

SUSTAINABILITY REPORT

COMPACT 2024

BRANDS 
SOCIAL. GREEN. FASHION.



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FOREWORD

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DEAR READERS,

We are pleased to present the current Sustainability Report for the year 2024. This past year has been shaped by further development, consolidation, and a targeted refinement of our sustainability strategy within a dynamic context of evolving legal requirements, changing market conditions, and global challenges.

A particular focus in 2024 was the advancement of our human rights due diligence obligations. To clearly define these principles, we comprehensively revised our Declaration of Compliance. With this, we are sending a clear message: transparency, integrity, and accountability along the entire supply chain are non-negotiable for us and must be implemented in an understandable, accessible, and effective manner.

We also further developed our risk analysis in a systematic way. In addition to regularly using databases and indices, we increasingly incorporate the perspectives of affected groups through our own projects, feedback from grievance mechanisms, or our participation in multi-stakeholder initiatives. The insights gathered feed directly into risk-based and collaborative action plans, such as those focusing on occupational health and safety, environmental management, or the promotion of living wages.

A milestone in 2024 was the official opening of the Green Factory 2.0, operated by our partner Sags Apparels in India. Certified to the LEED Platinum Standard, the factory exemplifies ecological excellence and social responsibility and

is a model for future-proof textile production. The site saves over 1,000 tons of CO₂ annually, relies on renewable energy, rainwater harvesting, and biodiversity areas, and serves as a showcase for living wages, worker representation, and fair working conditions.

Communicating about sustainable products can be complex. To provide orientation for our business partners, we introduced the Bronze-Silver-Gold Compass as a model for classifying and developing sustainable product solutions based on clearly defined criteria, including social standards, materials used, and traceability. This makes sustainability more tangible and scalable.

Transparency continues to be a key priority. With TRACYCLE 3.0, our in-house traceability tool for textile supply chains, we laid the groundwork in 2024 for broader external application.

Lastly, 2024 was also a year of visible success: the recognition of our „From Field to Fanshop“ project with the German Award for Sustainability Projects, the 10-year anniversary of the Partnership for Sustainable Textiles, and the development of our Re_Source Collection to promote circularity are clear proof of our commitment. Together with our partners, we remain focused on solutions – with responsibility, transparency, and determination.

We thank all those who are walking this path with us for their trust and collaboration.

Warm regards,



Matthias
Diestelmann

Managing Partner / CEO



Hendrik
Lohkemper

Managing Director / COO

CORE PRINCIPLES OF OUR DUE DILIGENCE OBLIGATIONS

DECLARATION OF COMPLIANCE

Our Declaration of Compliance outlines our corporate approach to human rights, environmental protection, and integrity, as well as the expectations we place on our employees, suppliers, and business partners. In 2024, we undertook a comprehensive review of this declaration.

The objective was to systematically incorporate new legal requirements, updated standards such as GOTS and Green Button 2.0, and stakeholder expectations stemming from memberships like the Partnership for Sustainable Textiles. We continue to align with internationally recognized frameworks such as the ILO Core Labour Standards and the amfori BSCI Code of Conduct. As a result of this revision, our expectations regarding social, environmental, and ethical business practices have become more precise and ambitious. The Code of Conduct remains an integral part of our general purchasing terms and must be signed by all suppliers before entering any new business relationship.

A new element is the tailoring of the Declaration of Compliance to specific target groups. In addition to the main document, we have developed a separate Code of Conduct for employees and one for supply chain partners. The latter is not limited to our direct contractors but is also intended to be shared with partners further down the supply chain. To increase accessibility, all relevant documents are now available bilingually in German and English.

A major content addition is the alignment with the principles of the cross-sector „Responsible Contracting Project“ (RCP), which promotes fair contracting and shared responsibility for human rights and environmental protection in global supply chains. We used the RCP’s “Buyer Code of Conduct” as guidance and integrated key recommendations into the „Responsible Supplier Relationships“ chapter of our supply chain code. Our next step is to review additional contract documents in line with RCP principles.

RISK ANALYSIS

Due to the global nature of textile production and the use of numerous chemicals, this industry is subject to elevated human rights, environmental, and integrity risks – many of which are interdependent. It is therefore essential for us to closely monitor these risks at the country, product, supplier, and production site levels.

Risk analysis is a core element of our corporate due diligence obligations and is updated at least annually. In our last Sustainability Report 2022/23, we outlined our methodology in detail. We use the MVO Risk Checker. This online tool by the Dutch government consolidates data from international sources such as the ILO, ITUC, UN, and Transparency International, complemented by indices like the Global Rights Index and the Corruption Perceptions Index.

In addition, we evaluate specialist studies, NGO reports, webinars, and guidance documents. Equally important are the perspectives of vulnerable groups to better understand their specific risk exposures and needs. Through our memberships in initiatives such as the Partnership for Sustainable Textiles and the International Accord, we regularly engage in dialogue about human rights risks.

We also integrate insights from our own projects – for example, under the Fairtrade Textile Standard or from dialogue with cotton farmers in the “From Field to Fanshop” project. We further incorporate audit results, grievance reports, and feedback from suppliers to ensure that voices from our supply chains are heard.

To continually improve our methodology, we rely on feedback from multi-stakeholder initiatives and from our annual Green Button audit. Based on these inputs, we prioritize the most severe risks within our supply chains. This begins with an assessment of general risks in our sourcing countries, followed by an evaluation of their relevance to our own business relationships.



Each risk is assessed based on severity (extent, irreversibility, scope) and likelihood of occurrence. These factors lead to an initial risk classification as „low,“ „medium,“ or „high.“ We also evaluate our contribution to the risk and our potential to mitigate it. For example, a medium risk may receive higher priority if we have strong leverage to influence it. This differentiated approach enables targeted and risk-based action planning.

Based on this analysis, we have identified the following as particularly severe risks: **occupational health and safety, freedom of association, excessive working hours, living wages, and greenhouse gas emissions.** These risks are also reflected in our Declaration of Compliance.



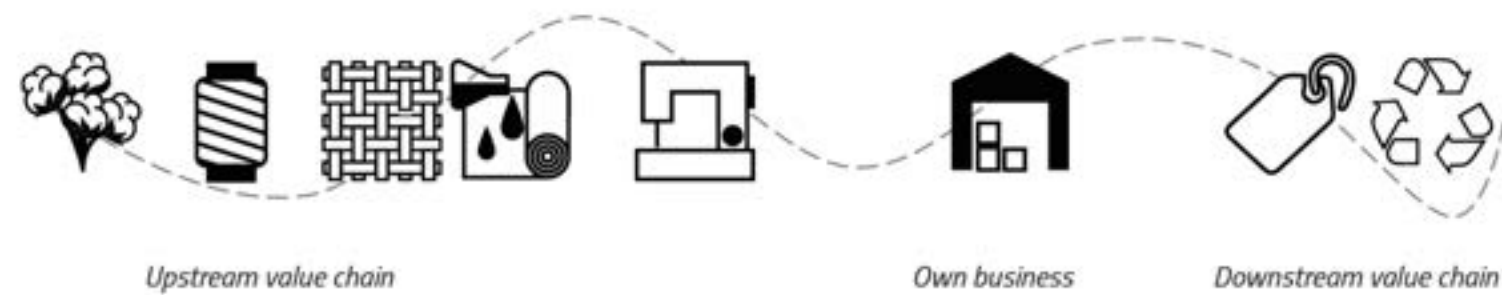
DOUBLE MATERIALITY ANALYSIS

In preparation for reporting under the Corporate Sustainability Reporting Directive (CSRD), we conducted our first double materiality analysis in 2024. This analysis combines two perspectives: the outside-in perspective (financial materiality), which examines which sustainability issues could potentially have a financial impact on our company; and the inside-out perspective (impact materiality), which considers the influence our business activities have on the environment and society.

The analysis spans the entire textile value chain – from raw material extraction and pre-production to garment manufacturing, logistics, product use, and

end-of-life. Following CSRD methodology, we assessed impacts, risks, and opportunities both upstream and downstream in the supply chain as well as within our own operations. Relevant ESG topics (Environmental, Social, Governance) were evaluated in accordance with the European Sustainability Reporting Standards (ESRS) based on severity, probability, and affected stakeholders. Topics included: Climate (E1), Pollution (E2), Water (E3), Biodiversity (E4), Circular economy (E5), Own workforce (S1), Working conditions in the supply chain (S2), Affected communities (S3), Governance, integrity, and anti-corruption (G1).

The results confirm that BRANDS Fashion’s most material topics lie upstream in the value chain, for instance environmental impacts from chemically intensive farming, energy-intensive processing, or water scarcity. Social risks like insufficient worker protection or discrimination were additionally rated as highly relevant. Financial risks were also identified, including increasing ESG demands, volatile energy prices, or reputational risks due to human rights violations.



Our textile value chain defined in the context of the materiality analysis



Supplier visits in Bangladesh (November 2024)



Supplier visits in India (January 2024)

MEASURES

Based on our risk analysis, we have implemented specific measures to systematically address the most severe identified risks: occupational health and safety, freedom of association, excessive working hours, living wages, and greenhouse gas emissions. Our aim is not only to respond to challenges but to proactively embed improvements across our supply chains.

We combine company-wide standards with risk-specific approaches. For example, we support the establishment of worker representation in Fairtrade Textile Standard-certified factories and offer rights-based training in collaboration with local partners. We regularly review our purchasing practices to identify and mitigate negative impacts on working conditions. All production partners are regularly audited by independent institutions, including worker interviews, to provide an open platform for sharing concerns. To contribute to climate action, we welcome the adoption of renewable energy in factories and increasingly rely on low-impact materials such as recycled fibers. Within multi-stakeholder initiatives like the Partnership for Sustainable Textiles, we regularly exchange knowledge and collaborate on joint solutions.

All measures are regularly reviewed and adapted based on audit findings, supplier evaluations, complaints, and effectiveness criteria. We have defined clear KPIs to monitor progress which are described in detail in the respective chapters.

EXAMPLE: SIGNING OF THE INTERNATIONAL AND PAKISTAN ACCORD

In March 2024, we signed the “International Accord for Health and Safety in the Garment and Textile Industry.” By doing so, we are not only supporting the continuation of the successful ACCORD initiative in Bangladesh, but also its expansion into Pakistan.

Over the past years, we have increasingly focused on Pakistan, conducting a thorough analysis of its associated risks. Our risk assessments and audit findings have clearly shown that significant improvements are needed, particularly in the area of building and workplace safety. Signing the Pakistan ACCORD is therefore a key step towards addressing structural deficiencies and sustainably raising safety standards together with local partners.

Just as in Bangladesh, the agreement includes independent safety inspections, transparent reporting, a comprehensive training program on occupational health and safety, and a grievance mechanism. A unique feature of the Pakistan ACCORD is the inclusion of production sites further down the supply chain. Moreover, the initiative cooperates closely with governmental institutions to enable long-term structural improvements.

International ACCORD



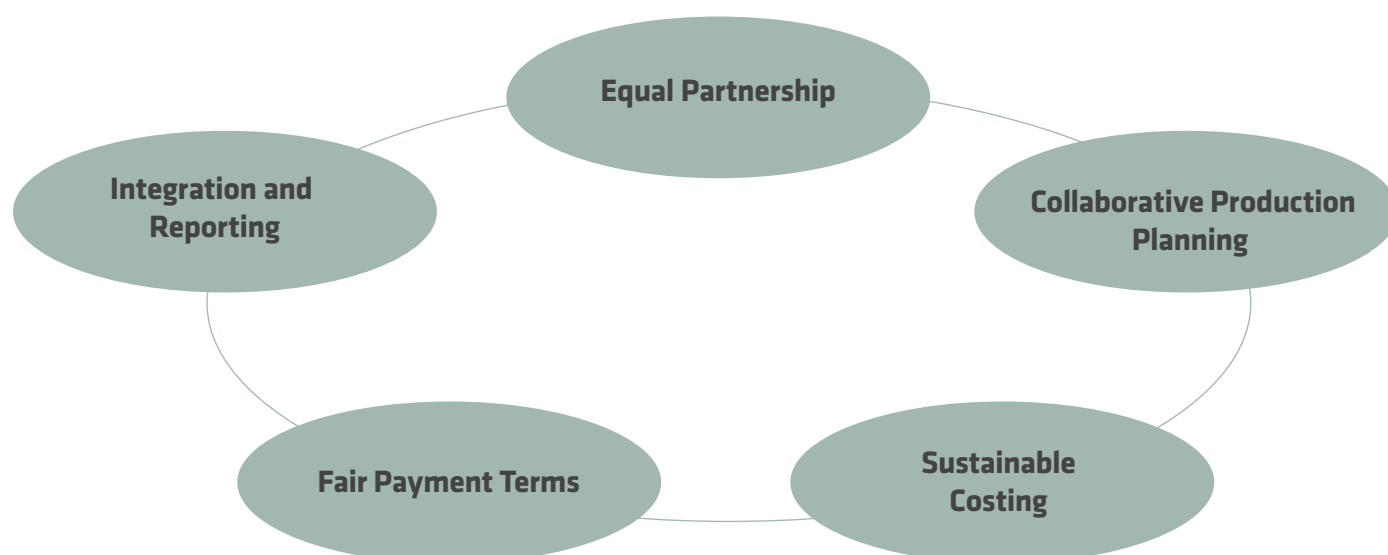
for Health and Safety in the
Textile and Garment Industry

RESPONSIBLE PURCHASING

As part of our declaration of compliance, we commit to taking appropriate measures to reduce negative impacts on human rights, the environment, and business integrity in connection with our own sourcing and purchasing practices.

In 2024, our Purchasing and Sustainability departments engaged intensively with the Common Framework for Responsible Purchasing Practices (CFRPP). This internationally recognized framework, developed by organizations such as the Ethical Trading Initiative and the Better Buying Institute, supports companies in designing responsible purchasing practices. It is built around the following five core principles:

In a series of internal workshops, we conducted a comprehensive strengths and weaknesses analysis based on the core principles of the CFRPP. The results were documented in a structured scorecard. They show that we are already well-positioned in areas such as payment terms, partnership-based behavior, and the integration of sustainability into procurement processes. At the same time, the evaluation revealed potential for further improvement. Based on this, we developed a multi-year action plan aimed at aligning our purchasing practices more closely with CFRPP principles and thereby strengthening long-term, fair, and stable supply chain relationships. An important milestone on this path is the planned review of our contractual documents for compliance with the CFRPP in 2025.



STRATEGY TO PROMOTE LIVING WAGES

Our strategy to promote living wages is an integral part of our declaration of compliance. It reflects our experiences, challenges, and key learnings and is designed as a holistic approach. This includes both internal structures and collaboration with supply chain partners. Our core areas of action include the establishment of clear corporate commitments, targeted knowledge-building within the procurement team, and the use of reliable wage data from our supply chains. A key objective is the step-by-step implementation of CFRPP principles to improve purchasing practices. In parallel, we foster understanding of wage fairness through internal training and data analysis to identify wage gaps among our Tier-1 producers. For this, we primarily use external audit reports, which have already been validated by independent auditors. We compare the lowest paid wage at each site with both the statutory minimum wage and a locally calculated living wage. As a matter of principle, no wages paid should fall below the legal minimum.



Living wages are calculated by the factories themselves using recognized methodologies and local consumption data. Typically, the so-called “Anker Methodology” is applied.

We cross-reference the wage levels with independent benchmarks wherever available. These include data from the Global Living Wage Coalition (GLWC), the Asian Floor Wage, or the Fair Wear Wage Ladder. Our goal is to create transparency around wage gaps and work with our partners toward a gradual closing of these gaps. In addition, we are testing practical solutions in a pilot project under the Fairtrade Textile Standard.

We also raise awareness among our customers of the shared responsibility for promoting fair wages – with the intention of initiating structural improvements throughout the supply chain.



PROGRESS ON THE FAIRTRADE TEXTILE PRODUCTION STANDARD

We are implementing the Fairtrade Textile Production Standard as a pilot project within the scope of our wage strategy. At our long-standing partner factory Sags Apparels in Tamil Nadu, South India, nominal wages have increased by an average of 63 percent since 2019. Adjusted for cumulative inflation of around 35 percent, this corresponds to a real wage increase of approximately 21 percent.

In 2024, several production sites at the factory were consolidated, meaning that around 300 employees - compared to 50 previously - are now included in the program. With this expansion, implementing the living wage approach has become more complex, as wage increases must now be applied to a much larger workforce. This partially offsets the overall progress made.

Wherever feasible from a project budgeting standpoint, we integrate the living wage concept into pricing together with our production partner. However, in particularly price-sensitive projects, there is limited flexibility to include markups for additional wage costs. In such cases, long-term partnerships, customer commitment, and transparent pricing discussions are essential to continue advancing toward the goal of living wages.

The project is implemented in collaboration with Fairtrade Germany. Audits are carried out annually by FloCERT following conventional certification procedures. A key aspect of the Fairtrade Textile Production Standard is the direct involvement of workers. This includes training sessions on workers' rights and the active development of worker representation within the factory.



Employees of the 'Sags Apparels' factory

COMPLAINT MECHANISMS

In 2024, we further improved access to effective grievance mechanisms within our supply chain. In addition to requiring all suppliers to implement internal reporting systems, we focused on expanding external backup mechanisms. The objective is to ensure that all potentially affected individuals have easy and barrier-free access to trusted reporting channels. Available channels include the ACCORD mechanism in Bangladesh, which focuses on workplace safety, and the “Speak for Change” tool by amfori, which is already in use across multiple countries. In Pakistan, the ACCORD mechanism was launched in 2024 and is being gradually implemented over the coming years. Additionally, selected suppliers in India and Türkiye have access to the Fair Wear Foundation grievance mechanism, which was made available through a Partnership for Sustainable Textiles project. BRANDS Fashion also operates its own online grievance platform.

In total, nine complaints were received during the year via various channels. These primarily concerned unpaid wages, but also included issues of discrimination, violence, and health and safety. Nearly all cases were resolved satisfactorily within the same year. One case reported via “Speak for Change” led to comprehensive training sessions at the affected factory. Further details can be found in our separate “Grievance Mechanisms Report,” published on our website.

One key lesson was that trust in grievance mechanisms must be built over time to ensure they are used. From May 2023 to October 2024, BRANDS Fashion participated in a joint project with the Partnership for Sustainable Textiles, Fair Wear, FEMNET, and Cividep. The goal was to strengthen awareness and trust in existing mechanisms through targeted training. The three organizations represented the interests of factory workers, especially women in the project’s target region of India. Seven production

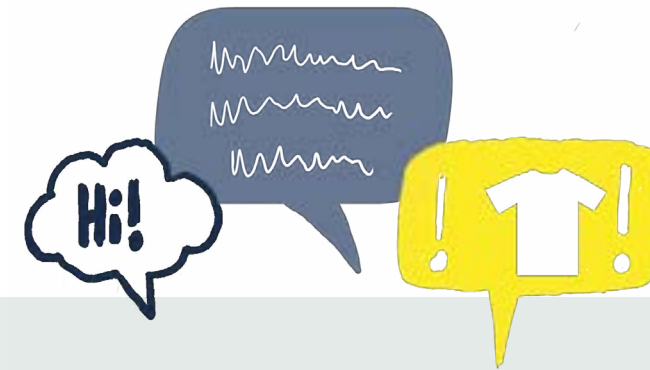
Awareness training at Indian supplier in December 2024



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Worker Information Sheet at an Indian supplier



sites nominated by BRANDS Fashion in India and Türkiye took part in the project. These facilities provided workers with access to confidential and effective grievance mechanisms. Furthermore, the initiative enabled direct exchange between participating companies on challenges, best practices, and lessons learned. Complementary activities such as training sessions, factory visits, and awareness campaigns helped increase local visibility and acceptance of the mechanisms.

We plan to further expand access to grievance mechanisms in currently uncovered regions in the coming years.



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REVIEW OF THE YEAR 2024

FROM FIELD TO FANSHOP



The project “From Field to Fanshop,” launched in 2022 in cooperation with the German Federal Ministry for Economic Cooperation and Development (BMZ), pursues a holistic approach to promoting sustainable cotton production in India. Since its inception, 450 smallholder farmers (392 men and 58 women) in Gujarat have been supported in their three-year transition to organic and Fairtrade-certified cotton cultivation. The conversion area covers approximately 886 hectares, producing around 1,400 tonnes of seed cotton annually.

The first thematic area of the project focuses on cotton and is structured around four modules:

- Strengthening and promoting organic agriculture
- Improving market access and profitability
- Enhancing working conditions (social aspects)
- Ensuring food security

A key milestone in 2024 was the completion of extensive training programs on organic farming, social standards, health, gender equality, and children's rights. A total of 5,130 training sessions were conducted on topics such as soil fertility, natural pest management, seed selection, nutrition, and hygiene. On average, more than 1,000 sessions were held per topic area. In addition, 1,350 seed kits, 450 hygiene kits and 510 school bags were distributed to participating families. Measures such as the planting of 9,000 fruit trees support income diversification and food security.

The second thematic area of the project focuses on sports and addresses child and youth development. By the end of 2023, over 1,500 children had participated in sport-based educational programs, 78% of them girls. These activities aim to strengthen social skills, raise health awareness, and promote social cohesion.

Nine participating football clubs from the German Bundesliga and 2nd Bundesliga further support

the project by sourcing cotton in conversion during the three-year transition phase and offering this in their shops as dedicated “Cotton-in-Conversion” collections.

The project is implemented in collaboration with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and Fairtrade Germany. On-site implementation is carried out in cooperation with various local partners, such as the NGO YFC Rurka Kalan (sports for development), Rapar & Dhrangadhra Farmers Producer Co. (cotton cooperative), and Fairtrade NAPP, the regional producer network of Fairtrade. The “From Field to Fanshop” project considers the entire textile supply chain – from cotton fields to end consumers – and not only makes the supply chain actors visible but also involves them and their needs directly. Long-term and close partnerships with stakeholders along the supply chain, for example through supplier nomination, pre-financing, and purchase commitments by BRANDS



Sports festival as part of a project trip in January 2025

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Fashion, ensure a stable and trusting collaboration. The project deliberately begins at the start of the supply chain and focuses specifically on those stakeholders often regarded as the most vulnerable and exposed to high risks: cotton farmers. Potentially affected groups are actively involved, and a wide range of environmental and social issues are addressed, including biodiversity, climate change, water usage, health and safety, education, child labour prevention, equal opportunities, local communities, consumer rights, and income diversification to ensure a sustainable and responsible supply chain.

Looking ahead to the next project phase, scheduled to start in summer 2025, additional cotton producers are to be included, and further thematic modules will be developed to safeguard and expand the project's ecological and social value in the long term. Lessons learned are already being incorporated into the planning phase. One example is the involvement of key supply chain partners, such as the spinning mill. Commitments to purchase and pre-finance based on textile intermediate products generally pose a financial risk for sourcing textile companies. However, as the project progressed, it became clear that such measures establish the necessary conditions for the project's success. After discussions and a site visit to the spinning mill in January 2024, we decided to enter direct collaboration and pre-financing.

In June 2024, the "From Field to Fanshop" project was recognized with the German Award for Sustainability Projects in the "Supply Chain" category. The award is presented annually by the German Institute for Service Quality, the news broadcaster ntv, and the business magazine DUP UNTERNEHMER. More than 340 submitted

projects were evaluated based on their innovation, relevance, impact, and timeliness. The project is regularly communicated by us, participating football clubs, and implementation partners via the media to raise awareness of supply chains and inform consumers about the positive impacts of sustainable textiles. This includes dialogue formats with civil society stakeholders and participation in multi-stakeholder initiatives such as the Partnership for Sustainable Textiles. The "From Field to Fanshop" project was launched in parallel with the Partnership's Organic Cotton Initiative. Both initiatives are implemented in India with the support of GIZ and pursue a similar thematic approach. As an associated member, we contribute to the initiative and share challenges and lessons learned with other members. The initiative supports cotton farmers in strengthening their business foundations and improving the conditions for a growing supply of organic cotton.



©Werder Bremen

Visit to a producer of the cotton cooperative RDFC in January 2023.

RE_SOURCE COLLECTION: DESIGN MEETS CIRCULARITY

With the launch of our Re_Source collection in 2024, we successfully combined modern product design with circular material concepts. For several years, we have been exploring the complex dimensions of circularity in the textile sector. In addition to offering take-back and recycling services for used workwear, we set ourselves the goal of developing products made with recycled cotton.



Our motivation for exploring circular solutions stems from the growing issue of textile waste: according to various studies, around 7.5 million tonnes of textile waste are generated annually in the EU, of which less than 1% is recycled into new clothing. The vast majority is incinerated, landfilled, or downcycled.

With the Re_Source collection, we focus on using recycled materials and offer a variety of blends. One option, for instance, combines 60% recycled cotton and 40% recycled polyester, offering strong material durability. Another blend, composed of 70% virgin cotton and 30% recycled cotton, eliminates synthetics entirely and allows for flexible colour selection. All fabrics used are certified to Oeko-Tex and Global Recycled Standard (GRS), meeting strict environmental and health safety criteria.

An in-house developed calculation system enables us to track and display raw material savings on a per-product basis. This approach not only creates transparency but also provides tangible incentives to reduce the use of virgin materials.



Re_Source collection with recycled input

5 YEARS OF THE GREEN BUTTON & 10 YEARS OF THE PARTNERSHIP FOR SUSTAINABLE TEXTILES

In 2024, two major sustainability initiatives within the textile sector marked significant anniversaries: the five-year existence of the government-run Green Button textile label and the ten-year anniversary of the Partnership for Sustainable Textiles.

Since its launch in 2019, the Green Button has established itself as a credible certification mark for socially and environmentally responsible textiles. Around 100 companies with more than 6,500 suppliers in over 30 countries are now part of the system. BRANDS Fashion has been a licensee from the very beginning. The requirements and auditing procedures are considered a “proof of concept” for the German Supply Chain Due Diligence Act (LkSG). In light of upcoming regulatory developments, especially at the European level through the Corporate Sustainability Due Diligence Directive (CSDDD), discussions are currently underway about the future of a Green Button 3.0. The aim is to enable innovative approaches that go beyond legal minimum standards. We are actively contributing to this discussion in order to help shape the further development of the label.

The Partnership for Sustainable Textiles is also looking back on a decade of multi-stakeholder collaboration. The open exchange between businesses, civil society organisations, trade unions, and governmental institutions remains a key pillar of our approach to reflect on and address complex challenges such as human rights risks or environmental impacts in textile supply chains. The involvement in so-called “partnership initiatives” plays a vital role in this context. In 2024, we actively contributed to the initiatives on grievance mechanisms and organic cotton – both of which are covered in greater detail elsewhere in this report.



©Julia Merkel Photography

Anniversary event to mark 10 years of the Textiles Partnership in November 2024

GREEN FACTORY 2.0 OPENING

In May 2024, the new production facility of our strategic partner Sags Apparels was officially opened in Tiruppur, India. The Green Factory 2.0 stands for a holistic sustainability approach within the textile value chain and sets new benchmarks in ecological construction, resource efficiency, and social standards.

The factory is certified according to the international LEED Platinum standard for sustainable buildings. Its operational goal is a net-zero approach: emissions, energy and water consumption, and waste generation are minimized or offset. Approximately 1,030 tonnes of CO₂ are saved annually through a dedicated 250-kW solar power system. Additional measures include double-glazed skylights to maximize daylight usage, the use of recycled materials in construction and furnishings, and a comprehensive rain-water management system to reduce potable water consumption.

Social aspects also play a central role: in cooperation with the Fairtrade Textile Standard, workers' rights are systematically strengthened, worker committees are established, and the gradual implementation of living wages is being pursued. In addition, Sags Apparels maintains a 35,000 m² biodiversity zone adjacent to the factory premises.

The Green Factory 2.0 is a prime example of our collaborative partnerships with suppliers and embodies the shared ambition to produce high-quality textiles under environmentally and socially responsible conditions. It also exemplifies how we put our corporate due diligence commitments into practice.



Impressions from the Green Factory 2.0 in Tirupur, India



GREENHOUSE GAS ACCOUNTING AND CDP RATING

In the reporting year, we recorded not only our scope 1 and 2 emissions but also relevant scope 3 emissions. This includes, in particular, emissions at the raw material level as well as in downstream supply chains, such as those generated by transportation and packaging. Additionally, over the course of 2023 and 2024, we calculated a total of eight individual Product Carbon Footprints (PCFs) for representative products, providing transparent insight into their respective CO₂ impact.

The emission calculations were carried out in accordance with the standards of the Greenhouse Gas Protocol (GHG Protocol) and the ISO 14064 norm. Both primary and secondary data sources were used. Primary data was collected directly from our supply chains and included information on energy consumption, material usage, transport distances, and production waste. This information was gathered through direct surveys conducted with our suppliers and production facilities. Secondary data, such as generic emission factors and industry averages, was sourced from scientific publications and recognized databases to complement the calculations.

As part of the CDP sustainability rating, we achieved a B rating for the first time in 2024, representing a significant improvement over previous years (D in 2022, C in 2023). The CDP (Carbon Disclosure Project) evaluates the environmental performance of companies based on disclosed climate data. We participate in the rating process at the request of selected business partners and also use it as an external tool to assess and further develop our climate protection measures.



SUPPLY CHAIN TRANSPARENCY WITH TRACYCLE 3.0

Expectations around supply chain transparency are rising, driven both by legal requirements and growing awareness among consumers and business partners. To meet these demands, BRANDS Fashion has been using its proprietary tracking tool TRACYCLE since 2017.

TRACYCLE enables complete traceability of textile products – from the cotton field to distribution. Users can access all relevant supply chain information via a QR code or tracking number on the care label or hangtag. This includes production locations, images, and environmental and social certifications.

After successfully integrating TRACYCLE into our internal ERP system, we were able to open the tool to external users in 2024. Two pilot users, one agent and one supplier, used the system to input supply chain information directly. Their feedback contributed to the further development of the tool and led to

additional system adjustments. Implementation and iteration loops with both internal and external users took more time than originally planned. The pilot phase clearly revealed the need for comprehensive user support. In addition to a written guide, we developed video tutorials and offered personal assistance.

The user base will be gradually expanded in 2025. Our objective remains to avoid duplicate data entry, streamline processes, and improve data quality by directly involving actors in the sourcing countries. TRACYCLE 3.0 thus not only strengthens our internal management systems but also enhances transparency and credibility toward end customers.

THE BRONZE-SILVER-GOLD COMPASS

In response to the growing tension between social and environmental ambitions and economic realities, we developed a modular entry and development model for sustainable textiles in 2024: the Bronze-Silver-Gold Compass. The goal is to support customers in implementing their individual sustainability strategies while providing orientation in an increasingly complex regulatory and market landscape.

The model is based on clearly defined criteria across four central categories:

- **Social Standards:** from basic minimum requirements to best practices
- **Material Use:** from conventional materials to certified sustainable fibers
- **Product labels:** selection of relevant sustainability certifications (e.g. GOTS, Fairtrade, GRS, Made in Green)
- **Transparency & Supply Chain:** including traceability via TRACYCLE and implementation of environmental and social standards

The model defines three tiers: from basic sustainability requirements (Bronze) to enhanced measures with a stronger focus on environmental and social responsibility (Silver), and ultimately to advanced criteria with comprehensive documentation and proof (Gold).

Through this structure, we enable our customers to systematically and progressively develop their sustainability approach, tailored to their objectives, conditions, and capabilities. The model is designed to foster not only better orientation and comparability of sustainable product solutions, but also deeper engagement with social and ecological standards.

By introducing this model, we offer a practical framework to embed sustainability more clearly, systematically, and scalable into textile sourcing.



TRACYCLE
a wholistic revolution

MATERIALS & PRODUCTS

Cotton

In 2024, we processed a total of approximately 7,300 tonnes of seed cotton. Around 85% of this volume came from certified organic farming or from cotton cultivated during the transition to organic production, known as cotton in conversion. This represents a 2% increase compared to 2023. A closer look at the conversion share reveals that it accounted for about 17% of all cotton purchased in 2024 which is a 7% rise year-on-year.

Additionally, we purchased around 1,100 tons of Fairtrade-certified seed cotton in 2024, which corresponds to approximately 15% of our total cotton volume. This marks a significant decrease compared to the previous year (2023: 3,600 tons or 45%). The reduction is due to a product portfolio shift by one of our major clients.



Polyester



In 2024, we processed around 1,100 tons of polyester (2023: 985 tonnes). Approximately 18% of this volume came from recycled sources (2023: 12%). Around 60% of the recycled polyester originated from certified sources (2023: 54%). On an item level, this means that 24% of all polyester-based products (with at least 50% PES content) were made with recycled polyester (2023: 29%). Additionally, 10% of these polyester items carried the Global Recycled Standard (GRS) certification (2023: 11%).

CERTIFIED ITEMS

Global Organic Textile Standard (GOTS)

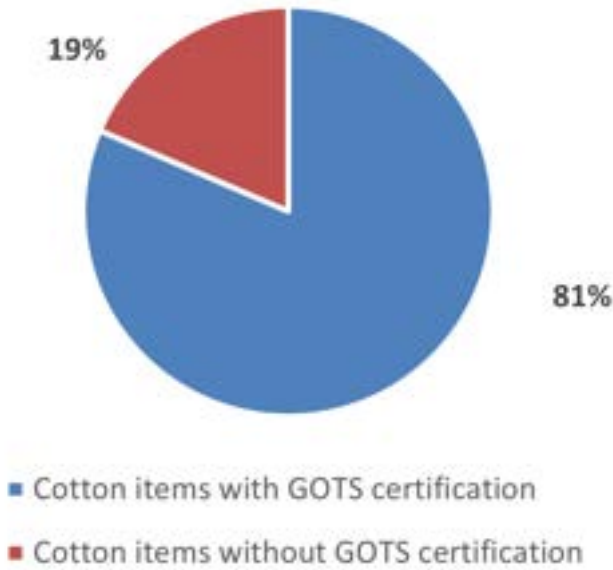
In 2024, 81% of all cotton products containing at least 80% cotton were certified according to the Global Organic Textile Standard (GOTS). In 2023, this figure was 83% – based on items with a minimum cotton content of 70%. *

At the end of the reporting period, 54 customers sourced GOTS-certified products from us (2023: 56).

Fairtrade Cotton

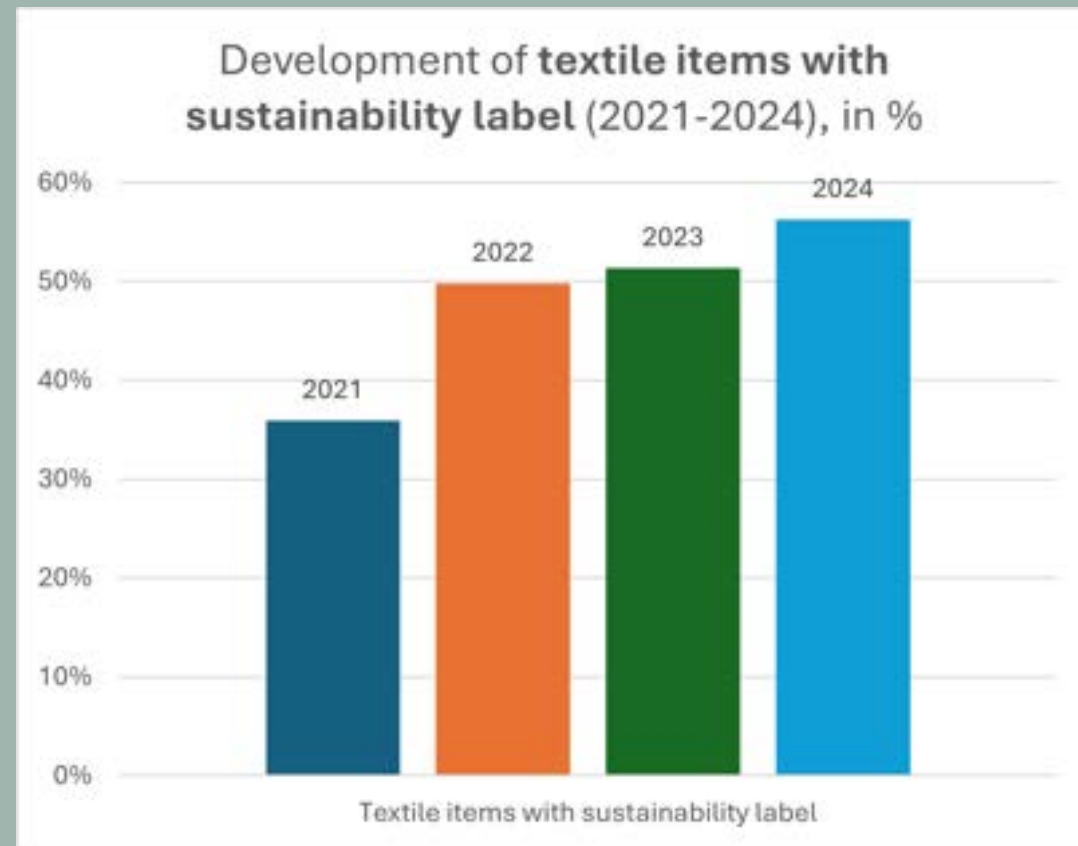
Approximately 15% of all cotton articles with a minimum cotton content of 50% were Fairtrade-certified in 2024 (2023: 48%). The number of customers sourcing Fairtrade-certified items from us at the end of the reporting period was 35 (2023: 40).

Ratio of cotton items with and without GOTS certification (2024)



* Due to a standard revision in 2024, GOTS-certified textiles that contain recycled polyester must now consist of at least 80% natural fibers.

SHARE OF SUSTAINABLE ITEMS



Ratio of textile items with and without sustainability label (2024), in %



■ Textile items with sustainability label ■ Textile items without sustainability label

In 2024, around 56% of all procured textile articles carried a sustainable product label (2023: 51%).

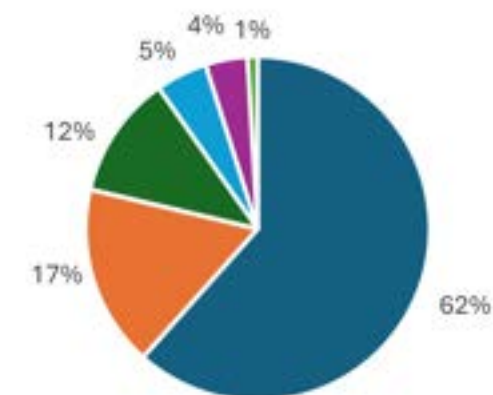
These labels include the Global Organic Textile Standard (GOTS), Global Recycled Standard (GRS), Fairtrade Cotton and Textile Standard, Made in Green, Forest Stewardship Council (FSC), the Green Button, and Cradle to Cradle Certified™.

PARTNERS & SUPPLY CHAINS

OUR SOURCING MARKETS

In 2024, our purchasing volume was distributed across our key sourcing markets as follows: Bangladesh accounted for 62 percent (2023: 54 percent), China for 17 percent (2023: 20 percent), and India for 12 percent (2023: 16 percent). 5% (2023: 8%) of our order volume came from Türkiye and 4% (2023: <1%) from Pakistan.

Sourcing markets (2024), in %



■ Bangladesh ■ China ■ India ■ Türkiye ■ Pakistan ■ Others (Vietnam, Sri Lanka)

INITIATIVES & STANDARDS

SOCIAL AUDIT RESULTS

A total of 111 social audits were conducted in 2024 (2023: 74) at our active Tier-1 suppliers for textiles and hard goods. Most audits were carried out against the amfori Business Social Compliance Initiative (BSCI) Code of Conduct; 13 followed the Sedex Members Ethical Trade Audit (SME-TA) format.

On average, suppliers in Bangladesh, India, Pakistan, Sri Lanka, and Türkiye posted slight year-on-year improvements. Particularly encouraging was the stronger performance of ten suppliers in India and Bangladesh, notably in management systems, the prevention of discrimination and violence, and health and safety.

Thirteen suppliers in China also achieved better scores in management-system criteria, yet this area remains a cross-site focus: many systems are still not fully aligned with amfori BSCI requirements, for example, regarding documenting business relationships or providing comprehensive employee training. Working-hours compliance continues to be challenging in China, all but one factory again received an “insufficient” rating; in Bangladesh and Türkiye, the criterion was often rated only “acceptable,” reflecting structural issues such as inadequate capacity planning and staffing levels.



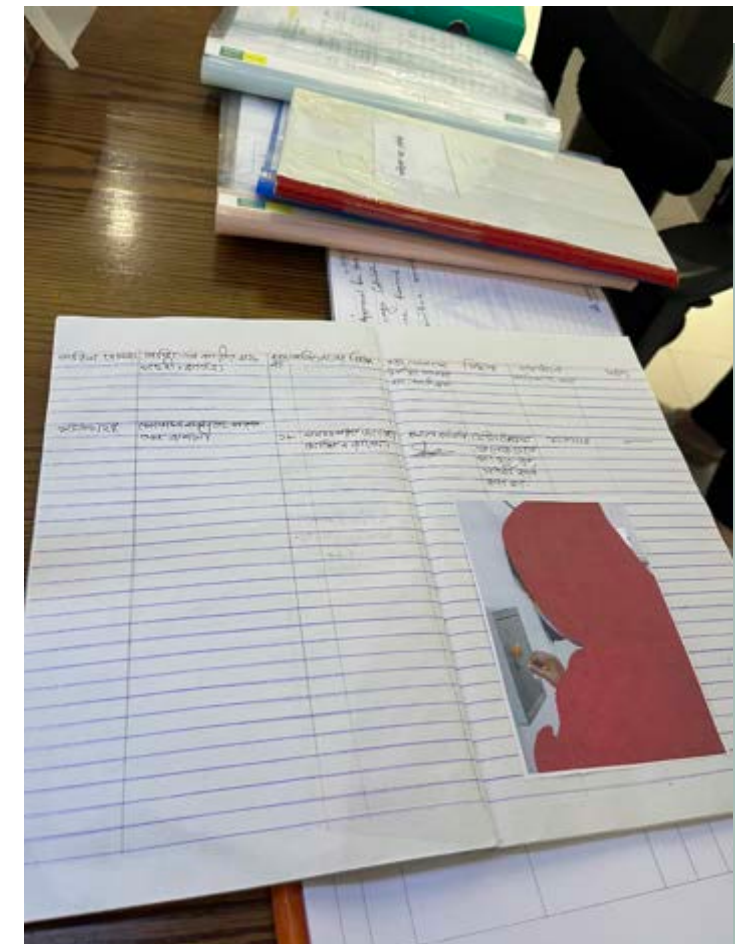
Supplier visits in Bangladesh in January 2023

Where audits identify non-compliances, we require corrective actions and verify their implementation via desktop reviews, site visits, or re-audits. Corrective Action Plans (CAPs) ensure systematic follow-up. In 2024, 52 percent of our suppliers either achieved good audit results or submitted satisfactory CAPs, 6 percent presented inadequate plans, and 42 percent did not submit a plan within the review period.

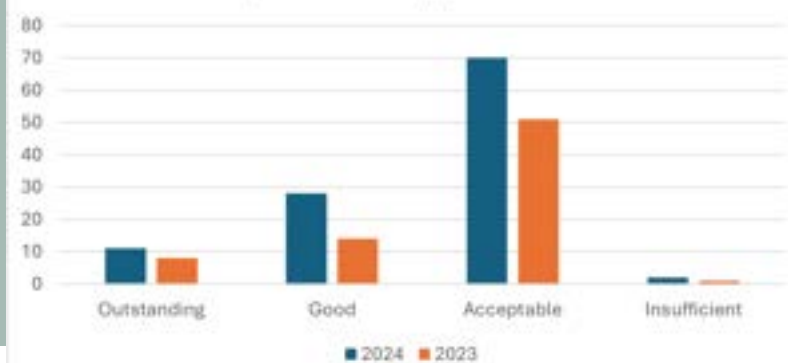


Employee involvement showed encouraging progress: the majority of factories received “outstanding” or “good” ratings, though about 15 percent were still assessed as merely “acceptable.” Most suppliers also achieved good or outstanding scores in health and safety, yet two factories were rated “insufficient”—one in Bangladesh due to a non-functional fire-alarm system and one in Türkiye for an inadequate number of fire extinguishers.

Overall, the continuous exchange with our partners, participation in training formats such as the amfori Academy, and close cooperation on audit follow-up enabled our suppliers to improve their average scores across all assessment areas by nearly one percent which is an important step toward long-term responsibility and continuous improvement.



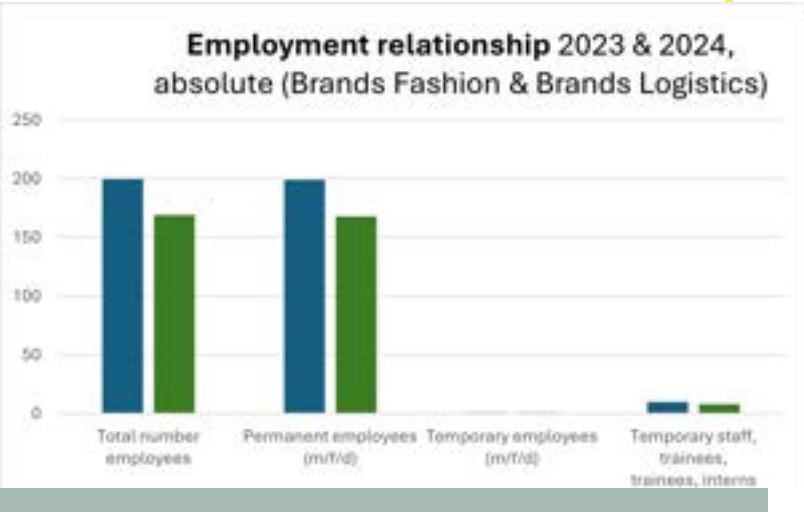
Results of social audits of suppliers (2024 & 2023), absolute



TEAM & HEADQUARTER

KEY FIGURES ON EMPLOYEES

In 2024, BRANDS Fashion and BRANDS Logistics employed a total of 169 staff members, compared to 200 in 2023. Of these, 168 were permanent employees (2023: 199). During the same period, eight temporary staff, trainees, apprentices, and interns were trained (2023: 10). Nine new employees were hired (2023: 45), while 41 employees left the company (2023: 27). In 2024, twelve team members were inactive due to parental leave or maternity protection (2023: 9). The average age of employees in 2024 was 43 years (2023: 41).



At the end of 2024, 104 women and 65 men were employed (2023: 120 women and 80 men). Four women held management positions, compared to ten men (2023: five women and twelve men).

GENDER PAY RATIO

At BRANDS Fashion and BRANDS Logistics, the overall base salary ratio between women and men is considered relatively balanced, though a slight earnings gap in favour of men persists.

Three categories were defined for the evaluation: logistics, administration, and management. In 2024, the administration team at BRANDS Logistics was exclusively female, while management was held exclusively by men. The distribution of salaries by gender is illustrated in the accompanying table.

Both companies adhere to internal compensation principles that promote gender-neutral pay. Any differences in remuneration result from factors such as area of responsibility, qualifications, experience, and individual performance.



Salary distribution by gender (BRANDS Fashion and BRANDS Logistics), 2023 & 2024, in %

	Brand Fashion	Brands Logistics	Brand Fashion	Brands Logistics
	2023		2024	
Logistics				
Women	0	49,08	0	46,21
Men	0	50,92	0	53,79
Administration				
Women	43,99	100	43,28	100
Men	56,01	0	56,72	0
Management				
Women	42,96	0	41,63	0
Men	57,04	100	58,37	100

MISSION 4 TOMORROW

MATERIALS & PRODUCTS

SUSTAINABLE FIBRES

Goal 2024: Development of products made with recycled cotton.

Status: Achieved. As part of our Re_Source collection, two material blends with 30% and 60% recycled cotton were developed.

Goal 2025: Expanding customer communication and integrating recycled cotton into customer projects.

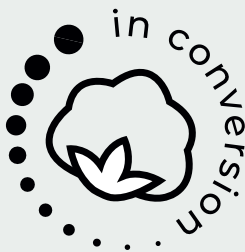
CHEMICAL MANAGEMENT

Goal 2024: Onboarding additional Tier 2 factories to the BHive platform and evaluating alternative tools.

Status: Achieved. 27% of our strategic wet-processing units are now registered on BHive (+7%). Alternative tools (including BV-E3 and Cleanchain) were assessed, but no added value was identified.

Goal 2025: Developing a Tier 2 positive list in collaboration with external partner BHive.

COTTON IN CONVERSION



Goal 2024: Successful implementation of the project in line with the project plan and budget, including assessment of potential extension.

Status: Achieved. The project was successfully implemented. Extension opportunities were assessed and prepared.

Goal 2025: Development of the project extension with new modules, submitting the proposal, and initiating the kick-off.



FEEDBACK MANAGEMENT & REPORTING MECHANISMS

In 2024, a total of ten reports were submitted via our internal feedback management system. Of these, four suggestions were implemented, while six were declined. The reports primarily related to internal processes and included proposals for improvement.

No complaints were filed via our whistleblower mechanism in 2024; consequently, no formal procedures were initiated. Similarly, no cases of corruption were reported. However, there were two information security incidents. Both were reported promptly to the relevant authorities in accordance with our policies, and appropriate remedial and preventive measures were taken.

To raise internal awareness, we conducted training sessions on data protection and information security as well as on available reporting mechanisms. Additionally, 41% of BRANDS Fashion employees received training in ethics and anti-corruption during the reporting year.



HEADQUARTER EMPLOYEE MOBILITY

Goal 2024: Introducing a company bike-leasing program (JobRad) to incentivize commuting by bicycle.

Status: Achieved. A bike-leasing program was successfully launched and offered to employees.

SUPPLY CHAINS CARBON FOOTPRINT CALCULATION

Goal 2024: Tracking scope 3 GHG emissions at the raw-material level and within downstream supply chains (transport, packaging), and expand customer communication on Product Carbon Footprints (PCFs).

Status: Achieved. Overall scope 3 emissions were thoroughly calculated. Two additional PCFs were determined. Customer communication on PCFs was enhanced and relevant information was made more accessible.

Goal 2025: Developing a concept for recording annual scope 1 & 2 emissions from all key Tier 1 & 2 suppliers through regular assessments.

TRACYCLE

Goal 2024: Opening the tool for external users in our sourcing countries.

Status: Partially achieved. Two pilot users entered supply chain data directly into the system. Their feedback contributed to further system improvements.

Goal 2025: Gradually expanding the user base with additional participants.

INITIATIVES FAIRTRADE TEX- TILE PRODUCTION STANDARD

Goal 2024: Ensuring ongoing wage increases at Tier 1 level and further down the supply chain.

Status: Partially achieved. The number of benefiting employees at Tier 1 rose from approx. 50 to 300 due to a factory relocation. Wages at Tier 1 were increased in accordance with the wage plan. In the upstream supply chain (especially in spinning mills), consistent implementation remains difficult due to low production volumes.

Goal 2025: Continuing wage development efforts.





For any questions regarding this report, please feel free to contact our sustainability team: sustainability@brands-fashion.com.

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Thanks a lot for reading!

BRANDS Fashion GmbH
Buchholz in der Nordheide

0049 4181 9422 0

www.brands-fashion.com