain (Bangladesh)	100% cotton	9.08	0%

*The 'cradle to gate' calculation is based on a t-shirt weighing approx. 180 g.

**Around 50% of the supply chain's energy comes from renewable sources; the textile factory is certified in accordance with LEED.

CARBON FOOTPRINT CALCULATION

In our 2018/2019 sustainability report, we set ourselves the objective of calculating the carbon footprint of a t-shirt. We are pleased to share with you that during the reporting period, we managed to calculate the potential savings of an organic cotton t-shirt compared to a conventional one.

Our Green Factory is part of our sustainable supply chain in India. The majority of the energy it uses originates from regenerative sources. The wet processing in this supply chain falls under the Zero Liquid Discharge (ZLD) category. ZLD is a process that aims to reduce waste water at the same time as generating clean water that is suitable for reuse. In these wet processing facilities, more than 90% of waste water can be treated for reuse.

All of these measures have a positive impact on the carbon footprint of the products manufactured within this supply chain. We gained a thorough insight into this subject by looking at a bachelor's thesis on how to calculate an environmental footprint using the example of a t-shirt. **By using organic cotton instead of conventional cotton, implementing resource-efficient chemical and waste water management and using regenerative energy, it is possible to cut CO₂e emissions by around 66% per article of clothing.** This corresponds to a 60-km car journey. Using a ZLD process for dyeing enables fresh water consumption to be reduced by around 30 l per t-shirt.

FAIR PURCHASING PRACTICES

In 2020, we used the ACT Purchasing Practices Sourcing Assessment. We performed a survey on current procurement practices at our headquarters in Buchholz and at our Sourcing Offices in Bangladesh and China. We then discussed the results during a workshop with the Procurement Department and set out tangible measures to improve these practices.

Building upon this, we held an internal workshop in 2021 on the subject of fair procurement practices which involved all colleagues from the Sales and Procurement departments. The outcome of this workshop was a collection of **Ten Golden Rules for Sustainable Procurement**. They serve to raise awareness among all those involved in the process as to their actions and the potential consequences thereof in production countries. To give you an example: delays in production as a result of multiple, unplanned prototypes due to inadequate agreements can lead to employees in the procurement country doing extreme amounts of overtime to combat the resulting time pressure. We counteract this by improving internal processes and raising awareness among our customers about responsible procurement.

By drawing up timelines for production processes, we also ensure planning certainty both for ourselves and the suppliers.



TRANSPARENT SUPPLY CHAIN

TraceMyShirt becomes TRACYCLE

We offer our customers the opportunity to review our entire supply chain from the cotton field to distribution, including the names and addresses of our production facilities as well as photos and any social or environmental certificates. In order to make this possible, we implemented our in-house-developed tracking tool TRACE MY SHIRT back in 2017. In 2020, we completely overhauled this digital solution for increasing transparency in the supply chain. This overhaul not only involved giving the tool a redesign and a new name, but also introduced the possibility to view the future carbon footprint of a product as well as a representation of the product's second life. These new features have been summed up in the name TRACYCLE: TRACE + CYCLE = TRACYCLE. In addition to our shirts, other product groups such as shoes, household textiles and merchandising can now be traced using TRACYCLE. Thanks to the new web design in modern, muted colours, it is even easier to integrate our customer's colours and logos in the event of a collaboration. Internally, we also use TRACYCLE as a supply chain management tool, in which all relevant data and documentation for seamless traceability will one day be entered and viewable.

TRACYCLE

SUPPLY CHAIN MANAGEMENT

Supply chain management in times of Covid-19

Major challenges like Covid-19 are a threat to global supply chains. In such difficult times, partnerships are more important than ever. We believe that long-standing partnerships are the key to strengthening business relationships. That is why we are shouldering our responsibility and expect our business partners to do the same.

We have taken a range of measures to help overcome these challenges:

In our General Terms and Conditions of Purchase we have included a clause in which we undertake to always act with due care and in accordance with responsible procurement practices to the greatest extent possible, even in times of crisis. This means that we will never cancel orders, nor demand unwarranted discounts. For us, it is also important to regularly communicate with our business partners on the ground in order to try and understand the challenges they are facing and how they are affecting supply chains and production.



Guidelines and support

We have provided our suppliers with various guidelines and expect them to implement the recommended health and safety measures. These guidelines have been drawn up by a range of stakeholder groups, such as the Bangladesh Accord on Fire and Building Safety, Better Work, the Fair Labor Association and Fairtrade International. We use these as a basis for our own checklists of recommended measures that our factories should take.

In addition, we have informed our business partners about a number of webinars regarding the necessary measures to take during the Covid-19 pandemic, e.g. in connection with sickness management systems, infection chains in factories and reopening facilities after a closure.

Covid-19 update from our business partners

We asked our suppliers for general information about how they were dealing with occupational health and safety provisions and employee protection and whether they needed help from us in implementing any measures. In relation to our own risk analysis, we asked whether new risks have emerged as a result of Covid-19 or equally whether existing risks have been exacerbated. We also investigated whether the number and type of complaints had increased or changed in any way. In cases where the order flow had been interrupted, we wanted to find out whether this was caused by us. This allowed us to ensure that we are adhering to the responsible procurement practices we have committed to. In the event of a change in capacity utilisation, we expected the factories to ensure that their employees continued to receive their wages.

STATEMENT ON THE GERMAN DUE DILLIGENCE ACT

After lengthy negotiations, the Federal Ministry for Labour and Social Affairs (BMAS), the Federal Ministry of Economics and Technology (BMWi) and the Federal Ministry for Economic

Co-operation and Development (BMZ) finally presented their Ministerial Draft of the Due Diligence Act on 12/02/2021. The Federal Cabinet adopted the draft bill on 3 March.

To begin with, the act will apply to companies with more than 3000 employees. Since BRANDS Fashion is a medium-sized company, this new act will not affect us directly; however, it will affect us in our role as importer for a host of customers who are subject to this act. In any event, we are very pleased that an agreement was reached as it is our view that fair trade must be a basic prerequisite for every company. 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. We do so voluntarily, motivated by our own convictions. If such relations do not arise voluntarily 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. Further arguments in favour of legal regulation of corporate due diligence include democratic values, the creation of legal certainty for companies, the possibility to reduce process and reputational risks and access to sustainable financing.

The due diligence obligations now prescribed by law are based on the UN guiding principles and are intended to cover each company's own business area, with effect across the entire supply chain. Companies must address the following key aspects:

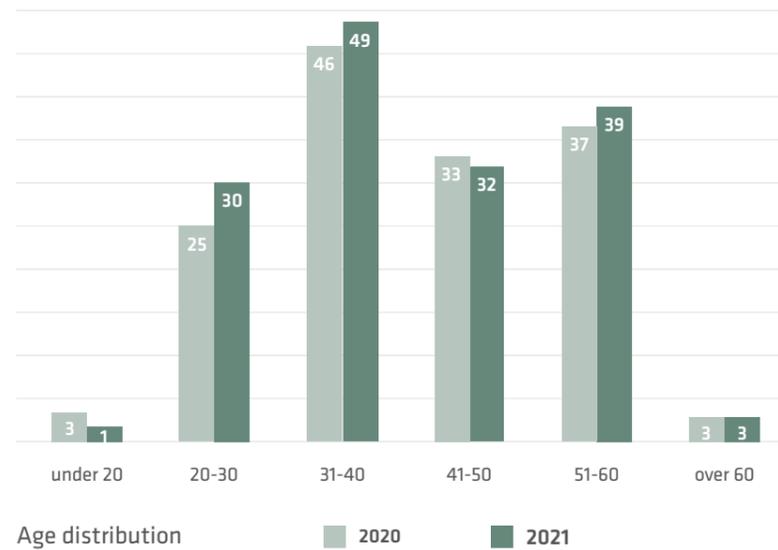
- ***Public Declaration of Principles on the respect of human rights***
- ***Procedures for investigating actual and potential negative effects of their activities on human rights***
- ***Implementation of measures and monitoring of their effectiveness***
- ***Reporting***
- ***Complaints mechanism***

To ensure that the new act was fully aligned with UN and OECD standards, we advocated early on for amendment of the government's draft bill. For us, the most important aspects include ensuring proactive, risk-based due diligence over the entire value chain and introducing stronger provisions and legal mechanisms that allow those affected to obtain remedies and compensation. Moreover, we would like to see smaller companies included in the scope of the act, as all companies need to take responsibility, regardless of their size.

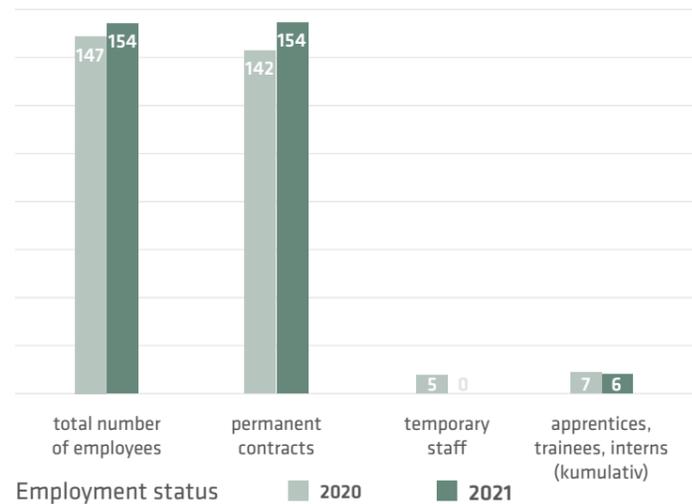
We still foresee some challenges in connection with comparability and recognition of standards and memberships in business and multi-stakeholder initiatives, which in the past were said to offer companies a 'safe harbour', i.e. certain requirements were seen as being automatically fulfilled. In addition, detailed information is lacking as to how the act will ensure there are enough audits for the purpose of verifying reports, as well as regarding the resulting costs. We also believe that the long-term objective should be to introduce a Due Diligence Act at EU level, so that companies and suppliers do not have to deal with a patchwork of different requirements. Nonetheless, Germany must lead by example and finally catch up with other countries such as France, the Netherlands and Great Britain, which already have legal regulations on corporate due diligence.

TEAM & COMPANY SITE

Our sustainability activities are not focused exclusively on our value chain; we also include our headquarters in Buchholz and our warehouse in Zachow. Our team is particularly important in this regard.



In 2021, BRANDS Fashion employed a total of 154 persons (compared to 147 in 2020), all of whom were under permanent contracts as of 31/12/2021 (compared to 142 in 2020). Moreover, six apprentices, trainees and interns were trained in 2020 (compared to 7 in 2020). We employed 22 new staff members (compared to 27 in 2020) and 17 employees left the company (compared to 17 in 2020). In 2021, 4 employees were on leave, i.e. on pregnancy or parental leave (compared to 7 in 2010). The average age of our staff was 41 in both 2020 and 2021.



proportion in per cent	2020	2021
Logistics		
Women	45.61	46.49
Men	54.39	53.51
Administration		
Women	42.98	43.02
Men	57.02	56.98
Management		
Women	47.92	48.11
Men	52.08	51.89

When calculating the ratio of basic salary and remuneration of men versus women, we distinguish between three categories of employee: management, administration and warehouse.

Overall, we regard the ratio as relatively balanced, with men earning slightly more than women. The most pronounced gap can be seen among administration employees. Our internal remuneration principles specify that wages are determined independently of gender. Differences in remuneration must be related to employees' responsibilities, qualifications, experience and performance.

At the end of the reporting period in 2021, we had nearly twice as many women (95; 2020: 96) as men (56; 2020: 49) working for us. In 2021, we had 5 women in leadership positions (compared to 4 in 2020). In total, there were 8 men in leadership positions in 2021 (compared to 10 in 2020).

OCCUPATIONAL HEALTH AND SAFETY

At BRANDS Fashion, we comply with the occupational health and safety requirements laid down by law in Germany. Once per quarter, there is a meeting of the Occupational Safety Committee as prescribed by law. This committee is comprised of the Management Board, an external occupational safety specialist, the company physician and the internal safety officer. The Occupational Safety Committee discusses the current legal provisions, clarifies specific questions regarding occupational health and safety and carries out an inspection of the company premises. A risk assessment is performed for each area of the company, and these assessments are continually being updated and are inspected on a regular basis by the occupational safety specialist.

We drew up our process description for occupational health and safety regulations in collaboration with an external occupational safety specialist. This process description sets out the basic tasks, duties and regulations in relation to occupational health and safety at BRANDS Fashion GmbH. It is mandatory for all employees to adhere to these regulations. Regular training sessions are provided on the subject of occupational health and safety.

We advocate regular eye tests for employees who work with computers. This allows any visual impairments to be detected early on and examined by a medical professional. That is why we offer our employees a voluntary medical examination by our in-house physician at regular intervals. The contact details for the company physician and occupational safety specialist are available to all employees.

In order to reduce strain on employees' backs, our offices are equipped with height-adjustable desks. In order to promote healthy living, we have fresh fruit delivered to the office twice a week. Fairtrade-certified coffee and tea as well as vegan, organic milk alternatives are available free of charge to all employees in the office.

In 2020, we drew up a comprehensive health and hygiene scheme for our employees in response to the Covid-19 pandemic. The information was made available to the entire team.

APPROACH TO TAX

BRANDS Fashion views managing and paying taxes as a fundamental component of every company's responsibility towards ensuring a functioning society. We are committed to responsible management of taxes and undertake to comply with all applicable legislation and regulations in relation to our fiscal activities.



SUSTAINABILITY COMMUNICATIONS

We pursue a host of sustainability activities both within and outside of our core business area. In order to inform all stakeholders about these activities and to promote **dialogue**, as well as to live up to our **commitment to knowledge transfer**, we stepped up our communications regarding sustainability in 2020 and 2021. The objective of this was to ensure transparent dissemination of information about the added value of sustainably manufactured textiles, as well as to launch a frank and inspiring dialogue that promotes awareness of environmental and social issues. This includes internal employee training sessions about human rights principles and their implementation in practice. We have also grown our social media presence, bolstered our PR efforts, participated in more workshops and discussions, given interviews, produced and published (information) videos and have strengthened our corporate identity to ensure we project a uniform and consistent image, e.g. in terms of our templates for customer and information documentation. When developing and defining our corporate identity, we relied on an internal employee survey for inspiration.

During the reporting period, there were no infringements of marketing and communication provisions.



Mathias Diestelmann in an interview at the award ceremony of the 14th German Sustainability Award. © Dariusz Misztal

Below are a few highlights from 2020:

- [Information video about our Cradle to Cradle® collection](#)
- [Opening of the Green Factory in India](#)
- [BRANDS Fashion number one in Best Practice in the Cum Ratione study \(p. 64f\)](#)
- [2021 German Sustainability Award](#)

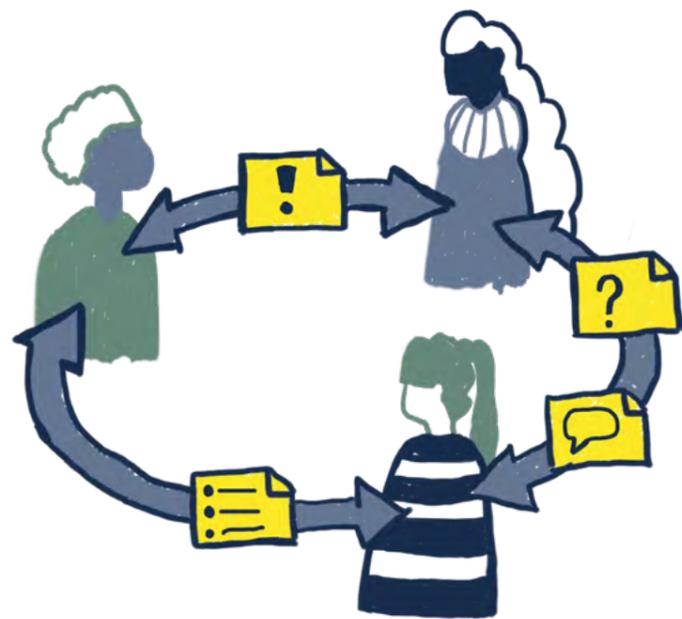
In 2021, we made our communications strategy even more systematic and consistent. Here are a few highlights:

- [Branscholl Podcast - How can the textile industry move from an assembly line economy to a circular economy?](#)
- [Information video about the circular economy](#)
- [Partnership with the German Sustainability Award](#)

Please note that the majority of the external communication is in German.

INTERNAL FEEDBACK MANAGEMENT

At BRANDS Fashion, we see our employees as one of our most important resources. They make a major contribution to continually improving the quality of our work and products, the working environment and our business processes. Moreover, giving employees a say increases motivation and identification with the company and strengthens internal communication.



That is why we implemented an internal feedback management tool in late 2021, which employees can use to submit ideas and feedback. They have the option to do so anonymously if they wish.

Before the end of the reporting period in 2021, we already implemented the first idea to come out of this tool: safety measures to prevent slipping in outdoor areas at the BRANDS office premises.

Further contributions were taken on board by the copy deadline, for example the conversion of our standard search machine to the environmentally friendly search machine Ecosia. Based on some of the ideas submitted, we are currently working on a cross-departmental project on the subject of 'new work' at BRANDS Fashion.



MOBILITY MANAGEMENT

Since 2018, we have been working to promote environmentally conscious mobility management within the company.

Of course, the number of business trips dropped as a result of the Covid-19 pandemic. We responded quickly and rapidly developed and implemented a hybrid working model for the team in the office. In future, we will continue to verify whether and when business trips are really necessary or whether virtual meetings could be adequate instead. We are currently drawing up a set of guidelines on a working model that takes account of remote work, flexible working hours

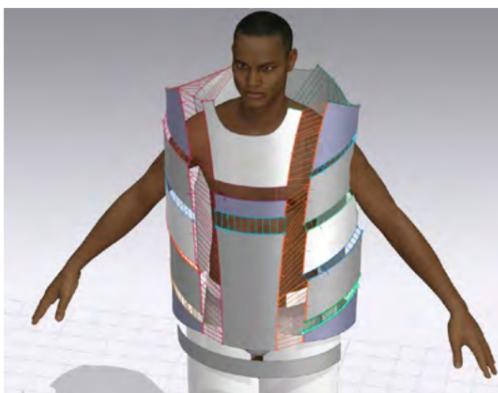
and desk sharing. Desk sharing is when the workspace is arranged such that employees do not have their own desk but choose a new one every day.

To begin with, we are looking at what measures can help us do our work more effectively whilst also taking employees' needs into account.

We calculated the CO₂ emissions resulting from our employees' commutes before the copy deadline but this work was not done in the reporting period. As a result, we will look more closely at these figures in the next report.

3D VISUALISATIONS

Since 2021, we have been able to view the design and fit of products in 3D thanks to the program CLO. Creating a true-to-life model of each article prevents misunderstandings on the customer and supplier side, thereby avoiding numerous prototype runs and faulty product batches. As a result, the program not only offers economic benefits, but also environmental benefits due to the prevention of resource wastage.



The realistic models of the articles can be placed onto 'avatars'. This makes it possible to see how a pattern or a certain style would look when the article is being worn, allowing us to better determine artwork sizes and positions in advance. Consequently, we can show our customers exactly what the article will look like when worn, without having to produce a prototype.

It is also useful for quality development to see the pieces digitally sewn together and the final article placed on the avatar, as we can tell immediately if the dimensions are correct or whether changes are needed. Avatars in children's sizes and special sizes are also available, which is useful since real-life models in these sizes are often found lacking.

3D models and the resulting images and animations allow misunderstandings to be resolved more quickly, so no extra prototypes are needed. Cost- and resource-efficient prototyping form part of the sustainable development strategy at BRANDS Fashion.

Volume of energy-related emissions (Scope 1 & 2)

Buchholz site	Emissions sources	2020	2021
GHG Scope 1	Vehicle fleet (t CO ₂ e)	36.44	38.15
GHG Scope 1	Green gas* (t CO ₂ e)	50.57	35.50
GHG Scope 2	Green electricity** (t CO ₂ e)	0	0

TOTAL Scope 1 & 2	2020	2021
	87.01	73.65

Zachow site	Emissions source	2020	2021
GHG Scope 1	Green gas* (t CO ₂ e)	144.06	136.68
GHG Scope 2	Green electricity** (t CO ₂ e)	0	0

TOTAL Scope 1 & 2	2020	2021
	144.06	136.68

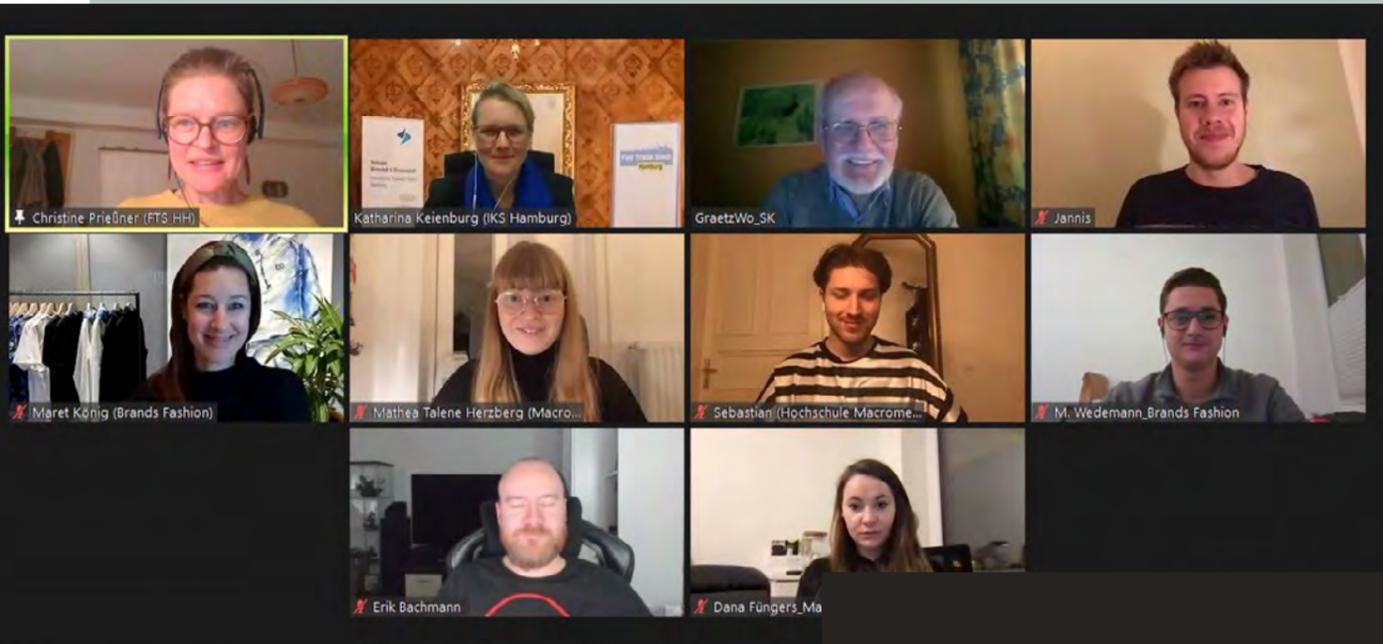
*Climate-friendly green gas from LichtBlick, emissions: 0.12 kg CO₂e/kWh
**Green electricity from hydropower plants

RESSOURCE EFFICIENCY

We continue to promote sustainable development with respect to our own environment by fostering biodiversity with our nesting boxes and bee hotels, which comply with NABU and Vivara recommendations. The design of the nesting boxes and the size of the entry hole are adapted for various species of bird. Swifts, robins, bats and numerous other species of animal can make their home here. By maintaining these facilities, 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, and we use Blauer Engel-certified toners for our printers. The volume of energy-related emissions (Scope 1 and 2) can be seen in the table above.

Since the start of 2020, we have been storing incoming faxes directly on our server rather than printing them out. In addition, we have introduced digital payslips in order to save paper and other resources. We also make sure the tea, coffee and soft drinks we offer are fair trade and organic. These initiatives all contribute to making our office more sustainable.



FAIR TRADE COMPETITION

Together for fair trade: fair trade university competition

We took part in the fair trade university competition 'Hamburg! Handelt! Fair!' 2020 organised by the city of Hamburg together with the Macromedia University. The idea behind the competition is to promote fair trade at a local level and initiate collaborations between universities and businesses. 'Hamburg! Handelt! Fair!' was launched by Fair Trade Stadt Hamburg and the Innovations Kontakt Stelle Hamburg.

At a seminar during the 2020/21 winter semester, the Macromedia University team presented a plan to us for improving communication about fair trade products and increasing sales of those products. Specifically, they had come up with a targeted marketing and communication strategy for chemist chains as repeat customers.

High praise also came from Katharina Fegebank, patron of the competition and Deputy Mayor of Hamburg: 'I am delighted that this is now the sixth edition of the competition. Hamburg has many future-oriented companies, highly motivated students and a real awareness of the issues of sustainability and fair trade. We want to continue on this trajectory; and indeed we must. The fair trade university competition makes an important contribution to our endeavours. My warmest congratulations go out to the prize-winners.'

The idea was to promote the use of DOB and HAKA wellness/yoga clothing and the accompanying undergarments as merchandise sold in B2B, with the objective of increasing the proportion of Fairtrade cotton in this product group.

All of the students presented their creative and exciting results at the closing event in January 2021. In a head-to-head run-off with Fresenius University and their partner Edeka Niemerszeil, we were able to take a fantastic second place.

SOCIAL. GREEN. CYCLISTS.

From 7-27 June 2020, 20 cyclists took to their saddles on behalf of the BRANDS team during the latest edition of the Stadtradeln cycling competition. Some cycled when on holiday on the Baltic coast, others to the ice cream shop, and some simply cycled to work.

Despite fears that Covid-19 might leave people less inclined to cycle, we amassed an impressive 3505 km, leaving us in 18th place out of 117 in our municipality.

Even the 2021 edition was a success, despite all obstacles. Our team 'BRANDS - Social. Green. Cyclists.' was comprised of 13 active cyclists, who covered a total of 2076 km. With this, we pedalled our way to 33rd place in the overall ranking. By using bicycles instead of cars, we saved around 320 kg in CO₂ emissions.



CLEAN UP DAY

In connection with the annual 'International Coastal Clean Up Days', we organised our second environmental action day on 17 September 2021 after our first attempt in 2019. Together with the team from our parent company Jepsen & Jessen, we collected rubbish along the banks of the Alster lake in Hamburg, from the Seeve River in Jesteburg by canoe, and at our headquarters in Buchholz. The objective was to reduce the amount of litter, protect the environment and thereby contribute to preserving biodiversity; but we also had a blast in the process! In total, we collected 70 kg of rubbish, which was disposed of by the Buchholz Waste Management Service.



SUSTAINABILITY STUDY IN SOCCER

BRANDS customers take the top spots



'We are particularly delighted that thanks to the sustainable fan merchandise we produce for our soccer customers, they were able to place well in the ranking: the top spots are all occupied by our customers.'

Silke Rosebrock,
Managing Director BRANDS Fashion GmbH

In 2020, Cum Ratione GmbH published a new edition of its sustainability study of soccer clubs' shops entitled Vereine im Ranking – So fair sind ihre Shops!, with a reprint in 2021.

The objective of the study was to investigate and rank the online fan shops and underlying supply chains as well as the communication efforts of all Bundesliga and second division teams. In doing so, Cum Ratione wanted to raise awareness about the importance of fair sports clothing in football and develop ideas to promote sustainability in the area of fan merchandise.

In addition, a double-page spread article about BRANDS in the first study showed all clubs how we could help clubs that placed lower in the ranking to make their fan shops fairer.

MISSION 4 TOMORROW

To close the report, we have provided an overview of our planned sustainability measures as well as specific targets we have set ourselves in this area.

Materials & Products

Sustainable fibres

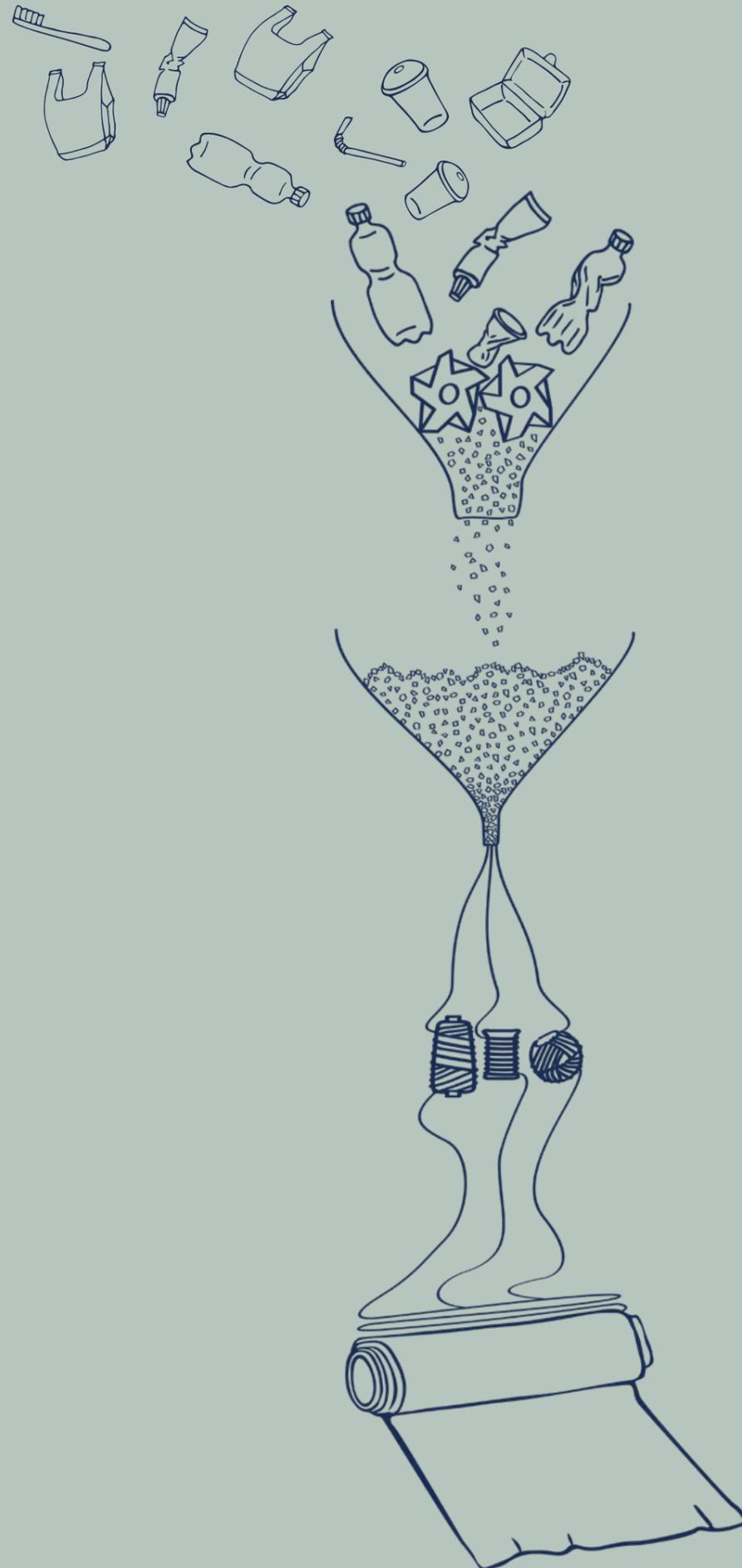
We continuously endeavour to promote the use of more sustainable alternative materials as well as certified fibres and products. As such, we have set ourselves the objective of once again increasing the proportion of organic cotton to 70% and expanding our portfolio of products containing recycled synthetic or cotton inputs.

Circular economy & textile recycling

Our goal is to increase our proportion of recyclable textiles every year. This includes expanding our biodegradable *Cradle to Cradle Certified™* collection at gold level. Within our 'Circularity' project group, we are currently focusing on take-back and recycling strategies for our customers that could serve as an alternative to incineration.

Cotton in conversion

As part of the project initiated together with development agency GIZ aimed at increasing the cultivation of organic cotton, we and a number of our customers continue to support 450 farmers in Gujarat, India. The objective is to help the farmers convert from conventional to organic cotton. We want to gain more customers who are interested in purchasing the cotton in conversion so as to ensure the supply of sustainable raw materials in the long term, open up future prospects for farmers and contribute to biodiversity.



Chemicals management

Thanks to our collaboration with BHive and our chemicals management tools, we have been able to increase the number of checks on input chemicals at product level and improve conformity. By the end of 2022, this internal program will have been implemented in our primary tier 2 wet processing facilities (equivalent to at least 20% of the pool of wet processing facilities) in our main production countries.

Sustainable packaging

We are constantly updating our packaging guidelines. In 2022, we intend to add best practice examples and recommendations for suppliers. In addition, all *GOTS* articles will come in sustainable or recycled packaging.

Initiatives & Standards

Fairtrade Textile Standard

We were delighted to receive the *Fairtrade* Award in the 'Industry' category at the start of June 2022, which we were awarded for our commitment and for achieving the first *Fairtrade Textile Standard*-certified supply chain. We will provide more detailed information in the next report. Our current objective is to gradually increase employee wages in order to ultimately guarantee a living wage for all. In order to achieve this, over the coming months and years we plan to convince as many of our customers as possible of the benefits of the standard.



MISSION 4 TOMORROW

Partners & Supply chains

Carbon footprint calculation

In order to tackle the challenges associated with sustainable manufacturing, we are calling for a transition from conventional to socially and environmentally responsible systems. This is why we want to expand our use of environmental footprint calculation methods. In collaboration with a partner, we want to calculate and publish our CO₂ emissions from at least 10 further supply chains by the end of 2022.

Supplier evaluation systems

We will continue to use the results from our supplier evaluation system to further improve our supplier relationships and reduce the size of our supplier pool. The objective of this is to reward those suppliers who score well on our KPIs with more orders and to improve the performance of those who score less well, as well as terminating our relationships with redundant suppliers. We have already been able to significantly shrink our supplier pool. By working with fewer suppliers, we can develop closer partnerships with our regular suppliers and increase BRANDS Fashion's bargaining power.

Supply chain management: TRACYCLE

We intend to further develop the back end of our digital tool TRACYCLE so that it is more useful for cross-departmental supply chain management within the company. Technical implementation is planned for 2022, following the drawing up of a detailed catalogue of requirements.

Team & Company site

Communication

Our aim is for the next detailed sustainability report for the years 2022 and 2023, which will be published in 2024, to comply with all principles of the GRI Standard with respect to both quality and content. We will continue to enhance our strategic and ongoing external communication. In 2022, our website will undergo a complete overhaul. The objective is to allow customers and other stakeholders to easily obtain clear information about our services, including in the area of sustainable solutions, and to provide an opportunity for one-to-one exchanges in response to individual queries.

Employee mobility

Outside of the reporting period, in early 2022, an employee survey on commuting was performed. We will be analysing the results over the course of the year, and based on the outcome we intend to develop a range of measures to facilitate employee mobility, such as the provision of information material with targeted offerings, with the ultimate goal of further reducing mobility-related emissions.

'Raising awareness about acting sustainably is one of our primary objectives. We are looking forward to developing new, innovative projects together with our partners and in particular paving the way from a linear to a circular textile industry.'

Silke Rosebrock, Managing Director BRANDS Fashion GmbH

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*If you have any questions regarding this report, please contact **Maret König**, Sustainability Department: sustainability@brands-fashion.com.*

Thank you for reading!

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