BRANDS
SOCIAL. GREEN. FASHION.



SUSTAINABILITY REPORT

2022/2023

INHALT

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FOREWORD & INTRODUCTION

ABOUT THIS REPORT

Our sustainability efforts, activities, and goals are detailed every two years in comprehensive and publicly accessible reports. Additionally, we publish updated key figures annually to communicate relevant information in a timely manner

This sustainability report covers the developments of the years 2022 and 2023. We have also included significant events up to the editorial deadline in April 2024 to ensure that the information contained is up-to-date. The report was published in August 2024. In close collaboration with our stakeholders, we have identified relevant key topics and divided them into four areas of action, based on which we have been reporting for the past few years. We aim to adhere to the principles of accuracy, balance, clarity, comparability, reliability, and timeliness to ensure the quality of our reporting.

REPORTING ACCORDING TO GRI

This report follows the standards of the Global Reporting Initiative (GRI). It is prepared and reviewed according to the principles of reporting to determine the content and quality in line with GRI standards.

However, we do not claim full compliance with the reporting principles. The developments in legal requirements for sustainability reporting are leading to a new reporting standard through the Corporate Sustainability Reporting Directive (CSRD), which we will follow in future reports. A report according to the standard will be published in accordance with the deadlines via our parent company, Jebsen & Jessen GmbH & Co. KG. The topics are aligned with the respective GRI indices, and a complete index can be found starting on **page 102.**

INHALT

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- MATERIAL & PRODUCTS
- INITIATIVES & STANDARDS
- SUPPLY CHAINS & PARTNERS
- TEAM & LOCATION
- MISSION 4 TOMORROW

DEAR READERS,

We are pleased to present our latest Sustainability Report for the years 2022 and 2023. In a time when sustainable action and social responsibility must become increasingly important, we see it as our duty to have a positive impact on society and the environment through our efforts.

Until now, the economy has relied solely on voluntary due diligence, which has proven insufficient in the face of climate change and geopolitical upheavals. It is unfair that companies like BRANDS Fashion, which adhere to high ecological and social standards out of conviction, must compete with others that do not. Therefore, we support legislative measures to create a level playing field that fosters transparency and fair conditions in textile supply chains. Like other industries, the textile sector generates significant environmental impacts through high CO2 emissions, water consumption, and the use of chemicals. Companies that create sustainable supply chains can greatly reduce these negative effects and actively contribute to global climate protection, which is increasingly becoming a global and societal concern. We see legislation as an opportunity to positively impact people and the planet and to promote a sustainable economy. Economy and ecology must go hand in hand here to transform the textile industry for the future.

A central theme of our sustainability strategy is risk minimization and the proactive management of opportunities and risks. As a global importer of textiles, we are exposed to various risks, from natural disasters to political events to fluctuating raw material prices. Textile production involves significant human rights, social, environmental, and corruption risks. Therefore, close monitoring of these risks at all levels of the supply chain is of utmost importance to us. We recognize the opportunity to solidify and expand our pioneering role in sustainable workwear through our strategic focus. Through close partnerships in our sourcing countries and projects aimed at strengthening biodiversity and promoting the cultivation of sustainable materials, we contribute to the availability of sustainable raw materials. Our efforts are aimed at remaining the leading provider of ecologically and fairly produced workwear and fan merchandise in Europe and the USA. When selecting our materials, we consider sustainable aspects as much as possible and strive for environmentally friendly alternatives. Our goal is to consider the entire life cycle of our products and to integrate requirements that enable high-quality recycling already in the concept phase. Cotton remains our most important raw material, and we increasingly rely on organic and Fairtrade certified cotton to meet our high standards. In the last seven years, we have processed over 25,000 tons of raw cotton and generated more than 1.275 million euros in Fairtrade premiums, which farmers have used according to their needs to support education, hygiene, infrastructure, or women‘s rights.

A particular focus is on the circular economy. We have ensured the circular quality of our products with Cradle to Cradle certification and are developing various take-back strategies. Additionally, we are continuously working on expanding our Design4Circularity strategy to develop products that can be recycled at the end of their life cycle. Our commitment to living wages throughout the supply chain is another milestone. BRANDS Fashion is the first and only company worldwide to commit to the Fairtrade Textile Standard to strengthen workers‘ rights and achieve living wages. An outstanding project is the initiative „From Field to Fanshop“, implemented in cooperation with the Federal Ministry for Economic Cooperation and Development (BMZ) and nine football clubs in the first and second Bundesliga. The goal is to improve the living conditions of 450 cotton farmers and 1,000 children and young people in the growing regions and to promote sustainable cotton cultivation, which is directly purchased by us and incorporated into fan merchandise textiles of the involved clubs. All these efforts show the strategic direction in which BRANDS Fashion, together with its customers, suppliers, and service providers, wants to go: to produce first-class, durable products under the fairest possible social and ecological conditions, which can be resource-efficiently reused in a circular economy after their first life phase. In times of rapidly accelerating climate change, this will be a prerequisite for jointly transforming our textile industry to be future-proof.

We thank you for your interest in our Sustainability Report and invite you to learn more about our progress and future goals. It is the will and passion that connect us with our partners even in more challenging times because only together are we capable of „staying on the ball” (in German “Dranbleiben” which is the motto of our cover) and bringing about this significant change.

Kind regards,

The Management of BRANDS Fashion GmbH



COMPANY PROFILE
BRANDS FASHION

As Europe's market leader in sustainable workwear, we have been developing high-quality work clothing for well-known companies in Europe and the USA since 2002, and we also offer a diverse range of private label, merchandising, and promotional items.

Our services include everything from design and product development to procurement and quality control, as well as the provision of webshop and distribution solutions. Our customers include grocery retailers, drugstore and hardware chains, sports and football clubs from the first and second Bundesliga, non-governmental organizations, and smaller fashion labels.









The origins of BRANDS Fashion trace back to the founding of the textile production company BRANDS Polska in 1996. This textile embroidery and printing facility, with its 100 employees, serves both the Polish and German markets. BRANDS Fashion GmbH was founded in 2002 by Henning Brandt, Kersten Kruse, and textile merchant Dr. Ulrich Hofmann. Our European headquarters are located south of Hamburg in Buchholz in der Nordheide, where Silke Rosebrock and Mathias Diestelmann, and as of March 2024, Hendrik Lohkemper, serve as Managing Directors, with Mr. Diestelmann also being a shareholder.

In 2012, BRANDS Fashion's sustainability department was established when co-founder Ulrich Hofmann laid the foundation for our company's strong focus on sustainability. The slogan Social. Green. Fashion. was introduced, and this direction continues under the leadership of Silke Rosebrock, Mathias Diestelmann, and Hendrik Lohkemper.

The following year, BRANDS Fashion became a shareholder in Clothing Network, a full-service provider of private label clothing based at Lake Chiemsee, which has existed since 1996 and has been managed by Joris Noll and Martin Pauker since January 2024. Since 2017, Jebsen & Jessen Textil (GmbH & Co) KG has been a strategic partner and majority shareholder of BRANDS Fashion GmbH.

The founder of BRANDS Fashion, Ulrich Hofmann, acted as a minority shareholder and chairman of the advisory board until 2020. Also in 2017, we opened an additional location in Charlotte, North Carolina, USA, under the leadership of Hendrik Lohkemper. The company GoJungo GmbH was founded two years later, in May 2019, as a subsidiary of BRANDS Fashion and is led by managing directors Stephan Sommerlik and Andreas Mehr, who have been joined by Martin Larisch as the third managing director since January 2024. GoJungo offers service solutions in the field of e-commerce.

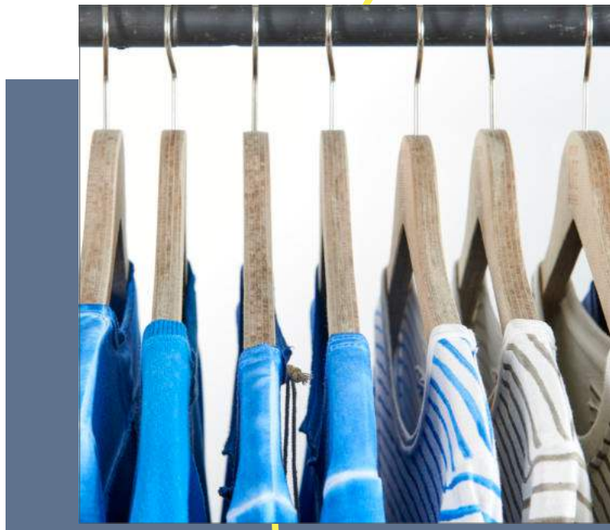
At the beginning of 2022, our logistics division was spun off and became BRANDS Logistics GmbH, an independent company. The company is managed by Nils Ziegler and Frank Blankertz and provides comprehensive logistics solutions, including for BRANDS Fashion customers, but also beyond, with its own processing area for online portals.





In Europe, we work with production partners in Turkey, Poland, and Portugal, and we have additional storage capacities in Zachow near Schwerin (since 2022 under BRANDS Logistics GmbH). In the Far East, we maintain long-standing business relationships and reliable partnerships with producers in Bangladesh, India, Pakistan, Sri Lanka and China.

To ensure quality, six employees work closely with the countries of origin and testing institutes in Germany, including Hohenstein, Bureau Veritas, SGS and Hanse Control. Our sister company, Triton Textiles Ltd., with offices in Bangladesh and China, ensures sustainable procurement, quality assurance and compliance in the Asian market.



Below we provide an overview of our memberships and certifications related to our sustainability strategy:

Since **2009**
TÜV ISO 9001 certified and distribution of Oeko-Tex 100 certified items

Since **2010**
Member of amfori BSCI (Business Social Compliance Initiative) and since 2017 of amfori BEPI (Business Environmental Performance Initiative)

Since **2013**
Member of the Bangladesh Accord on Fire and Building Safety, and as of 2024, member of the International Accord (Bangladesh)

Since **2014**
Global Organic Textile Standard (GOTS) certified (CU830374)

Since **2015**
Member of the German government's Partnership for Sustainable Textiles and the business initiative of NABU (Nature and Biodiversity Conservation Union)

Since **2016**
Licensee for Fairtrade certified cotton, Forest Stewardship Council®, FSC®-certified natural rubber and member of B.A.U.M. (German Environmental Management Association)

OEKO-TEX® STANDARD 100

amfori Trade with purpose

ACCORD on Fire and Building Safety in Bangladesh

GLOBAL ORGANIC TEXTILE STANDARD · GOTS ·
CU830374

Mitglied im Bündnis für nachhaltige Textilien
Sozial und ökologisch – wir sind auf dem Weg

FAIRTRADE COTTON
FLO ID: 34261

FSC www.fsc.org FSC® C133443
The mark of responsible forestry

B.A.U.M.

ORGANIC BLENDED content standard
CU830374

Global Recycled Standard
Certified by Control Union CU830374

OEKO-TEX® MADE IN GREEN

CERTIFIED cradle to cradle GOLD

FAIRTRADE TEXTILE PRODUCTION

WIR FÜHREN PRODUKTE MIT DEM SIEGEL:
GRÜNER KNOPF
SOZIAL. ÖKOLOGISCH. STAATLICH.
UNABHÄNGIG ZERTIFIZIERT.

Note: Our product range includes certified items. These are marked with the respective product label. Cradle to Cradle Certified™ is a registered trademark of the Cradle to Cradle Products Innovation Institute.

Since **2018**
Organic Content Standard (OCS) and Global Recycled Standard (GRS) certified (CU830374), distribution of Made in Green certified items

Since **2019**
First certification audit for the German government's Green Button textile label

Since **2020**
Certification of a collection according to Cradle to Cradle Certified™ Gold Standard

Since **2021**
Licensee for the Fairtrade Textile Standard

Since **2023**
First certification audit for Green Button 2.0

SUSTAINABILITY AS AN INTEGRAL COMPONENT

In all areas of our diverse business activities, we always focus on the individual needs of our customers. This also includes the measures within our sustainability strategy, through which we assume due diligence responsibilities in our own operations and across our supply chains.

We view our efforts not only as an added value for our customers but also as the foundation for long-term sustainability. The challenges of creating sustainable supply chains are multifaceted and complex. Therefore, we pursue a holistic sustainability strategy that encompasses all levels of product and production: from the use of sustainable materials to the adherence to high ecological and social standards in our supply chains, and to resource-saving packaging solutions and concepts for high-quality textile recycling.

Our sustainability department is a staff unit directly reporting to the management and has been led by Rabea Schafrick since 2019. The team is responsible for designing and implementing BRANDS Fashion's holistic sustainability strategy at the company, product, and supply chain levels.

This is always done in collaboration with other departments, particularly procurement, sales, quality management, design, and customer management. The core responsibilities include supply chain management in collaboration with purchasing, ensuring social and environmental standards in the supply chains, implementing standards and certifications, supporting environmental and chemical management –especially for our dyeing facilities– a targeted sustainability controlling, as well as sustainability communication tailored to the needs of stakeholders.

At BRANDS Fashion, a strong awareness of sustainability is promoted in all departments. This is largely due to the management's commitment to sustainability efforts. Cross-departmental project work, for example in the area of circular economy, fosters understanding and collaboration between departments.



GRI 2-6, 2-9, 2-22, 2-23, 2-24

IDENTIFICATION & ENGAGEMENT OF STAKEHOLDERS

BRANDS Fashion maintains close and ongoing communication with stakeholders both within and outside the company through various channels, such as direct exchanges, audits, surveys, dialogue events, participation in initiatives, or written communication.

We have taken their expectations, interests, and information needs into account to the best of our knowledge when determining key topics and reported indices. In addition, we monitor relevant and specialized media, engage in active dialogue with scientists, colleagues, and other stakeholders.

Our goal is to understand the expectations and perspectives of our stakeholders, integrate their inputs into the further development of our sustainable business processes, and work together on innovative solutions for ecological, social, and societal challenges. The exchange with our stakeholders also enables us to identify opportunities and risks as early as possible, allowing us to act proactively. In light of the legal developments related to CSRD, we are working to increasingly adopt approaches, methods, or principles that serve as the foundation for stakeholder engagement.



GRI 2-16, 2-25, 2-29

LEGISLATION

We see supportive legislation as an opportunity to have a positive impact on people and the planet while creating the framework for a future-oriented and competitive European economy. Therefore, we are closely following the developments within the framework of the EU Green Deal.

The EU Green Deal is a comprehensive initiative by the European Union aimed at making the EU climate neutral by 2050. It includes a series of measures and policy strategies designed to promote the transition to a sustainable and low-carbon economy. The textile industry is notoriously a high-risk sector, known for high water consumption, chemical use, and the production of large amounts of waste. As such, it is significantly affected by the EU Green Deal.

We view the EU Green Deal as a necessary political impetus and believe that protecting people and the environment must be considered despite all economic interests. On the contrary, we are convinced that sustainability can bring economic opportunities and competitive advantages through innovation, and that increasing consumer demand for sustainable products must be met.

To address identified shortcomings—even in other sectors—we have been a public advocate for the Corporate Sustainability Due Diligence Directive from the outset, which finally came into force on January 1, 2023. As a medium-sized company, BRANDS Fashion is not directly affected at the first level, but we are certainly impacted in our role as an importer for many customers who are. We strongly welcome the implementation of this law, as we believe that fair trade must be a fundamental requirement for any company. We rely on labels and certifications and maintain long-standing, cooperative business relationships with our suppliers—voluntarily and out of conviction. However, when voluntary action is insufficient to create more transparency and better conditions in textile supply chains, we support legal regulations that hold all companies equally accountable and establish fair competition—a so-called „level playing field." From our perspective, the introduction of a European Corporate Sustainability Due Diligence Directive was the only right and necessary development. For us, legislation means that uniform rules are established for all companies within the European Union and beyond.

We have also publicly advocated that a European supply chain act can be effective and practical if it meets certain criteria. This includes following the Organisation for Economic Co-operation and Development (OECD) risk-based approach, which already serves as the basis for many existing tools and frameworks. A central focus should be on reviewing and improving the purchasing practices of companies, as unfair purchasing practices often lead to unsafe working conditions. The involvement of stakeholders along the supply chain is certainly a challenge for companies and comes with additional effort. Nevertheless, this step is necessary to drive systemic change with the experiences and insights of those potentially affected.

SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

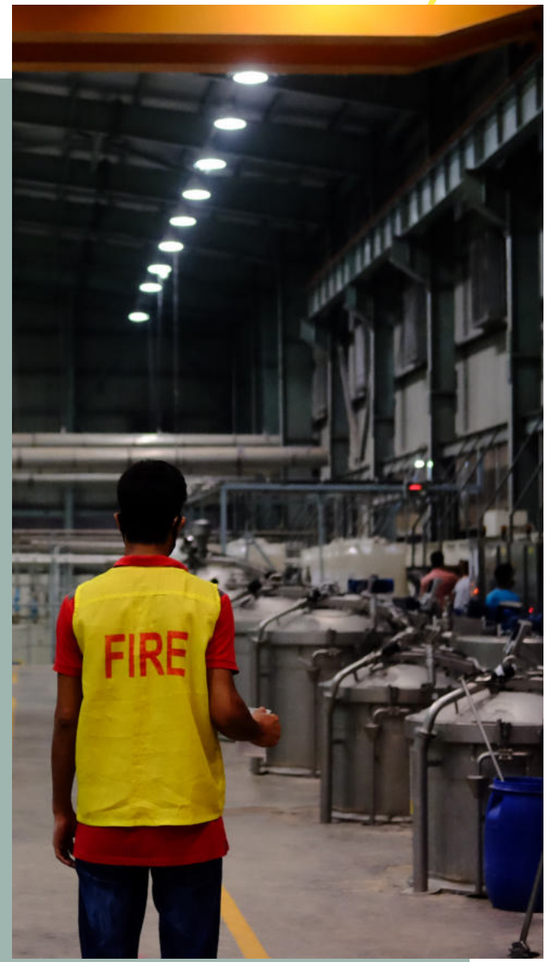
The Sustainable Development Goals (SDGs) were adopted by the United Nations in 2015 and represent the current framework for sustainable development of the global community through 2030.

The 17 goals, with 169 sub-targets, call on governments, businesses, and civil society to take action to address social, environmental, and economic challenges. To achieve the SDGs by 2030, all involved parties must contribute to tackling global issues such as poverty, hunger, unsustainable consumption and production, and biodiversity loss. The goals and targets are inextricably linked.

As an international company operating in a resource-intensive industry, we are aware of our responsibility and contribute to the SDGs primarily through our sustainable core business. In this report, we have indicated which SDG each of our measures and projects within the core elements impacts. As an example, one of the SDGs covered in each core element, along with the sustainability activities that impact it, is explained in more detail at the beginning of each chapter.



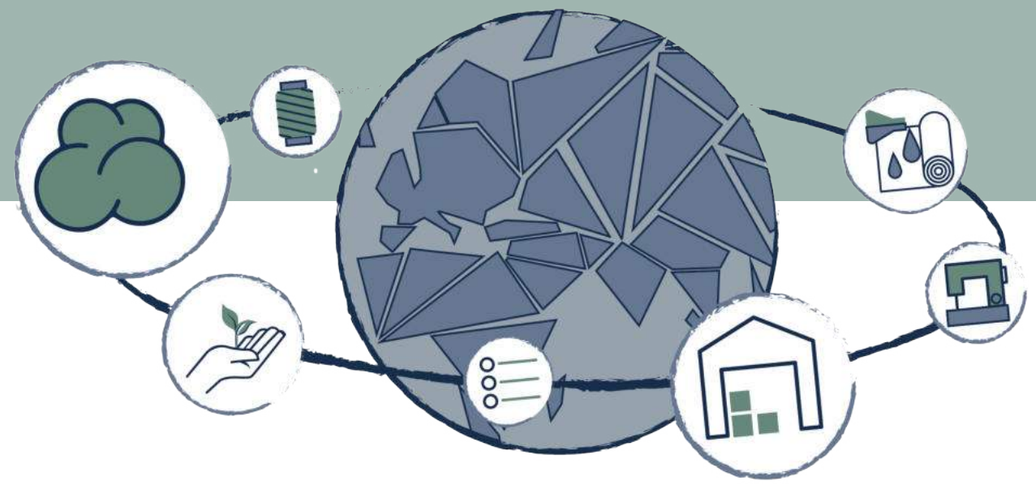
OPPORTUNITIES & RISKS



As a global importer of textiles, we are exposed to a variety of risks. Natural disasters or accidents can affect delivery times, while fluctuating raw material prices can impact our pricing.

Political events in sourcing countries also affect our collaboration with suppliers. For instance, changes in legislation can restrict freedom of association, potentially leading to labor strikes and resulting in production disruptions.

The textile production industry generally faces significant human rights, social, environmental, and corruption risks due to its global complexity and extensive use of chemicals. Many of these risks are interconnected. Therefore, closely monitoring these risks at the country, product, supplier, and production levels is of critical importance to us. The risks we have prioritized based on our risk analysis—child labor, forced labor, discrimination, excessive working hours, freedom of association, corruption, and bribery—are reflected in our fundamental policy statement.



We see in our strategic approach the opportunity to strengthen and expand our leadership in sustainable workwear, ensuring our future viability. As a trusted partner, we advise our customers on sustainable product solutions and work within various alliances to develop innovative market approaches. In light of climate change and geopolitical shifts that heavily influence access to raw materials, we maintain close partnerships in our sourcing countries and are involved in projects aimed at promoting biodiversity and sustainable material cultivation. In this way, we contribute to ensuring the availability of sustainable raw materials.

GRI 2-22, 2-23, 2-25, 2-29, 3-3

CORE ELEMENT **MATERIALS & PRODUCTS**



SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

In product design and material selection, BRANDS Fashion always incorporates sustainability considerations and seeks environmentally friendly alternatives. In line with the principles of a circular economy, we evaluate the entire lifecycle of our products. A significant focus is placed on the chemicals used in wet processing, the resulting chemical waste, and its disposal. We adhere to strict limits on the use of chemicals in textile production, which are sometimes verified through GOTS or GRS certifications. Through these practices, BRANDS Fashion actively supports SDG 12, which aims at sustainable consumption and production patterns.

Additionally, Target 12.5 aims to significantly reduce waste generation through prevention, reduction, recycling, and reuse by 2030. BRANDS Fashion is committed to minimizing water use in dyeing processes and increasing the share of renewable energy sources in production. The development of the Cradle to Cradle Certified™ Gold collection exemplifies our strategy of ***Reduce, Recycle & Reuse***, providing a fully circular solution.

SUSTAINABLE PRODUCT & FIBRE STRATEGY

Our goal remains to be the leading provider of sustainable, ecologically, and ethically produced workwear and fan merchandise, serving both the European and American markets.

When selecting materials, BRANDS Fashion prioritizes sustainability and seeks environmentally friendly alternatives whenever possible. We increasingly consider the entire lifecycle of our products, integrating requirements for high-quality recycling into the design phase of new items. Naturally, we also strive to meet customer expectations regarding design, price, and quality. Additionally, certain products are subject to specific regulations and standards, such as children's clothing or personal protective equipment, which must be considered in the product development process.



In 2022, the textile and apparel industry generated approximately 12.4 billion euros, with a positive trend in exports and an improved trade balance in 2021.

FashionUnited

COTTON: ORGANIC & FAIRTRADE CERTIFIED

Cotton remains our most important and frequently used raw material due to its suitability for workwear and merchandise items.

Additionally, customer demand for natural fibers, especially cotton, remains high. To meet our ambitious standards for fair and environmentally friendly production, we increasingly rely on organic and Fairtrade certified cotton. Various certification systems and labels, such as the Fairtrade Cotton Standard, support us in this endeavor. In 2021, we achieved certification for the world's first supply chain under the ambitious Fairtrade Textile Standard, which not only strengthens workers' rights but also includes the gradual implementation of living wages.

SYNTHETIC FIBERS:
RECYCLED POLYESTER

When the application of a product requires synthetic fibers, we primarily use polyester, making it the second most frequently used fiber in our range.

In recent years, we have increasingly turned to recycled polyester (rPET), which offers significant ecological benefits. Recycled polyester helps reduce plastic waste as it is made from used PET bottles and polyester waste, contributing to less waste and ocean pollution. The production of rPET consumes less energy and generates lower CO2 emissions, resulting in a smaller environmental footprint. Additionally, rPET conserves fossil resources by utilizing existing plastic waste. Modern recycling technologies have significantly improved the quality of rPET, allowing it to possess similar properties to virgin polyester and be used in a variety of textile applications.

Despite its many advantages, recycled polyester faces legitimate criticism. It may exhibit lower strength and durability, especially after multiple recycling cycles, and can contain contaminants that affect quality. The recycling process, particularly chemical recycling, requires substantial amounts of energy and chemicals, which can diminish its ecological benefits. Both recycled and virgin polyester release microplastic fibers during washing, contributing to environmental pollution. Since rPET is often derived from PET bottles, its availability is highly dependent on this source, potentially leading to supply shortages. The recycling process is complex and costly, and recycled polyester is not infinitely recyclable, which can eventually lead to waste. Furthermore, the production costs for high-quality rPET may be higher than for virgin polyester.

Given the improved quality and performance of rPET and the increasing regulatory requirements, we currently view recycled polyester as a more sustainable and economically advantageous alternative to virgin polyester.



INNOVATIVE FIBERS:
REPREVE, ECONYL & REFIBRA

In the realm of sportswear, we utilize fibers with unique properties, aligning with our holistic sustainability strategy.

Among these is REPREVE® recycled polyester from Unifi Inc. A key advantage of this material is the traceability of the fibers and fabrics through integrated tracers. These tracers allow us to identify the fibers used in the final product, ensuring transparency regarding the presence and proportion of recycled content.

For some of our products, we use Lyocell fibers from LENZING, manufactured with REFIBRA™ technology. This innovative fiber is made from a blend of recycled cotton and wood sourced from sustainable forestry. By recycling cotton waste from garment production, we contribute to reducing textile waste. The production process is resource-efficient, significantly lowering water and energy consumption, as well as CO2 emissions, compared to conventional fibers.

Modern technologies have improved the quality of Lyocell fibers to the extent that they exhibit properties similar to those of primary raw material fibers.





We also use regenerated polyamide from the ECONYL® brand by Aquafil instead of conventional polyamide. This polyamide fiber is produced from recycled materials such as old fishing nets, fabric scraps, and industrial plastics. ECONYL® helps reduce plastic waste and marine pollution by recycling valuable resources from waste. Despite the complex and costly recycling process, which results in higher production costs for high-quality recycled polyamide compared to conventional polyamide, we see ECONYL® as a valuable and environmentally friendly alternative.

BIOBASED FIBERS: THE FUTURE?

Synthetic fibers come with a significant drawback: they are derived from non-renewable raw materials and are not biodegradable, leading to the accumulation of microplastics and waste in the environment.

Biobased fibers could play a role as a sustainable alternative in the future. These fibers offer several ecological advantages, including the use of renewable resources and the potential for biodegradability. They contribute less to microplastic pollution and can often be produced with lower energy and chemical consumption. These factors make biobased fibers a more environmentally friendly alternative to conventional synthetic fibers, especially in terms of reducing long-term environmental impact and promoting sustainable production methods.







SUSTAINABLE
PRODUCT DEVELOPMENT

In the course of our sustainability efforts, there may occasionally be disagreements between different departments within the company.

For example, the quality department may face obstacles when seemingly sustainable product innovations shorten the product lifecycle or require compromises on product quality to use sustainable fibers or processes. It is crucial to address these issues collaboratively and consider all interests from the outset to achieve the best possible outcome. In addition to joint initiatives by colleagues from the Quality Assurance and Sustainability departments to balance sustainable interests with qualitative requirements, we increasingly focus on product development where sustainability aspects are considered from the very beginning.

Example:
Eco Pro Polo Shirt

Our Eco Pro Polo Shirt was specifically designed for target groups such as hospitals, care facilities, emergency services, fire brigades, industrial companies, and the hospitality sector. The goal in development was to create a polo shirt that not only holds the Green Button certification but is also suitable for industrial laundry. In collaboration with our distribution partner Green Workwear GmbH, we successfully launched a product in 2022 made from GOTS certified organic cotton and recycled polyester, which is industrial laundry-approved according to ISO 15797. This ensures it meets the requirements for disinfecting washing processes according to RKI standards. Additionally, the entire supply chain, from cultivation to distribution, is made accessible to consumers via a tracking tool.





Example:
Undyed Collection

Sustainability and fashion are by no means mutually exclusive. This is demonstrated by „undyed“ textiles, where dyeing is omitted. This approach enables resource-efficient production and contributes to environmental protection. Specifically, this method results in significant savings: 80% less water is required for finishing, no dyes are used, CO2 emissions are reduced by 30%, and energy consumption is halved.



Example:
3D Visualization

Since the introduction of the CLO program in 2021, we have been able to present designs and fits in 3D. Reproducing patterns in CLO, which were previously requested from suppliers, has enabled a reduction in sample rounds. An example of this is our in-house “Resource” collection, where precise 3D models allowed us to provide clear specifications to suppliers, resulting in fewer prototypes.

The placement and size of prints can also be tested in the program, accelerating the design and decision-making process. Even various knit types can be rendered in detail, giving our customers a better preview of the final products.

Another feature is the addition of baby avatars, expanding the variety of our digital models. We also use animations to replace photo shoots and customer presentations, saving additional resources.

Overall, the use of CLO contributes to the sustainable development of BRANDS by not only saving costs but also improving resource efficiency. The realistic 3D representation of items and the ability to dress digital avatars help us deliver tailored and precise products without the need for numerous elaborate sample productions.

FIBRE ASSESSMENTS

Cotton

In 2023, we purchased a total of approximately 7,000 tons of raw cotton. Of this amount, about 83% was sourced from certified organic cultivation (organic) or from cotton in the transition phase to organic cultivation, known as cotton in conversion (cic). This percentage has been maintained at the same high level as in 2022. A closer look at the amount of cotton in conversion shows that it made up approximately 10% of the cotton purchased in 2023, which is an increase compared to 7.35% in 2022.

Additionally, in 2023, we purchased around 3,600 tons of Fairtrade-certified raw cotton, accounting for about 45% of our total cotton volume (2022: 61%, 2021: 52.6%)

Polyester

In 2023, we purchased approximately 985 tons of polyester. About 12% of this was recycled polyester (2022: 12%, 2021: 14%). Approximately 54% of the recycled polyester came from certified sources (2022: 60%).

Notably, there has been a significant increase in the percentage of items made with recycled polyester. This share increased from 22% in 2022 to over 28% in 2023, representing a substantial improvement compared to 14% in 2021.



CERTIFIED PRODUCTS

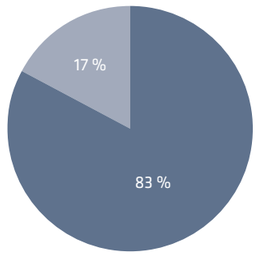
Global Organic Textile Standard

In 2023, our range of products certified under the Global Organic Textile Standard (GOTS) included 83% of all cotton items with a minimum cotton content of 70% (2022: 86%, 2021: 87%). Of these GOTS certified cotton articles, approximately 10% were from the "GOTS in Conversion" certification program. This represents a slight increase compared to 2022, when the share was around 9%.

The number of customers purchasing GOTS certified articles from us at the end of the reporting period was 56 (2022: 68; 2021: 70).

CU830374

Ratio of cotton items with and without GOTS certification (2023), in %



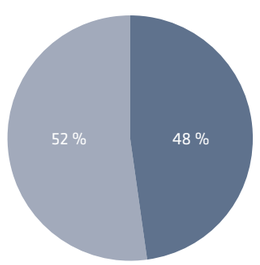
Fairtrade Cotton

Approximately 48% of all cotton articles with a minimum cotton content of 50% were Fairtrade certified in 2023. This compares to 52% in 2022 and 50% in 2021.

The number of customers purchasing Fairtrade certified articles from us at the end of the reporting period was 40 (2022: 46; 2021: 49).

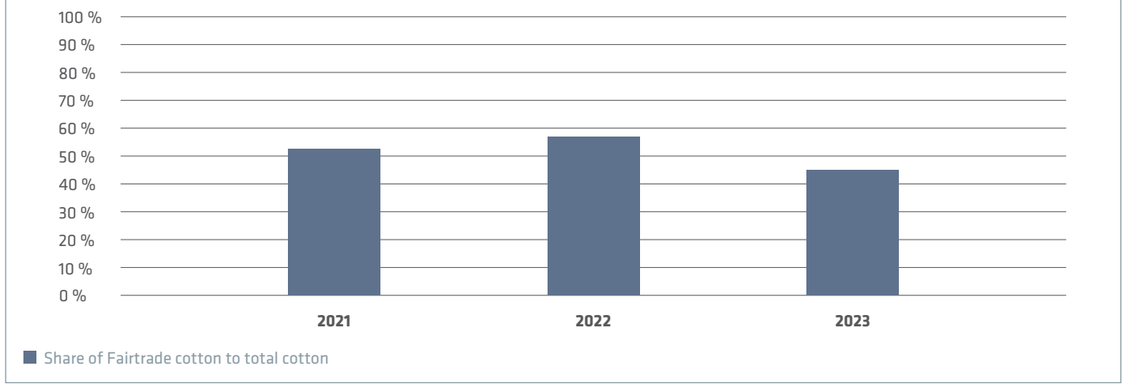
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Ratio of cotton products with and without Fairtrade cotton (2023), in %



Development of the share of Fairtrade certified cotton

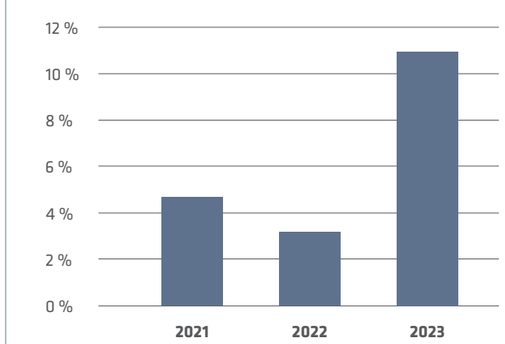
Share of Fairtrade cotton to total cotton, in %



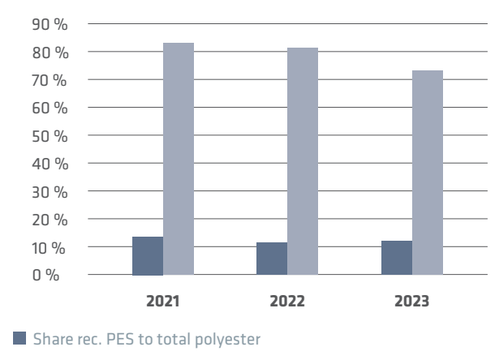
Global Recycled Standard

The proportion of articles certified under the Global Recycled Standard (GRS) more than tripled compared to 2022. While in 2022 about 3.2% of our articles with a minimum polyester content of 50% (PES) carried the GRS label, this share increased to nearly 11% in 2023.

Proportion of articles with GRS seal with at least 50 % PES, in %



Development of rec. PES & organic cotton share, in %

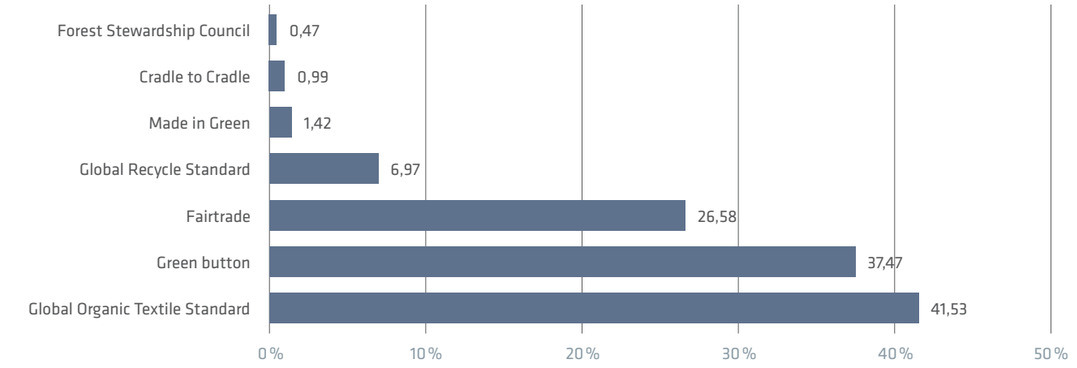


Proportion of Sustainable Articles

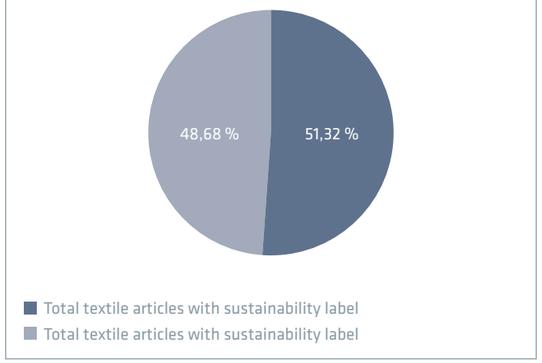
In 2023, approximately 51% of all textile articles procured were awarded a sustainable product certification.

These certifications include, among others, the Global Organic Textile Standard (GOTS), the Global Recycled Standard (GRS), Fairtrade Cotton, Made in Green, the FSC label, the Green Button, and Cradle to Cradle Certified™. Compared to 2022, when 50% of our textile articles carried such certifications, this figure has seen a slight increase. Notably, the improvement is substantial when compared to 2021, when only 36% of our textile articles had a sustainable product certification, representing a significant increase.

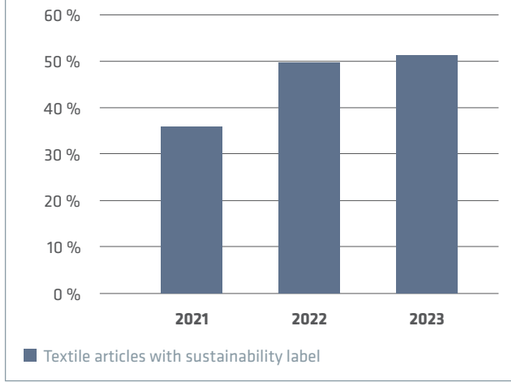
Most frequently used sustainability labels (2023), in %



Ratio of textile articles with and without sustainability label (2023), in %



Development of textile articles with sustainability label, in %



FAIRTRADE - PREMIUMS

Over the past seven years, BRANDS Fashion has purchased approximately 15.3 million Fairtrade-certified articles, processed over 25,000 tons of raw cotton, and generated more than 1.275 million euros in Fairtrade premiums.

In 2023, we procured 2.1 million Fairtrade certified articles, down from 3.7 million in 2022. In 2022, we generated a total of 310,000 euros in Fairtrade premiums, while in 2023, this amounted to 192,000 euros. These premiums have significantly contributed to the funding of the Rapar and Dhrangadhra Farmers Company (RDFC) cooperative. The RDFC includes 800 farmers, 80% of whom are smallholders. The cooperative, based in Gujarat, one of India's largest cotton-growing regions, is certified under both organic and Fairtrade standards. The premiums are paid in addition to the selling price and are managed collectively by the cooperative members. In 2023, the RDFC invested the premiums in quality assurance, self-sufficiency through seed supply, vegetable cultivation, and pest control. Female members received specialized training, including on health issues, and there was a focus on improving hygiene practices in food preparation.

Fairtrade-certified cotton constitutes the majority of our Fairtrade premiums. Since 2022, we have also procured articles certified under the Fairtrade Textile Standard.


© RDFC


© GIZ

"We are proud to continue being Europe's largest provider of Fairtrade-certified workwear!"

- Silke Rosebrock,
Managing Director of Brands Fashion GmbH

AVAILABILITY OF COTTON

Since 2022, we have initiated a project in collaboration with the German development agency (GIZ) and several clients to increase the supply of organically grown cotton. This initiative supports 450 farmers in Gujarat, Western India, in transitioning from conventional to organic cotton cultivation.

The conversion process for these farmers takes three years, during which the soil regenerates and no longer contains residues of synthetic fertilizers. Farmers also learn about organic cultivation methods and alternative fertilizers and pesticides during this period.

During the conversion phase, producers do not receive organic cotton premiums. Recognizing that switching to organic farming can result in a 30-40% yield reduction, we provide financial support to the farmers through yield loss premiums. Additionally, to create economic and ecological incentives, we help with the purchase of so-called cotton in conversion. This support ensures the future availability of organic cotton for our customers, offers farmers a long-term perspective with organic farming, and contributes to biodiversity improvement.

More information about the project →





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TEXTILE RECYCLING & CIRCULAR ECONOMY





In addition to ensuring complete transparency in the supply chain, we aim to take extended product responsibility by considering the end-of-life scenarios of our textile products once they are used by customers.

Therefore, we have decided to secure the circular quality of our products through Cradle to Cradle certification and are developing various take-back strategies for our textile products. Unlike the traditional linear economic model, the circular economy maximizes resource efficiency and minimizes waste through reuse, repair, and recycling.

Within the cross-departmental ‚Task Force Circularity,' we have worked on various subtopics of the circular economy in recent years, gradually enhancing our fulfillment offering.

Besides offering Cradle to Cradle products, we have been working on expanding our Design4Circularity strategy. From the product development stage, a possible second life of the product at the end of its usage is considered. A specially developed guideline recommends measures that contribute to the circular economy: a mix of different materials, fibers, and chemicals within a textile should be avoided as much as possible. Additionally, stitches and patches should ideally be made from the same material as the item and kept to a minimum. All these factors complicate or even prevent the recovery of the resources used. As a workwear provider, one of our biggest challenges is to align the corporate identity of our customers with circular design.

Another approach is developing products from recycled materials. Currently, we are developing a selection of sample items (shirts & hoodies) under our own label, which we primarily want to offer to our customers as merchandise items.

The first small collection of this type will be produced by our „C2C assessed" partner SAGS Apparel in India. Since recycled cotton fibers are significantly shorter than fresh cotton fibers, the addition of long fibers is necessary to achieve high quality. Therefore, the materials currently used are a mix of recycled fibers (60% recycled cotton / 40% recycled polyester), which are Oeko-Tex 100 and GRS certified.

The savings highlight the positive environmental impacts of recycled materials. The insights from this project will support us in developing further products made from recycled materials in the future. We are working to further reduce the use of synthetic fibers and to offer a cellulose-based product. We are also exploring the possibilities of collecting, reusing, and incorporating production and cutting waste from other production partners into our products.

Making a T-shirt from 100% recycled material offers significant environmental benefits compared to a cotton T-shirt with the same blend but made from virgin fibers: On average, about 350 g of new cotton, 1,387.5 liters of fresh water, 0.29 liters of petroleum, 5.27 kg of CO_2 and 400 g of chemicals are saved.

Even though current collections of our customers have not yet been developed according to the Design4Recycling standards, we already offer customers a take-back service with the best possible options. To enable higher-quality recycling in the future, we are currently developing products and collections based on our Design4Circularity strategy. Based on our customers' needs, we have created an overview of the currently available recycling options for used workwear. Legal, economic, and technical parameters determine the scope of the offer. Customers can either integrate their workwear into an existing recycling concept from BRANDS Fashion or collaborate with us to create a custom concept.

For the collection of used workwear, customers can either organize it themselves and return it in bulk to nominated partners of BRANDS Fashion or return it in small quantities (store collection) by mail. In any case, registration is done via a specially created web tool or by email. After delivery, the goods are inspected and allocated to appropriate fractions according to the agreement and condition, and then sent along the agreed recycling path. By partnering with specialized providers, we can use recycling routes that would not be accessible to individual customers. Possible outputs include technical nonwovens for industry, insulation materials, hip bags, shopping bags, or new yarns.

To stay up to date, we maintain close contact and regular exchange with academia, industry, and independent organizations. This allows us to continuously work on further recyclable products and solutions.

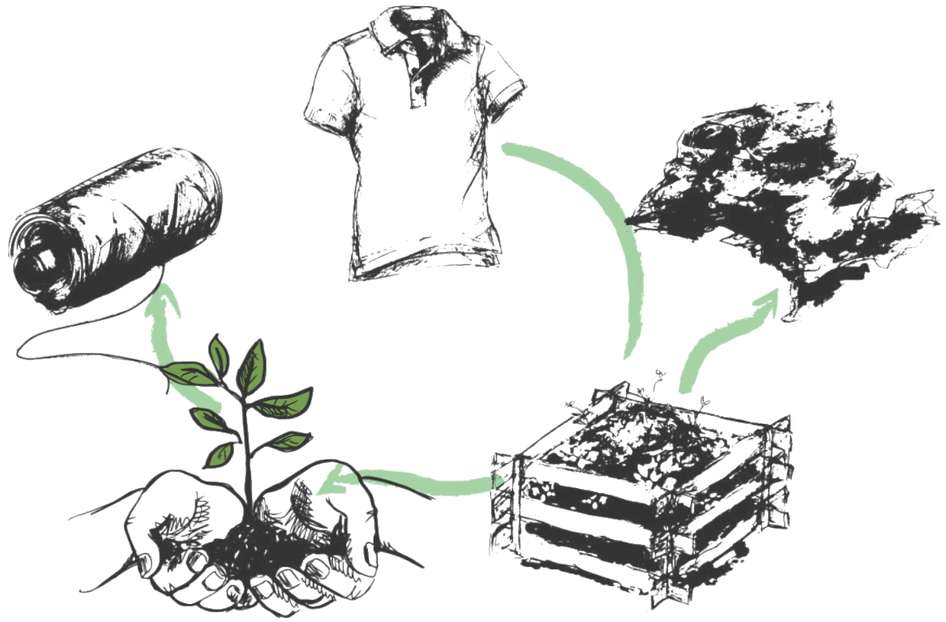
Our goal is to increase the proportion of recyclable textiles year by year. This also includes the further development of our biodegradable Cradle to Cradle Certified™ collection to Gold level.

CRADLE TO CRADLE CERTIFIED™ – GOLD COLLECTION

Our Cradle to Cradle Certified™ Gold certificate was renewed in summer 2022 following re-evaluation by the assessment body EPEA.

It covers various sweatshirts and jersey items for women, men, children, and babies made from organic cotton, some of which contain ingredients from biodegradable elastane or polyester. The standard demands a consistent circular economy in production to avoid waste. All materials in our certified garments are either recyclable or biodegradable. By using health-safe materials and chemicals throughout production, our products are safe for the wearer and environmentally friendly. Additionally, the supply chain of our certified garments is assessed for the use of renewable energy, the preservation and improvement of water quality, and the promotion of social justice.

The Cradle to Cradle Certified™ Gold Standard serves as a framework for creating closed-loop systems, especially in the B2C sector where take-back systems are often lacking. Cradle to Cradle Certified™ textiles are biodegradable and allow the customer to close the loop independently of our intervention.





Note: Our product range includes certified items. These are marked with the respective product label.

Cradle to Cradle Certified™ is a registered trademark of the Cradle to Cradle Products Innovation Institute.

SUSTAINABLE
PACKAGING STRATEGY

To capture product packaging data based on ERP, BRANDS Fashion has developed and implemented a comprehensive concept. This ensures that we adhere to the principle of accountability and support Germany's high-quality recycling infrastructure.

BRANDS Fashion regularly reviews country-specific requirements and licenses packaging and products put on the market according to the respective EPR obligations. The quantities reported in Germany are audited annually by an independent auditor. Additionally, we reduce the diversity of materials (e.g., composite materials, aluminum) in product packaging and focus on paper and plastic packaging made from recycled materials. These materials are easily recyclable or suitable for our disposal systems.

The packaging used by BRANDS Fashion is carefully monitored and licensed for recycling through the Dual System Germany (DSD). The DSD was introduced as a second disposal system alongside the existing public waste disposal system and originated from the Green Dot initiative. By participating in the DSD for the recycling of sales packaging, we actively contribute to reducing environmental impacts.

Our updated 2023 policy for sustainable product packaging outlines the key requirements and goals. These are based on the 3R principle: Reduce, Reuse, and Recycle. We minimize packaging weight and the number of material types, promote circular economy practices, and use bio-based materials. All packaging should be recyclable and meet current legal requirements. We prohibit single-use plastics in retail packaging and use recycled plastic materials according to recognized standards. Paper packaging must come from sustainable sources.

In recent years, we have transitioned many of our product packages to paper bands, predominantly made from recycled cellulose (e.g., approximately 70% FSC-Mix). This change has not only eliminated plastic consumption but also reduced CO2 emissions from about 1.35 kg CO2e/kg to approximately 0.474 kg CO2e/kg. Additionally, paper is significantly more recyclable than plastics, with a recycling rate in Germany of over 85%. Furthermore, we have increased the proportion of recycled PE material in our single polybags to around 80%, which reduces reliance on fossil fuels and lowers greenhouse gas emissions. These measures are crucial for promoting the circular economy and making a positive contribution to environmental protection. Together with our customers and suppliers, we continue to seek further sustainable packaging solutions that are fully recyclable or compostable.





GRI 301-1, 301-2

ENVIRONMENTAL AND CHEMICAL MANAGEMENT

Particularly during the wet processing phases—such as bleaching, dyeing, and finishing—numerous chemicals are used, which can have significant environmental impacts. Our goal is to minimize these impacts, maintain a high ecological standard, and continuously improve it.

To this end, we adhere to the Zero Discharge of Hazardous Chemicals (ZDHC) initiative and specifically utilize the ZDHC Manufacturing Restricted Substances List (MRSL). This list includes environmentally and health-hazardous chemicals that must either not be used at all or only in specified concentrations. By employing input chemicals and dyes that comply with the ZDHC-MRSL requirements, we ensure that we meet chemical and ecological compliance standards. We require our wet processing facilities to adhere to the ZDHC wastewater guidelines, which define a uniform quality for wastewater discharge into the environment that exceeds legal requirements.

Since July 2020, we have been collaborating with GoBlu and using their developed tool BHive, a digital tool for chemical management, to optimize our monitoring processes for chemical inventories. We have implemented this tool in our fourteen main dyeing facilities in Bangladesh, China, and India to check input chemicals and their compliance. Through comprehensive risk analyses, we have optimized the use of chemicals in our dyeing operations. These measures have led to the reduction of factories and the substitution of critical chemical groups.

Additionally, we are developing internal tools to assess our production facilities and ensure chemical traceability in all vertically integrated and central wet processing plants to identify potential risks early and take appropriate measures. To further reduce the environmental impact of chemical use, BRANDS Fashion conducts comprehensive risk analyses of the chemicals used. These analyses cover key aspects of environmental management and help gather and analyze data on the consumption of resources such as materials, water, energy, and chemicals. They also assess the risk and capacity of wastewater treatment facilities.

Our goal is to further increase transparency regarding the wet processing facilities used and continuously reduce the use of high-risk chemicals.





CORE ELEMENT **INITIATIVES & SUSTAINABILITY STANDARDS**







SDG 17 – PARTNERSHIPS FOR THE GOALS

To advance the achievement of the 2030 Agenda, BRANDS Fashion is actively involved in various initiatives. As one of the first companies to implement the Fairtrade Textile Standard, investments have been made to strengthen local infrastructure and build targeted capacities within the participating supply chains in India. As a member of the Partnership for Sustainable Textiles, BRANDS Fashion directly addresses Target 17.16, which focuses on expanding global partnerships for sustainable development through multi-stakeholder initiatives. This involves mobilizing expertise, technology, and financial resources to collectively achieve the goals. Together with other businesses, NGOs, and the Partnership Secretariat, we work on various projects aimed at making the textile industry more sustainable.

Due diligence

Our partners in sourcing countries, where there may be a higher risk of labor rights violations due to potentially less stringent legislation and controls, are required to adhere to the amfori BSCI Code of Conduct.

This code includes ILO labor standards, covering the right to freedom of association and collective bargaining, fair remuneration, regulated working hours, and occupational health and safety. Child labor, discrimination, and forced or compulsory labor are strictly prohibited. Our Code of Conduct is an integral part of our policy statement and is supplemented by specific environmental and social standards.

Any new supplier with production facilities in high-risk countries, as defined by amfori BSCI, is assessed by our sustainability department for compliance with our corporate standards, based on reports from third parties. This assessment is reviewed by the purchasing department, which then jointly decides whether to establish a business relationship. In the case of serious breaches of the Code of Conduct, particularly violations of „zero tolerance“ criteria such as child labor, forced labor, inhumane treatment, lack of workplace safety, and unethical behavior, collaboration is avoided.

Potential negative social impacts at our suppliers and within our supply chains are evaluated through a risk analysis. The actual impacts are determined based on audit reports from external third parties, assessments of our partners on-site, or our own factory visits conducted by the sustainability department and employees from quality development or purchasing.

For existing suppliers who breach the Code of Conduct, corrective actions are required and monitored. Improvement of deficiencies is generally required, depending on the severity of the breach, either immediately, medium-term, or long-term. In cases of particularly severe breaches, including the aforementioned „zero tolerance“ criteria, this may lead to termination of the business relationship. Our Subcontracting Policy specifies that subcontracting orders to other suppliers is not permitted and can lead to fines and termination of the business relationship.

GRI 2-23, 2-24, 2-25, 414-1, 414-2

SOCIAL AUDITS

n 2023, a total of 74 social audits (2022: 127, 2021: 62) were conducted at our tier 1 suppliers for textiles and hard goods. Most of these audits were based on the amfori Business Social Compliance Initiative (BSCI) Code of Conduct, with nine being Sedex Members Ethical Trade (SMETA) or SA8000 audits.

In the „Management System" category, many factories in Bangladesh, China, and Pakistan received an „acceptable" rating. However, 20% of all suppliers were rated „insufficient." This is often due to management systems not aligning adequately with the amfori standard, such as inadequate analysis of business relationships with production partners or insufficient employee awareness of the standards. In China, discrepancies between production and personnel planning are frequently noted. We are working closely with our production partners to raise awareness among management regarding these issues and their impacts. In Turkey, most suppliers received good ratings, with one case marked as „insufficient." In India, suppliers' management systems were rated as good.

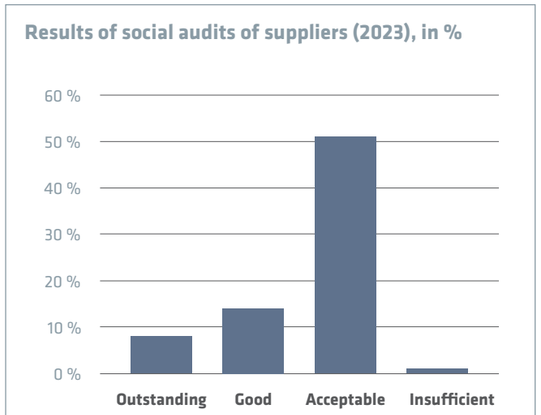
A notable issue is that all factories in China were rated „insufficient" in the „Working Hours" category. This aligns with observations from recent years and highlights ongoing issues with overtime in China. We regularly engage in discussions to understand the causes and explore potential approaches to reduce overtime, such as capacity planning, personnel situation, or pre-production management.
Since our influence on the overall situation is often limited, we focus primarily on our business activities and examine whether our purchasing processes might contribute to overtime.

Employee involvement was rated „acceptable" in only 13% of cases and „insufficient" in one case in Bangladesh. This underscores the need for better employee engagement. In Bangladesh, this is supported by the Accord on Fire and Building Safety, which promotes worker training and strengthens grievance mechanisms in factories. As members, we support these activities and assist our Bangladeshi suppliers in implementation.

A positive development compared to previous years is the significant improvement in the „Health and Safety" category. Only one supplier in Pakistan was rated „insufficient" due to a blocked emergency exit. The expansion of the Accord on Fire and Building Safety to Pakistan in 2023, to which we have also joined as a member in 2024, addresses fire safety, building security, and electrical safety in textile factories in Pakistan and supports producers in necessary corrective actions.

When fundamental violations are found in audits, we request appropriate corrective actions and verify their implementation through desktop reviews, visits by our colleagues on-site, or through our own factory visits, ultimately followed by re-audits. A systematic approach to tracking deficiencies is the use of corrective action plans. In 2023, 44% of our suppliers were able to present satisfactory corrective action plans, 3% submitted inadequate plans, and 53% did not present any action plans within the review period.

Results of social audits of suppliers (2023), in %









GRI 414-1, 414-2

GREEN BUTTON 2.0-
AUDIT

In August 2022, the Green Button 2.0 was introduced after a three-year period of the initial Green Button certification. The development of this seal aims to expand measures for protecting people and the environment, and to focus more intensively on risks, particularly across the entire textile supply chain.

Key innovations of Green Button 2.0 include significant steps towards ensuring living wages, the gradual expansion of risk analysis to the entire supply chain, stronger integration of due diligence within the company, increased involvement of local people, and an extension of the supply chain stage to raw material extraction, as well as requirements for fibers and materials.

In May 2023, we successfully completed the Green Button 2.0 audit. We view this certification as a crucial step towards fulfilling our supply chain due diligence obligations, which helps us to systematically structure our processes and continuously identify potential gaps. An increasing number of our customers also require compliance with due diligence obligations.

We received praise from the auditor for implementing a variety of measures in collaboration with suppliers and internally. Particularly noted was the closer cooperation between the Sustainability and Procurement departments compared to previous years. The auditors also commended the establishment of targeted working groups on specific sustainability topics, staffed with relevant colleagues from various departments.

The approval process for new suppliers and certified products by the Sustainability department was rated as „good but with room for improvement." The audit noted that a stronger consideration of risk analysis in the development process of an order should be made to better understand the risks associated with a procurement country, suppliers, or products.

During the Green Button 2.0 audit, two deviations from the standard were identified, which needed to be corrected within 12-16 weeks: First, adjustments were required in our policy statement, particularly regarding the mention of prioritized risks. Second, we needed to ensure that all suppliers and agents had signed contracts confirming compliance with due diligence obligations. Both deviations were addressed and corrected. The next surveillance audit is scheduled for July 2024.



THE PARTNERSHIP FOR
SUSTAINABLE TEXTILES

Since 2015, we have been a member of the Partnership for Sustainable Textiles, also known as the Textile Partnership. This voluntary coalition, consisting of representatives from business, politics, civil society, trade unions, and standard organizations, aims to improve conditions in global textile supply chains.

The formation of this multi-stakeholder initiative in 2014 was a response to the tragic collapse of the Rana Plaza building in Bangladesh, led by then Federal Minister for Economic Cooperation and Development, Dr. Gerd Müller.

In 2019, the review process within the Textile Partnership membership was revised to place greater emphasis on corporate due diligence obligations. The review process defines the commitment of companies to take responsibility for sustainability in their supply chains. The goal is to identify and effectively mitigate risks within their value chains.

Unlike in the past, member companies no longer pursue uniform, binding goals within the alliance. Instead, we derive our goals and actions individually from a risk analysis and prioritization to address the most severe risks specifically.

This process is based on a personalized risk analysis according to the eleven OECD sector risks. Based on these results, we developed goals and measures for all sector risks in 2021. In addition to the prevention and mitigation of risks, the readiness to remedy and make amends in case of negative impacts is also a central aspect.

To ensure the quality and reliability of the risk analysis, the set goals, and reported progress, a qualitative evaluation discussion was conducted in 2021. This was carried out by both an external service provider and the Partnership secretariat. The discussion focused on the adequacy of the goals set to prevent or mitigate the most severe risks, as well as the transparency of the goals and measures derived from the risk analysis and progress report.

All reports, both on goals and progress after two years, have been made publicly accessible on the Textile Partnership's website.

Textile Partnership Review Goals

Freedom of Association & Collective Bargaining	Goal: By 2023, conduct a survey on the presence and quality of worker committees at tier-1 suppliers in India
Health & Safety	Goal: Develop and implement a fire protection program focused on building and fire safety in Pakistan at tier-1 level by the end of 2023.
Wages & Social Benefits	Goal: Improve transparency regarding wage structures at pre-nominated tier-1 suppliers in India and Bangladesh by the end of 2023. Certification of a nominated Indian supply chain in 2021, gradual wage increases in the supply chain, and payment of living wages at tier-1 level by 2023.
Working Hours	Goal: Gain a better understanding of working hours at all wet processing sites of five garment factories in Bangladesh by the end of 2023. Review legal working time regulations at nominated tier-1 suppliers in China by the end of 2022.
Child & Forced Labor	Goal: Risk assessment for forced and child labor at wet processing sites of five tier-1 suppliers in Bangladesh by the end of 2023.
Corruption	Goal: Develop and implement a Basic CoC (Code of Conduct) assessment for tier-1 suppliers in Pakistan by 2023.
Discrimination, Sexual Harassment & Gender-based Violence	Goal: By 2023, raise awareness and provide training for factory management and workers on gender-based violence and discrimination in tier-1 factories in Bangladesh.
Environmental Protection & Resource Use	Goal: Increase the percentage of certified supply chains by 15% and thus improve the careful management of water and energy resources in the supply chains.
Greenhouse Gas Emissions	Goal: Increase the share of organic cotton to 70% (up from 63% in 2020) and the share of recycled polyester to 4% (up from 2%) by 2023.
Chemical Use & Wastewater	Goal: Achieve transparency on the chemicals used at 70% of wet processing sites and their chemical usage.

In 2023, we took stock and found that 10 out of the 14 goals set within the Textile Partnership had been fully implemented. Four goals could not be fully achieved, which we will address in the following.

Through targeted and detailed assessments with extensive worker interviews, we gained insight into how well our Bangladeshi suppliers are positioned on the issue of "discrimination." This includes regular training conducted within the factories. We, therefore, assessed that our set sub-goal of an additional training series, together with our on-site teams, was not effective.

The planned measures for "Health and Safety" and "Corruption" in Pakistan were rolled out but not completed with all suppliers. Pakistan as a sourcing market was strategically reviewed in 2023 and restructured in collaboration between the sustainability and procurement departments. It finally resulted in signing of the Pakistan Accord for Building and Fire Safety in 2024.

We were unable to fully achieve our goal of creating transparency over all wet processing facilities and their chemical inventories. The lack of acceptance of technical tools, particularly in the sourcing country China, is one of the challenges we face. Nevertheless, we continue to pursue this goal, as transparency is a crucial step for us in fulfilling due diligence obligations.

Overall, we evaluate our membership in the Textile Partnership and the review process positively. They provide us with a framework to implement targeted measures in our supply chains that are not arbitrarily selected but address potential and actual risks in the 12 sector topics.



PARTNERSHIP INITIATIVE
ORGANIC COTTON

In so-called Partnership initiatives, members of the Textile Partnership, including companies, associations, non-governmental organizations, trade unions, standard organizations, and the federal government, contribute their respective experience and expertise. Local actors and other partners are often involved as well.

The goal of these joint projects is to improve social and ecological conditions and to implement corporate due diligence along the value chain.

Starting from the third year of membership in the Textile Partnership, members are required to participate in joint commitment projects that contribute to the focus areas of the Textile Partnership living wages and purchasing practices, circular economy and climate, gender equality, as well as grievance mechanisms and remediation.

In April 2022, the Partnership initiative on organic cotton was launched in India. Twelve companies and organizations have come together to make the organic cotton supply chain fair, environmentally friendly, and economically viable. The project aims to benefit 11,500 cotton producers in the Indian states of Maharashtra, Madhya Pradesh, Rajasthan, Odisha, and Gujarat by transitioning to organic farming.

A total of ten companies and organizations are involved in the Partnership initiative in India. The Partnership for Sustainable Textiles and its strategic partner Organic Cotton Accelerator (OCA) are coordinating the project, which runs until August 2025. The initiative supports cotton producers in strengthening their business foundation and improving conditions for a growing supply of organic cotton. OCA collaborates with local cooperatives and implementation partners in India, who are also involved in the initiative. In return, participating companies commit to purchasing fixed quantities of certified organic cotton or cotton in conversion for three years and paying farmers a premium above the market price.

Since our project “From Field to Fanshop” started concurrently and pursues a similar thematic approach, we are participating as an “associated member” in the organic cotton initiative and sharing challenges and learning experiences with the other members.





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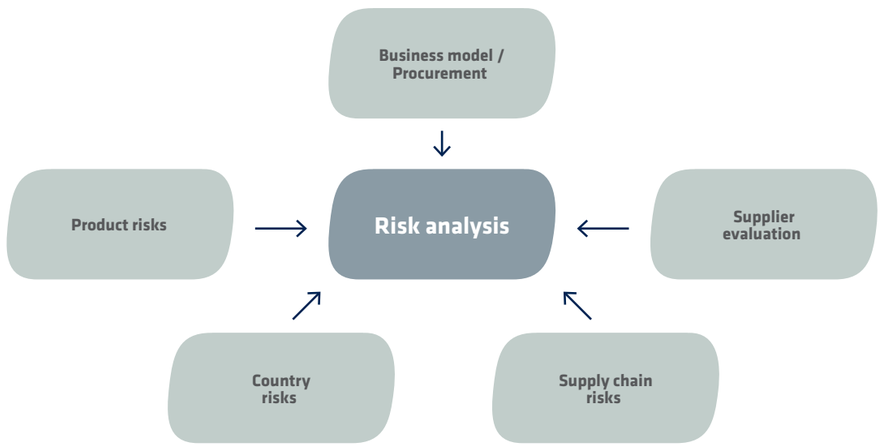
RISK ANALYSIS

Through risk analysis, we identify potential and actual risks at the country, product, and supplier or supply chain levels, as well as for the business model.

The eleven risks considered are based on OECD (Organisation for Economic Co-operation and Development) guidelines and define the main risks in the textile industry. All risks are systematically evaluated according to objective criteria and subsequently prioritized. This leads to the development of appropriate measures, considering their adequacy and influence, to address and mitigate the identified risks and negative impacts.

At the product and business model levels, identified risks may necessitate adjustments to processes or redesigns of product ranges. The goal is to integrate the results of the risk assessment more effectively into strategic purchasing and sales decisions. The structure and content of the risk analysis have been developed in collaboration between the sustainability, procurement, and key account management departments. The risk analysis is updated as needed, for example, when expanding a product range or entering new sourcing countries, but at least annually.

In 2023, we updated our risk analysis with a particular focus on the product level. This allows us to conduct a targeted and systematic assessment of our product portfolios. Based on the results, specific measures can be implemented for identified high-risk products. The main objective is to provide our procurement and sales departments with a well-founded and sustainable decision-making tool. To better consolidate the results from the risk analysis and achieve higher acceptance within the company, we also utilized a traffic light system that provides a risk assessment for 80% of the product range. This system offers compact recommendations and highlights negative results in the risk analysis that can serve as the basis for projects.



When planning our measures, we focus on addressing our highest risks to minimize them in the long term. Regular review and adjustment of these measures are crucial for the continuous improvement of working conditions across the entire supply chain. We monitor this, among other things, through the results of our supplier assessments, audit findings, the number of complaints received and their resolution, as well as the evaluation of existing grievance mechanisms based on the United Nations' effectiveness criteria. The table on page 56 shows the most significant risks identified through the risk analysis, as well as the associated preventive and remedial measures. We distinguish between general due diligence measures that cover multiple risks and specific measures targeting particular risks.

Example:
Ban on Materials from Xinjiang

Cotton is the primary fiber in our products. One of the largest cotton-growing regions worldwide is Xinjiang in China. Due to the high risk of forced labor in Xinjiang, we have decided to ban materials from this region from being used in our products. Unfortunately, tracing the origin of cotton can often be challenging, and it remains questionable whether a contractually stipulated ban is sufficient.

To verify the origin claims, we have conducted isotope testing through recognized testing institutions. The results of these tests were clear: there were no anomalies, and the stated origin of the cotton was confirmed in all tests. No signs of origin from Xinjiang were found. These results demonstrate that the ban on materials from Xinjiang is an effective measure to minimize the risk of forced labor in our supply chain.

We will continue to review this regularly in the future.

Overview of the most serious risks and associated prevention and mitigation measures

Forced and child labor	*Discrimination*	*Working hours*	*Freedom of association & collective bargaining*	*Corruption & bribery*
Cross-risk prevention and remedial measures				
Compliance documents with commitment to social and environmental requirements by signature				
Regular audits to review social standards				
Regular factory visits and direct exchange with production partners				
Follow-up of corrective action plans for continuous improvement				
Supplier training on various topics				
Strengthening of internal factory and establishment of back-up complaint mechanisms				
Processing & follow-up of complaints				
Use of certified supply chains				
Project: Supporting cotton farmers in converting to organic farming				
Comprehensive root cause analysis & targeted measures				
Internal training of employees on relevant topics				
Risk-specific preventive and remedial measures				
Exchange with local employees through local partners	Analysis of purchasing practices & promotion of responsible procurement	Specific checklists for factory visits	Long-term contracts, Commitments & direct cooperation	
Ban on cotton from Xinjiang & Isotope test for verification	Checking capacities and capacity utilization	Promotion of employee representation in the Fairtrade Textile Standard	Cost coverage, certification fees & financial support	

JOURNALIST TRIP TO INDIA

In January 2023, we travelled with five journalists from various media outlets, as well as a photographer and a filmmaker, to Tiruppur. During this trip, we provided our guests with the opportunity to explore our Fairtrade Textile Standard-certified supply chain.

We visited the dyeing factory, printing facility, and garment manufacturing plant of our partner in Tiruppur. At the garment plant, we attended a meeting of the workers' committee. An interpreter engaged by Fairtrade assisted us in understanding the discussions between the workers and the HR representative.

Following this, several workers were available for questions from the journalists, who were particularly interested in the daily working conditions in the factory and the workers' satisfaction with their conditions and wages. We also addressed why we implement the Fairtrade Textile Standard in our nominated supply chains, discussing both the successes and the challenges involved.

After the factory visits, we met with Mary Viyakula, the Executive Director of SAVE (Social Awareness & Voluntary Education), an NGO in Tamil Nadu that educates workers about their rights and provides training for unions.







THE FAIRTRADE TEXTILE STANDARD



Living Wages
Throughout the Supply Chain

The Fairtrade Textile Standard aims to improve working conditions in the textile industry and gradually implement living wages throughout the supply chain. Since 2017, intensive training and education for workers across our entire textile value chain (including ginning, spinning, knitting, dyeing, printing, and garment manufacturing) have been conducted, with the introduction of living wages being discussed and outlined in concrete action plans.

BRANDS Fashion is the first company to commit to the Fairtrade Textile Standard and actively implement the Fairtrade Textile Program. Since 2016, we have been working with Fairtrade to advance fairness and justice along the textile value chain. The goal is to strengthen workers' rights and achieve living wages. Additionally, participating companies must meet high environmental standards. Our commitment has been supported by the Federal Ministry for Economic Cooperation and Development (BMZ) in collaboration with the German development agency (GIZ).

The official project launch was on August 15, 2017. Since then, continuous checks have been carried out in textile factories, and training sessions for employees and supervisors have been held until the end of 2021. Here's how it works: During so-called pre-assessments, independent experts review the factory on-site for compliance with standard requirements.

Fairtrade trainers from the Asia-Pacific Producer Network (NAPP) regularly conduct training sessions, which we accompany as often as possible. In these pre-assessments, Fairtrade and its local partners initially determine the status quo.

In workshops and training sessions, specific issues are addressed with workers and management. Questions such as: What are the workers' wishes for management? What constitutes a good working situation? The aim is to create awareness about fair wages and to educate and sensitize the workers. Additionally, worker representatives are implemented, who receive targeted training and serve as contact persons for their colleagues regarding their work and social rights.

Furthermore, a plan is established for gradually increasing workers' wages to ultimately achieve a living wage. Fairtrade sets a maximum timeframe of six years for this, although we expect to achieve this in our supply chain sooner.

What is unique about this standard is that it encompasses the entire textile supply chain–from ginning facilities, spinning mills, weaving mills, and dyeing plants to garment manufacturing facilities. This also presents a significant challenge: garment manufacturing facilities often have experience with social audits, whereas the upstream facilities are less accustomed to adhering to social standards. Many suppliers were initially sceptical. One of the first factories in the project was a dyeing plant whose customers had previously placed few demands on social standards compliance. Consequently, they had little experience with this issue, and our demands were not taken very seriously. Therefore, we had to engage in considerable persuasion at the beginning. However, over time, we were pleased to observe a real shift in awareness. In the training sessions we attended, we saw participants becoming increasingly confident, offering their own suggestions and ideas.





Nevertheless, challenges remain, particularly concerning the financial burden in the upstream supply chain. When we talk about additional costs, wage costs are one aspect, and certification and administrative costs on our side and that of our suppliers are another. We factor some of these costs into our pricing and adjust our end prices accordingly. However, in the upstream supply chain, we only utilize a fraction of the total capacities but bear the entire additional costs. In principle, the more we utilize a production facility and the more brands participate, the more likely the successful implementation of the initiative.

We are implementing the Fairtrade Textile Standard as a pilot project within our strategy to promote living wages, which is part of our policy statement. The strategy summarizes our experiences, challenges, and insights into dealing with living wages and describes the activities we undertake internally, especially in collaboration with the purchasing department, and externally, particularly in dialogue with suppliers and industry experts.



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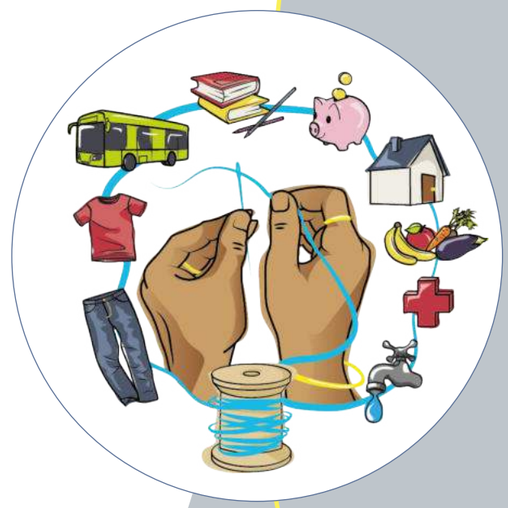
What Have We Achieved So Far?

- World's First and Only Supply Chain Certified by the Fairtrade Textile Standard: Since the end of 2021
- First Textiles Certified by the Fairtrade Textile Standard Available in Stores
- Establishment and Training of Worker Representatives: All factories now have established and trained worker representatives
- Salary Increases According to Agreed Wage Plans: Salaries have been increased in line with the established wage plans

What Does a Living Wage Mean?

Typically, textile workers worldwide receive the legally mandated minimum wage. A so-called living wage is significantly higher and covers the basic needs of families. It allows workers to afford adequate housing and nutritious food, as well as expenditures for healthcare, education, clothing, transportation, and savings.

For India, Fairtrade, after extensive discussions with various stakeholders and using tools such as the Anker Method, has initially set the living wage at 14,250 Indian Rupees (€170).





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Impact of the
Fairtrade Textile Standard

During our trip to India in January 2023, we interviewed the workers at our partner's facility: What does it mean for you to work at the **Green Factory**?

S. Krishnaveri is a mother of three daughters. She expressed that she is very happy working at SAGS Apparels and that the fair wages allow her to save money for her daughter's education.

K. Saravanan shared his previous experience of poor working conditions: There was no drinking water, no social security, and he faced harassment and pressure that led to overtime. Our partner's strategic commitment to fair production is showing results: K. Saravanan and his colleagues, M. Kathiresan and C. Murukesan, reported that the management is helpful and supportive, there are frequent orders and good sanitary facilities in the factory, and that wages are paid on time.

G. Sasikals feels privileged to work in the garment industry. She enjoys being part of the workers' committee where she can advocate for her rights and contribute her ideas.



4 YEARS IN A ROW
GOLD STATUS FROM ECOVADIS

For the fourth consecutive year, we have been awarded the ‚Gold' status by the rating platform EcoVadis.

With a percentile ranking of 95, we are among the top 5% of apparel manufacturers evaluated by EcoVadis in terms of Environmental, Social, and Governance (ESG) practices. In the category of „Sustainable Procurement," we achieved the highest score of 80%. The categories of „Environment," „Labor and Human Rights," and „Ethics" were each rated at 70%.

EcoVadis is a leading provider of sustainability assessments that helps companies improve their ESG practices. Since its founding in 2007, EcoVadis has offered a cloud-based platform that evaluates companies across various industries and provides detailed scorecards. These scorecards highlight strengths and weaknesses in areas such as the environment, labor and human rights, ethics, and sustainable procurement. Through benchmarking, companies can compare their performance against industry standards and identify areas for improvement. EcoVadis also provides specific recommendations and action plans for optimizing sustainability practices. With its global reach and evaluations in over 160 countries, EcoVadis is one of the most recognized tools for sustainability assessments and is used by many of our clients.

CORE ELEMENT **PARTNERS & SUPPLY CHAINS**



SDG 8 – DECENT WORK AND ECONOMIC GROWTH

For years, we have sourced our products through close collaboration with reliable partners from procurement countries including Bangladesh, Pakistan, India, China, and Turkey. We are pleased to work with so many dedicated individuals who share our commitment to a sustainable textile industry. BRANDS Fashion believes that lasting sustainable economic growth can only be achieved under dignified and safe working conditions. We contribute to Goal 8 of the SDGs by promoting safe working conditions in production facilities, advocating for fair wages, and supporting suppliers in innovative projects. Our efforts are supported by standards such as Fairtrade and GOTS, as well as initiatives like Accord and amfori BSCI. Given the complexity and often opaque nature of textile supply chains, we advocate for improvements in wages and working conditions.

Textile importers typically work and negotiate only with garment manufacturers, the highest tier of the textile chain. Consequently, they often have limited visibility into upstream stages of the supply chain. To meet our high standards, we strive to familiarize ourselves with and assess the upstream tiers of the supply chain through regular personal visits and checks against minimum standards. These established processes represent a step towards improved employment opportunities in developing countries, reducing regional inequalities, continuously combating discrimination based on age and gender, decreasing informal employment, and promoting a secure working environment for all.

TEXTILE VALUE CHAIN

The textile supply chain is highly complex and multi-faceted, often spanning multiple continents. As the number of partners involved in production processes increases, so does the challenge of knowing and ensuring compliance with social and environmental standards.

As a company, we see it as our duty to take responsibility throughout the entire global value chains.

While benefiting from a globalized and division-of-labor world, we also bear responsibility for the impact of our business activities on people and the environment. For years, we have been deeply committed to this cause, focusing particularly on close partnerships with our suppliers. We believe that transparency is the first step towards sustainable production. Therefore, we work with a range of seals, certifications, and agents in procurement countries, reduce our supplier pool, and use our supply chain management tool, TRACYCLE. We use this tool primarily to map the tiers of our supply chains—from the sewing facilities to the raw material origins.

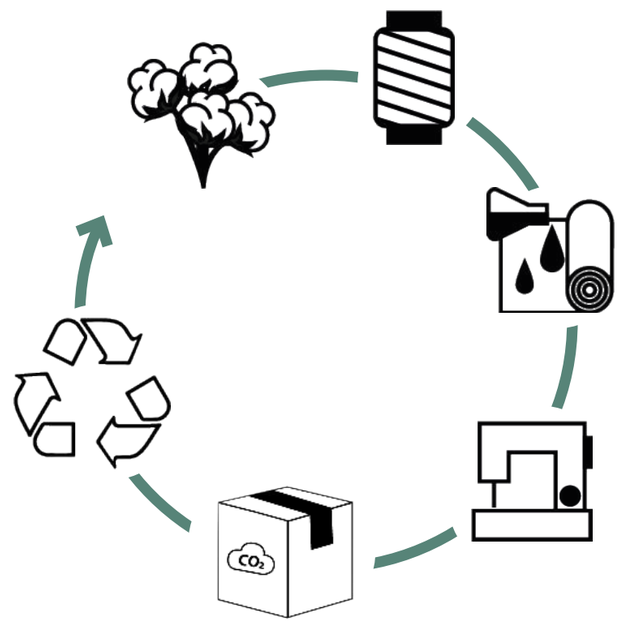
The 4 Production Stages of the Textile Value Chain:

Tier 1:
Product Manufacturing & Assembly

Tier 2:
Wet Processes & Material Production

Tier 3:
Raw Material Processing,
Yarn Production & Spinning

Tier 4:
Cultivation & Raw Material Extraction



In addition, our Code of Business Conduct establishes clear social minimum standards for our own location as well as all company-affiliated sites. All employees and partners of BRANDS Fashion are required to adhere to this code. Besides compliance with applicable laws, it includes respect for human and labor rights, workplace safety and health, data protection, and fair competition principles. For our suppliers, the Code of Business Conduct is an integral part of the general purchasing conditions and thus the foundation of our contractual relationships. In 2023, 100% of our suppliers signed the Code of Business Conduct.



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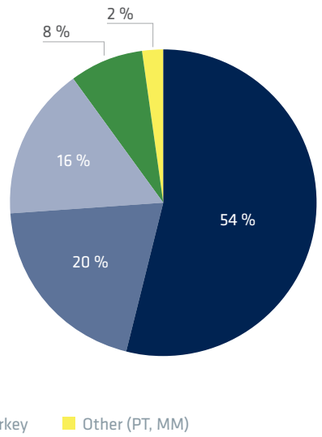
PROCUREMENT MARKETS

In 2023, our order volume was distributed across our main procurement markets as follows:

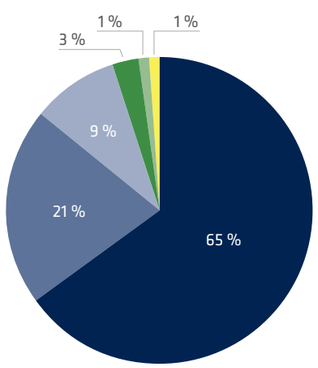
Bangladesh accounted for 54% (2022: 65%), China for 20% (2022: 21%), and India for 16% (2022: 9%). Turkey supplied 8% of our order volume.

The ranking of the top three procurement markets remained unchanged. India was able to solidify its position in third place and increase its share by 7%. Procurement volume from Turkey increased by 5%, maintaining its status as the fourth largest market.

Procurement markets (2023), in %



Procurement markets (2022), in %



RESPONSIBLE SOURCING PRACTICES

Since 2020, we have been focusing specifically on „Responsible Sourcing Practices.“ After conducting the ACT Purchasing Practices Sourcing Assessment with employees at our headquarters in Buchholz, as well as in our sourcing offices in Bangladesh and China, the results were discussed in various workshops with the purchasing and sales departments. Concrete measures for improvement were then defined.

Additionally, representatives from the purchasing department, particularly the management, participated in various external training sessions. In 2022, all buyers were specifically trained on principles of ethics and responsible sourcing through workshops. The primary goal has been and continues to be to raise awareness among all stakeholders about their actions and their impact in the production countries. For example, delays in production caused by increased, unplanned sampling due to inadequate coordination can lead to extreme overtime or illegal subcontracting in the sourcing country due to the resulting time pressure. We counteract this by improving internal processes and additionally raising awareness among our customers about responsible sourcing.

As part of our policy statement, we commit to taking appropriate measures to reduce negative impacts on human rights, the environment, and integrity related to our own sourcing and purchasing practices. This includes a selection of core principles of responsible sourcing practices, which we will explain in more detail below.

- Our sourcing strategy is based on defined requirements and processes, where due diligence is a central component. This includes ensuring that the compliance declaration is part of our general purchasing conditions, forming the basis for all business relationships, and fostering close and trustful cooperation between the purchasing and sourcing departments. The sourcing strategy incorporates a defined process for onboarding new suppliers and implementing corrective actions.
- Forecasts are developed in collaboration with suppliers and take into account the available capacities. In the event of bottlenecks, we seek possible solutions and offer supportive measures where feasible.
- Defined standard deadlines are intended to provide both parties with planning security and sufficient lead time. In the case of order-related changes, we evaluate and discuss the potential impacts on the supply chain and provide necessary support wherever possible.
- During price negotiations, we strive to align the interests of all involved parties and determine a fair price. Constructive and cooperative dialogue with our suppliers on one side and our customers on the other is a key part of our efforts.
- In the event of terminating a business relationship, we are committed to following our Responsible Exit Strategy. This includes evaluating the reasons and consequences for ending the business relationship, adhering to reasonable notice periods, and ensuring preparatory steps as outlined in the responsible exit policy.
- Especially in times of crisis, partnership is more important than ever. We believe that a long-term partnership is key to strengthening business relationships. Therefore, we commit to maintaining our due diligence and responsible sourcing practices as far as possible even during crises. This includes not canceling orders and not requesting discounts on produced orders.

Additionally, it is important for us to regularly communicate with our local business partners, especially producers, to understand the challenges they face and how the supply chains and production are affected.





TRANSPARENT SUPPLY CHAIN: OUR TRANSPARENCY TOOL TRACYCLE

We provide our customers with the opportunity to view the entire supply chain—from the cotton field to distribution—complete with information on the names and addresses of production sites, as well as photos and any relevant social and environmental certifications.

To facilitate this, we implemented our self-developed tracking tool TRACYCLE (formerly TRACE MY SHIRT) in 2017. Internally, TRACYCLE primarily serves as a supply chain management tool where relevant data and documents related to the supply chain can be entered and analyzed. In 2022 and 2023, we further developed the tool. The system was integrated with our inventory management system through an interface, enabling data exchange between the two systems.

This allows for better implementation in existing procurement processes and more effective verification of data availability. The development was carried out in collaboration with the Sustainability, Procurement, and IT departments. The Procurement department contributed to the requirements catalog and evaluated the development as a test user.

A significant advancement in this development is the opening of the tool to external users, such as local partners, agencies, and suppliers in our sourcing countries. Direct data entry and updates by these external users aim to make the process more efficient and avoid double entries. The rollout of the tool‘s external use will begin in 2024.

TRACYCLE
a wholistic revolution



GREEN FACTORY 2.0 & PARTNERSHIPS

Partnerships between companies and suppliers are crucial for advancing sustainability in the supply chain. Through close collaboration and mutually beneficial business relationships, the complex challenges of due diligence in the textile industry can be addressed more effectively.

A first step often involves creating transparency about the nature of supply chains, potential and actual risks, or information on the adherence to environmental and social standards. We are committed to building close and long-term partnerships with our suppliers, learning from each other, and growing together.

The effectiveness of this approach is demonstrated by the opening of a new production facility by one of our long-term partners in September 2023. Located in Tiruppur, South India, the factory is equipped with 12 sewing lines for knitted garments.

It is certified according to the LEED Platinum standard for sustainable building and aims to adhere to a Net Zero approach. This includes minimizing and improving all activities related to energy consumption, water use, waste production, and carbon emissions, and offsetting any remaining impacts as needed.



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The entire building is made from sustainable materials and has been designed with a special focus on the needs of the employees. The architecture targets maximum energy efficiency, supported by a 250 kW solar system on the roof that ensures 100% renewable energy supply on site. This results in an annual reduction of 1,030 tons of CO2 emissions.

The factory features double-glazed skylights that provide natural daylight to the work area during the day, eliminating the need for additional lighting. Rainwater is efficiently collected, filtered, and used for various purposes within the factory, with a 500,000-liter tank available for collected rainwater.





Through modern planning and the reuse and treatment of wastewater within the factory, approximately 50% of total water consumption is expected to be saved in the long term, equating to about 110,000 liters of drinking water per year. Excess rainwater is directed into a well to raise the groundwater level in the surrounding area. Additionally, the supplier independently manages a 35,000-square-meter area to promote biodiversity. The green area is supplied with water through a modern and efficient irrigation system.

Office furniture is either Cradle-to-Cradle certified or made from at least 60% recycled materials. Furthermore, 40% of the materials used in construction are recycled, with reused materials being employed without loss of quality.





FROM FIELD TO FANSHOP – SUSTAINABLY PRODUCED FAN MERCHANDISE

Nine clubs from the first and second Bundesliga are joining forces off the pitch to make a collective contribution to sustainability and to implement the United Nations' Sustainable Development Goals.

Since 2022, the initiative „From Field to Fanshop" has been supported by the Federal Ministry for Economic Cooperation and Development (BMZ) and the textile company BRANDS Fashion GmbH, in collaboration with nine Bundesliga clubs (1. FC Union Berlin, Arminia Bielefeld, Eintracht Frankfurt, Hamburger SV, SV Werder Bremen, VfB Stuttgart, VfL Wolfsburg, Borussia Dortmund, FC St. Pauli). We are assisting approximately 450 Indian smallholder farmers in transitioning from conventional to organic and Fairtrade certified cotton cultivation. Additionally, 1,000 children and adolescents in cotton-growing regions are provided with valuable soft skills and educational opportunities through sports activities.

The project focuses on fair conditions within global supply and value chains, addressing the weakest link in the chain: the cotton farmers. Given the negative impacts of conventional cotton farming and the alarming fact that certified organic cotton currently constitutes only about one percent of global production, the relevance of the project is evident. Many Indian families dependent on cotton farming face difficulties due to their marginalized communities. This is where the second focus of the project comes in: improving living conditions in the growing regions by promoting children's and adolescents' development through sports. The implementation is carried out in cooperation with the Indian organization YFC Rurka Kalan. The training sessions aim to enhance participants' awareness of social cohesion, gender equality, and health, and to improve their social skills.



Our goal is to improve the living conditions of 450 cotton farmers and 1,000 children and adolescents in the growing regions. We promote sustainable agriculture by transitioning from conventional to organic cotton. Additionally, life skills are imparted through sports programs that prepare children and adolescents for the labor market and raise awareness about environmental and resource protection. Furthermore, we strengthen attention to sustainable business practices and raise awareness for sustainable textiles through media and public relations work.

The conventional cotton sector is characterized by impacts on people and the environment, including pesticide use, high water consumption, and human rights violations such as child and forced labor. Many producers struggle with high cultivation costs and low yields. Price premiums often do not reach the smallholders due to the complexity and lack of transparency in textile supply chains, and direct and long-term business relationships with producers are uncommon. For many smallholders, their income is insufficient for living.

Children and adolescents in these families suffer from a lack of prospects, exacerbated by poor quality of educational opportunities and inadequate access to basic education, especially for girls and young women. The goal of the project is to develop and expand sustainable organic cotton production, while also supporting disadvantaged children and adolescents through sports.





Progress After 1.5 Years:

Since spring 2022, a significant portion of the training for 450 cotton farmers on implementing organic agriculture and social standards has been completed. Several external audits have been conducted to certify the transition of the cotton. All nine football clubs have produced part of their merchandise collection using „cotton in conversion“ and have brought these products to market. By the end of 2023, a total of 1,257 children and adolescents have participated in weekly sports sessions, learning the fundamentals of sports and improving their skills in teamwork, communication, learning ability, and problem-solving. This involved 8 schools, 656 boys, and 601 girls. The project has been extensively communicated by BRANDS Fashion, the clubs, and project partners through various media channels.



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The project is being implemented in a key textile sourcing market and involves a nominated supply chain composed of long-standing partners.

We are creating strategic partnerships between cotton farmers, spinning mills, processing facilities in the supply chain, ourselves, and our customers. The project not only benefits the farmers by providing them with guaranteed off-take but also enables us to secure raw materials in the long term through agreed sourcing commitments.

Cotton is one of our most important fibers and is used in many fan merchandise items. In recent years, the importance of sustainability in the football industry has significantly increased. Clubs are evaluated on their sustainability performance (e.g., cum ratione study) and are required to meet defined sustainability criteria (DFL sustainability guidelines). The interest generated among fans by the participating clubs and their popularity provide an opportunity to act as a multiplier for sustainability and raise awareness for sustainable textiles. The project aims to enhance customer/fan awareness of the impact of their purchasing decisions and thus positively influence the social and consumption behavior of fans and, by extension, large segments of society.

An expansion of the project or a transfer to other cotton cooperatives is being considered and is currently under review. Continuation of the project to provide farmers with ongoing guarantees for cotton off-take is definitely planned and is being defined with the project stakeholders.



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ECOLOGICAL FOOTPRINT OF OUR PRODUCTS

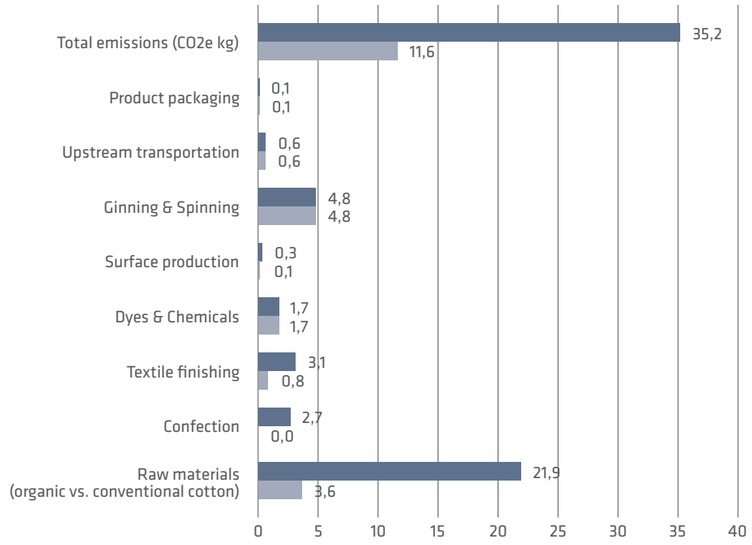
BRANDS Fashion takes its environmental responsibility seriously and considers greenhouse gas (GHG) emissions across the value chain. In addition to the direct and indirect CO2 emissions at our Buchholz location (see Core Element Team & Location), we also account for indirect emissions from the upstream supply chain.

The company promotes the transition to low-emission organic cotton cultivation and continuously uses recycled fibers to reduce its ecological footprint. Since 2020, BRANDS Fashion has been working with a startup to create Product Carbon Footprints (PCFs) to measure the ecological footprint of its key supply chains and products. By the end of 2023, CO2 emissions for six supply chains have been assessed. The goal is to collect primary data from ten different supply chains for PCFs by the end of 2024.

The analysis reveals significant savings in producing an article from organic cotton within a sustainable supply chain in India compared to conventional cotton products from a traditional supply chain. The largest savings are achieved through the use of sustainable materials, especially the switch to organic cotton, with a reduction of 83.6%. In packaging, we achieve savings of 99.8% by producing in a LEED Platinum-certified factory. The shift to renewable energy results in a 75.8% reduction in emissions in textile finishing, and knitting emissions are reduced by 56.1%.



GHG emissions from the value chain, absolute



GRI 3-3, 305-3, 305-5

COMPLAINT MECHANISMS

As a member of amfori, we require all our suppliers in high-risk countries to provide an effective system for receiving and addressing employee complaints and suggestions.

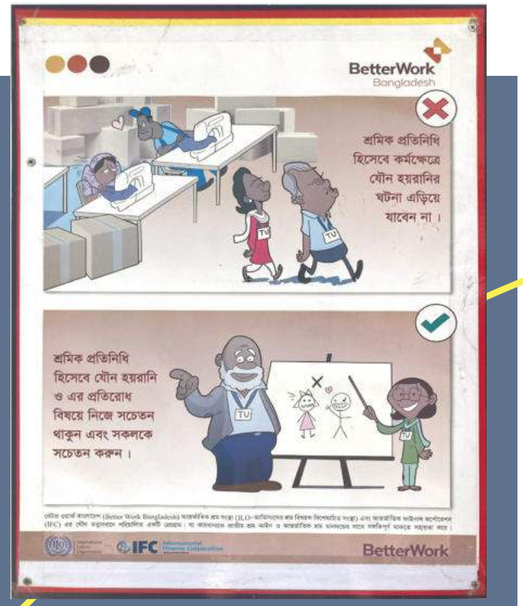
These systems are reviewed through independent social audits and our own assessments, particularly at our manufacturers. Supply chains certified, for instance, by the Global Organic Textile Standard (GOTS) are also required to have a functioning complaint mechanism, which is checked during annual audits. Additionally, we provide a complaint mechanism in line with our commitment in the policy statement, where violations in the supply chain can be reported. To evaluate the effectiveness of factory-level systems, we inquire about the mechanisms implemented by suppliers and assess their effectiveness based on the information and documentation provided. This is done through our own assessments of our partners on-site, and more importantly, through personal visits by employees from the sustainability or procurement departments to the production sites. During these visits, both management and workers are interviewed about the handling of complaints.

Through the RMG Sustainability Council (RSC, formerly ACCORD) complaint mechanism, we received a total of 18 complaints in 2022 and 2023. In 13 cases, we have evidence of the final resolution of the case within the reporting period. The complaints pertained to 11 suppliers in Bangladesh, seven of whom had an active business relationship at the time of the complaint. Upon receiving a complaint, we work with our local partners to engage with the factory management and affected workers to investigate the matter and, if necessary, address appropriate measures.

The complaints received through the RSC primarily related to issues such as unpaid wages upon factory employees' exit and serious safety concerns. For example, an employee raised safety concerns about a factory building due to structural damage caused by an earthquake. The RSC sent an engineer to inspect the structural safety. After confirming significant safety issues, the factory was required to implement corrective actions. The repairs were carried out according to the engineer's recommendations and completed. Initially, various proof documents of the completed work were provided, followed by two additional inspections by an RSC engineer. It was confirmed that the required repair measures were properly executed and the building's safety was restored.



GRI 2-29, 203-1, 203-2, 304-2







In cases examined during factory visits in Bangladesh, India, Turkey, and China in 2022 and 2023, it was observed that most suppliers have various internal and/or external mechanisms for workers to communicate their issues. Many factories have a documented and implemented process for handling complaints with written documentation, responsible individuals, and defined deadlines. Complaints can be submitted anonymously and are investigated and addressed by different parties, such as compliance managers, worker representatives, or special complaint committees. Some factories also involve NGOs in their complaint mechanisms.

Issues reported often include minor concerns like missing soap in restrooms, broken fans, or cafeteria food quality, as well as safety issues like broken emergency lighting or blocked emergency exits, which are then investigated and corrected by the responsible committee. When reviewing the corrective actions taken, it was generally found that they were appropriate and aligned with the complaint.

Best practices include feedback mechanisms in some factories to ensure workers are satisfied with the resolution, which has been recommended to other factories to enhance their mechanism's quality.

Many factories, especially in Bangladesh, conduct regular training sessions, particularly for new employees, to inform them about the complaint mechanism and its use. Several posters in the factories highlight the mechanism. There is sometimes a risk of confusion if too many different tools are available. In Bangladesh, the RSC tool is the most frequently used, while backup tools from BRANDS are rarely used in other countries like India or Turkey.

The frequent submission of complaints in Bangladesh indicates that the mechanism is used and understood by the workers. During some factory visits, it was noted that complaint boxes were placed in poorly protected areas, such as factory entrances, or that the boxes were damaged or open, which was uninviting. In such cases, improvement suggestions were made to the supplier. Some factories inform the workforce about the received complaints and measures taken on notice boards, which has been recommended as a best practice where feasible.

Many factories discuss the received complaints and potential improvements in management meetings and/or committee sessions. Based on our experiences so far, we conclude that the quality of complaint mechanisms can generally be assessed as either very effective or very ineffective. When there is a "real" complaint mechanism, it typically meets most of the United Nations (UN) Guiding Principles criteria for evaluating a mechanism's effectiveness. A paper-based mechanism, such as a suggestion box without worker training or discussions about implementation with workers, can quickly be identified as ineffective.

Since May 2023, we have been a member of the Textile Partnership Initiative to implement the Fair Wear Foundation complaint mechanism in nominated factories in India and Turkey. This commitment aims to improve the effectiveness of existing mechanisms and serves as a learning source to better assess effectiveness. The lessons learned can then be applied to other suppliers. Up to the publication of this report, no complaints have been received through the Fair Wear Foundation channel.

CORE ELEMENT **TEAM & LOCATION**



SDG 9 – INDUSTRY, INNOVATION, AND INFRASTRUCTURE

At our Buchholz location, we pursue the goal of building resilient infrastructure, promoting inclusive and sustainable industrialization, and supporting innovation through various measures. These include networking with local stakeholders and engaging with companies in the textile industry to discuss new innovations and trends. BRANDS Fashion's mobility concept is designed to promote sustainable mobility. Our fleet is now 90% comprised of hybrid or electric vehicles, and we encourage carpooling. Employees are provided with a job ticket for public transportation use.

In 2023, BRANDS Fashion installed a photovoltaic system on the roof in Buchholz, reducing our ecological footprint and contributing to the promotion of renewable energies. This investment in sustainable energy infrastructure helps avoid 42,470 kilograms of CO2 emissions annually. Biodiversity protection and preservation are supported at the Buchholz site through a bee hotel and installed birdhouses. Additionally, the installation of a rainwater barrel helps relieve the local water supply infrastructure.

Our sustainability activities are not limited to our value chain. We also consider our corporate headquarters in Buchholz and our warehouse location in Zachow. Our team is particularly important to us in these efforts.

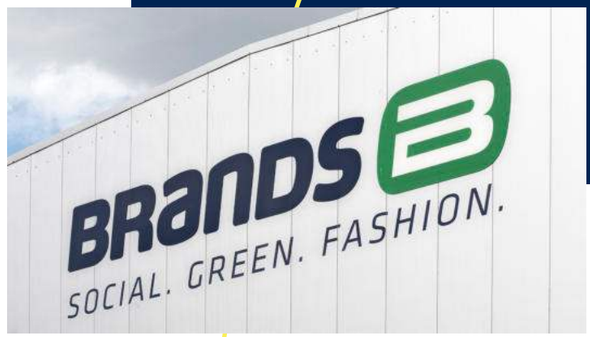
KEY FIGURES ON EMPLOYEES

In 2023, BRANDS Fashion and BRANDS Logistics employed a total of 200 employees, compared to 186 in 2022.

Of these, 199 employees were permanently employed (2022: 182). During the same period, ten temporary workers, apprentices, trainees, and interns were trained, compared to eight in the previous year. 45 employees were newly hired (2022: 52), while 27 left the company (2022: 16). In 2023, nine team members were inactive, for example, due to parental leave or maternity leave (2022: 13). The average age of employees was 41 years in both 2022 and 2023.

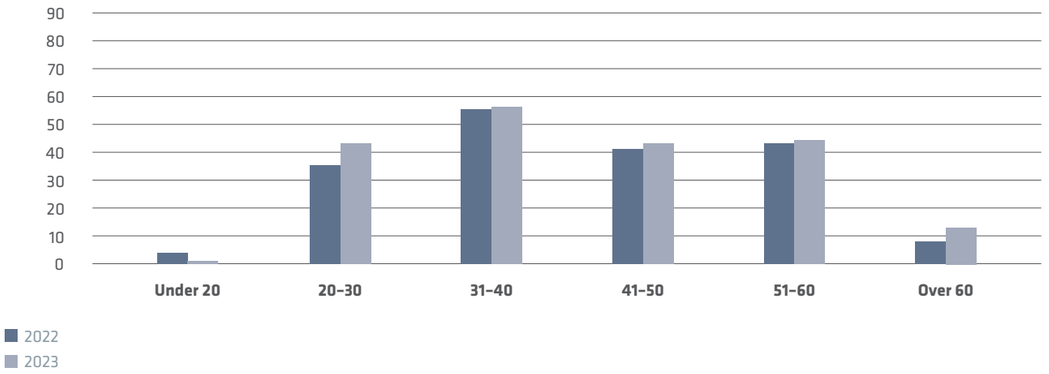
At the end of 2023, there were 120 female employees and 80 male employees (2022: 112 female employees and 74 male employees). Five women held managerial positions, while a total of twelve men occupied leadership roles (2022: 5 women and 10 men). The average age of employees in 2022 was 41 years. In 2023, the average age in logistics was 42.

At the end of 2023, BRANDS Fashion employed 66 female employees and 28 male employees (2022: 63 female employees and 28 male employees). At BRANDS Logistics, there were 54 female employees (2022: 49) and 52 male employees (2022: 46). Five women held managerial positions at BRANDS Fashion in both 2022 and 2023, while 7 men held leadership roles. At BRANDS Logistics, only male managers were employed in both years (2023: 5, 2022: 3).

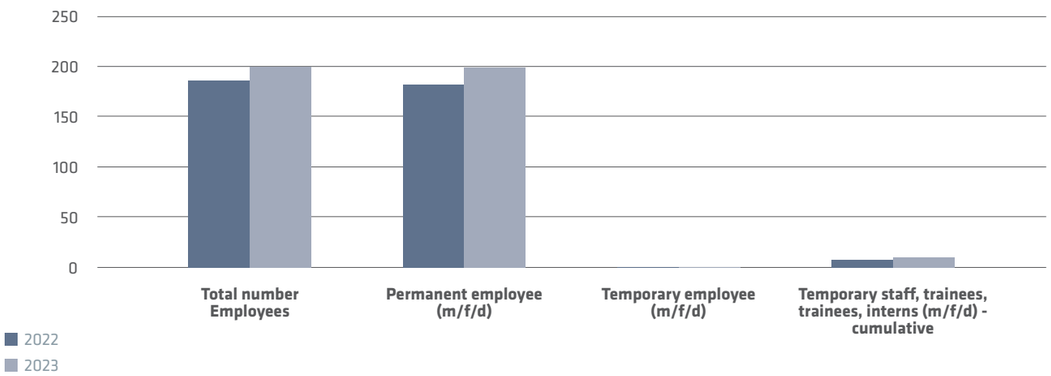


GRI 2-7, 2-8, 401-1, 401-3, 405-1, 405-2

Age distribution (Brands Fashion & Brands Logistics), absolute



Employment relationship (Brands Fashion & Brands Logistics), absolute



Gender Pay Ratios:

At BRANDS Logistics, the gender pay ratio is nearly balanced. In 2023, the administration consists only of female employees, while all senior positions are occupied by male employees.

To calculate the gender pay ratio at BRANDS Fashion, the following categories were defined: senior management and administration.

Overall, the ratio is considered relatively balanced, though there is a slight earnings difference in favor of men. The largest disparity is found among senior employees. The gender distribution of salaries is shown in the table below.

BRANDS Fashion‘s internal compensation principles generally provide for gender-neutral pay, with differences attributed to responsibilities, qualifications, experience, and performance.



Distribution of salaries by gender (Brands Fashion and Brands Logistics), in %

	Brands Fashion	*Brands Logistics*	*Brands Fashion*	*Brands Logistics*
	2022		*2023*	
Logistic				
Women	0	47,84	0	49,08
Men	0	52,16	0	50,92
Administration				
Women	45,44	44,04	43,99	100
Men	54,56	55,96	56,01	0
Leading function				
Women	43,41	0	42,96	0
Men	56,59	100	57,04	100

OCCUPATIONAL SAFETY AND HEALTH PROTECTION

At BRANDS Fashion, occupational safety and health protection comply with the legal requirements in Germany.

The Occupational Safety Committee (in German "Arbeitssicherheitsausschusssitzung" (ASA)) meets quarterly and is composed of the management, an external safety specialist, the company doctor, and the internal safety officer. During these meetings, current legal regulations are discussed, specific questions about occupational safety are addressed, and inspections of the company premises are conducted. Risk assessments exist for all work areas in the company, are regularly updated, and reviewed by the safety specialist.

The process description for health and safety regulations was created in collaboration with an external safety specialist. It outlines the basic tasks, duties, and regulations for occupational and health protection at BRANDS Fashion GmbH, which all employees must adhere to. Regular training sessions on occupational safety and health protection are held.

To promote employees' eye health, regular vision checks are encouraged. Employees can voluntarily undergo examinations by the company doctor within specified periods. The contact details of the company doctor and the safety specialist are publicly accessible to all employees.

To support back health, almost all offices are equipped with height-adjustable desks. Fresh fruit is delivered to the offices twice a week to promote health. Additionally, all employees have free access to Fairtrade coffee and tea, as well as vegan organic milk alternatives in the office.



TAX CONCEPT

BRANDS Fashion recognizes the administration and payment of taxes as an essential part of every company's responsibility towards a functioning society.

We are committed to handling taxes responsibly and adhering to all applicable laws and regulations related to tax activities.

SUSTAINABILITY COMMUNICATION

We consistently implement comprehensive sustainability activities both within and beyond our core business. We strive to inform all relevant stakeholders, engage in dialogue, and meet our commitment to knowledge transfer.

Our goal is to transparently communicate the benefits of sustainably produced textiles and foster an honest and motivating dialogue to raise awareness about ecological and social issues. This includes regular internal employee training on environmental and human rights requirements and implementations. In 2022, the entire workforce was trained on various sustainability topics, including circular economy, environmental impacts of the textile industry, materials science, sustainability communication, ethics, and sustainable procurement, as part of the „Fair Week 2022".

Here are some highlights of our sustainability communication from 2022 and 2023:

- ***Press Release***
  „Cotton in Conversion" →
- ***Press Release***
  „Fairtrade Award" →
- ***Press Release***
  „Delegation Trip from Field to Fanshop" →



The content and challenges of our sustainability strategy are central to our corporate communication, which spans various formats, including social media and traditional press. Additionally, we regularly participate in external workshops and discussion forums, and engage with academia and civil society to report on our sustainability efforts and communicate with stakeholders.

During the reporting period, there were no violations of regulations related to marketing and communication.

FEEDBACK MANAGEMENT AND OTHER REPORTING MECHANISMS

Reporting Mechanisms at BRANDS Fashion

As part of the internal feedback management system, ideas, suggestions, and improvement proposals are collected. At the same time, the Human Resources department handles confidential matters through specifically secured and confidential communication channels.

n accordance with the Whistleblower Protection Act, an additional reporting channel has been implemented. A specialized law firm has been engaged to handle confidential or critical information submitted by employees and to be dealt with externally. Reports can be made to this firm in cases of violations in areas such as anti-money laundering, product safety, environmental protection, consumer protection, data protection, IT security, and accounting.

Our employees can also use various customer complaint mechanisms. Here, reports can be made directly by customers. This is a measure in accordance with the German Supply Chain Due Diligence Act. The customer channels focus on addressing violations of human and environmental rights as well as ethical business practices.

The Sustainability Department of BRANDS Fashion specifically addresses violations of the Code of Conduct within the supply chain. This ensures that the entire supply chain adheres to sustainable and ethical principles, contributing to overall integrity and trust in the organization. All violations of BRANDS Fashion's principles should be reported directly to the Sustainability Department.

Internal Feedback Management

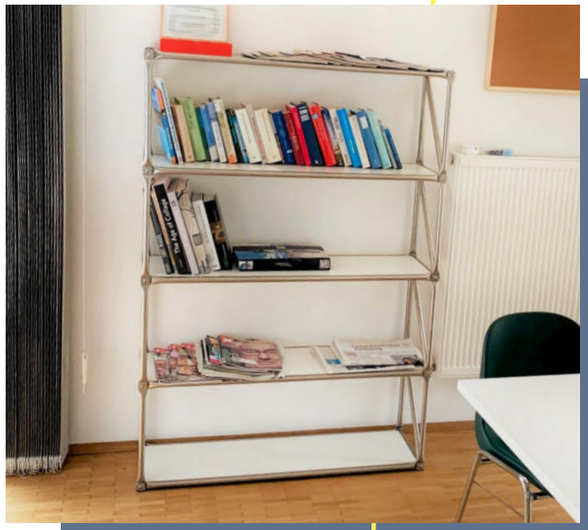
At BRANDS Fashion, we consider our employees to be one of our most important resources. Their contributions are crucial for improving work and product quality, the work environment, and company processes. The opportunity for input not only enhances motivation and identification with the company but also strengthens internal communication.

For this reason, BRANDS Fashion has an internal feedback management tool. Through this tool, employees can submit ideas and feedback, with the option to do so confidentially. This instrument is designed to ensure that all employees have a voice and can actively contribute to the continuous improvement of our company.

BRANDS Fashion recognizes the importance of its employees and is committed to fostering a culture of collaboration, openness, and continuous improvement. In 2022, a total of 29 submissions were received from our employees. Of these, 15 were successfully implemented, while one idea is still in the processing phase. Two ideas were temporarily put on hold, and 11 suggestions had to be declined.

In the following year, 2023, the number of submitted reports increased to 37. Of these, 21 were implemented, and five are currently still being processed. Three additional ideas were put on hold, and eight were declined. The submissions were feedback on internal processes with corresponding improvement suggestions. No reports of corruption cases or information security incidents were submitted in 2022 or 2023.

The following are some examples of submissions that were submitted and processed through the internal feedback management system.





Swap Shelf in the Canteen

In August 2022, we introduced the BRANDS swap shelf in our canteen. This shelf serves as a place for exchanging books, magazines, and other non-perishable items. Every employee is warmly invited to add items to the shelf or take something of interest.

The swap shelf provides an excellent opportunity to use resources efficiently and extend the lifespan of products. By reusing items instead of discarding them, we actively contribute to waste reduction and promote environmentally conscious behavior within our team.

The swap shelf is intended not only as a resource for exchanging interesting and useful items but also as a place for meeting and sharing within our corporate culture.

Water Conservation Rain Barrel

We are also pleased to introduce a new, eco-friendly initiative on our company grounds: In April 2024, a rain barrel was installed. This simple yet effective solution helps us capture and store rainwater, which we then use to water the plants and flowers around our office.

By using the rain barrel, we not only save valuable drinking water but also contribute to protecting our local water resources. It is a small step that has a significant impact on our efforts to act more environmentally conscious and reduce our ecological footprint.





Photovoltaic System on the Roof

As part of our ongoing commitment to sustainability and environmentally friendly practices, we are pleased to announce the successful commissioning of our new photovoltaic system on the roof of our office building on October 20, 2023. This modern system, consisting of approximately 240 modules with a total generating capacity of 98 kilowatts-peak (kWp), represents a significant step in our initiative to reduce our ecological footprint and promote renewable energy.

The system is equipped with two high-performance inverters, each providing 50 kW of power. This technological configuration allows the system to generate approximately 90,400 kilowatt-hours (kWh) annually. 65% of the generated energy is consumed on-site. This high percentage of self-consumption highlights our efforts to minimize our dependence on externally sourced electricity and effectively reduce our operating costs.

By using the photovoltaic system, we can avoid up to 42,470 kilograms of CO2 emissions per year. This reduction directly contributes to lowering greenhouse gas emissions and makes a valuable contribution to climate protection.

With this investment in renewable energy, we are not only making a strong statement for environmental protection but also enhancing our operational sustainability and demonstrating our long-term commitment to responsible business practices.

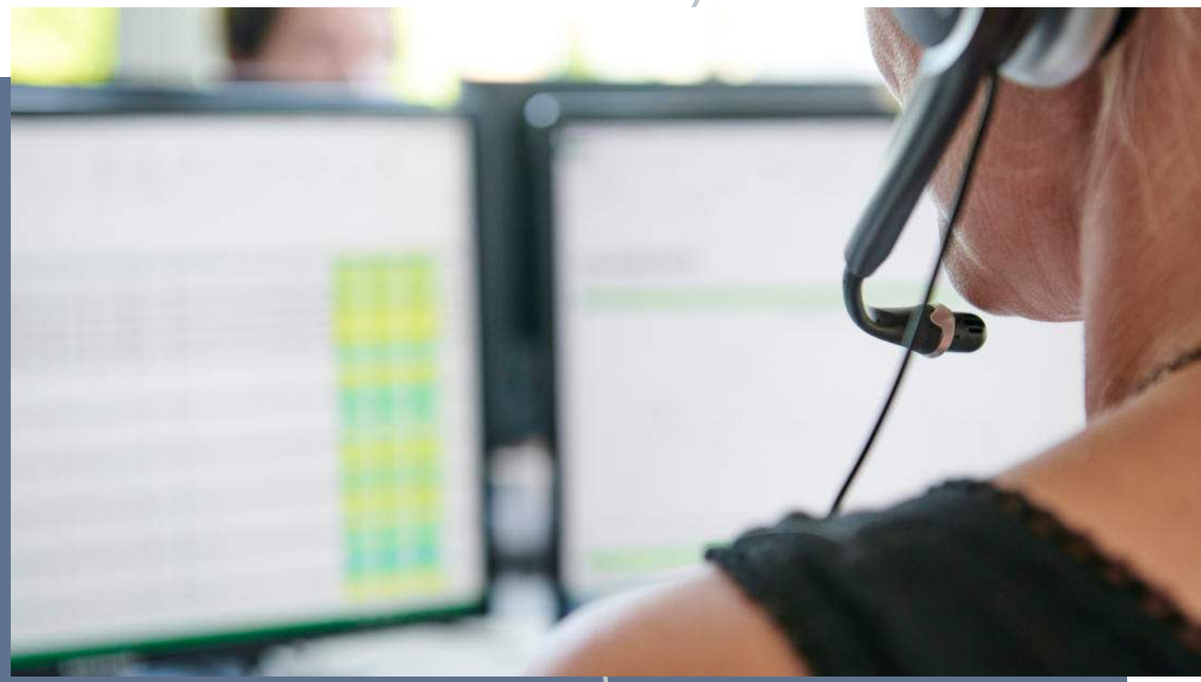
MOBILITY MANAGEMENT

Since 2018, we have been strengthening our environmentally conscious corporate mobility management.

The professional travel activity of our employees has significantly decreased since the Covid-19 pandemic. The hybrid working model developed during the pandemic has been retained even after the easing of contact restrictions, as it continues to meet the needs of many employees.

After a thorough review of which measures would make our workday more effective while also considering employees‘ needs, we have decided on a new working model.

This model includes Remote Work, flexible working hours, and Desk Sharing. Desk Sharing means that there are no fixed workstations; instead, employees can choose their workspace anew each day.





RESOURCE CONSERVATION

We are actively committed to environmental protection by promoting biodiversity through birdhouses and a forest bee hotel. These facilities adhere to the recommendations of NABU and Vivara and provide habitats for various bird species such as swiftlets, robins, and bats. Through regular maintenance and care, we contribute to the protection and preservation of the local flora and fauna.

Furthermore, at our locations in Buchholz and Zachow, we source 100% of our electricity and gas from ecological providers. Our printers use toner certified by the Blue Angel. Since early 2020, incoming faxes are stored directly on the server rather than being printed, helping to save paper and resources. Additionally, we have digitized payroll processing to further reduce paper consumption.



GRI 302-1, 302-4, 304-3

CO2 EMISSIONS: MEASUREMENT AND REDUCTION

The Paris Agreement aims to keep global warming well below 2°C, ideally even to 1.5°C, compared to pre-industrial levels. To achieve this target, BRANDS Fashion has set both short-term and long-term goals, which are disclosed through the Carbon Disclosure Project (CDP) and ECOVADIS.

- **2030 Target:**
  50% reduction in GHG emissions (absolute Scope 1 & 2). The goal to be achieved by the end of 2030 is an absolute reduction of greenhouse gas emissions by at least 50% compared to 2016 levels.
- **2045 Target:**
  100% reduction in GHG emissions (absolute Scope 1 & 2). 70% reduction in absolute Scope 3 GHG emissions from purchased goods and services, based on 2016 levels.

BRANDS Fashion has developed a comprehensive inventory of GHG emissions that includes both direct emissions from natural gas combustion and fleet operations, as well as indirect emissions from energy consumption at the Buchholz site. The following table provides an overview of emissions in these two categories, i.e., Scope 1 and Scope 2.

GRI 305 emissions	*Emission sources*	*2021*	*2022*	*2023*
GHG Scope 1	Vehicle fleet [t]	38,15	59,84	45,08
	Natural gas [t]	Ecogas	Ecogas	Ecogas
GHG Scope 2	Electricity [t]	Green electricity	Green electricity	Green electricity
Total Scope* (1 & 2) [t]		38,15	59,84	45,08

Indirect GHG Emissions (Scope 3): Scope 3 encompasses all other indirect emissions produced through business travel, employee mobility, office paper, water, wastewater, and waste. The following lists the associated GHG emissions from the past four years, along with the main sources of emissions.

GRI 305 emissions	*Emission sources*	*2021*	*2022*	*2023*
Sonstige indirekte THG-Emissionen* (Scope 3)	Business trips [t]	36,34	27,4	58,03
	Employee mobility [t]	77,19	83,98	82,06
	Office paper [t]	4,33	4,68	3,28
	Water & sewage [t]	0,247	0,290	0,303
	Waste disposal [t]	4,58	4,97	1,848
	Total Scope 3 [t]	**122,68**	**121,32**	**145,52**

*GHG emissions are calculated using the ecocockpit tool from the Efficiency Agency NRW

GRI 2-22, 302-1, 303-5, 305-1, 305-2, 305-3, 305-5

CLIMATE PROTECTION



BRANDS Fashion has implemented a range of measures to improve the company's climate footprint.

These initiatives contribute to reducing CO2 emissions from business activities and help to conserve the environment.

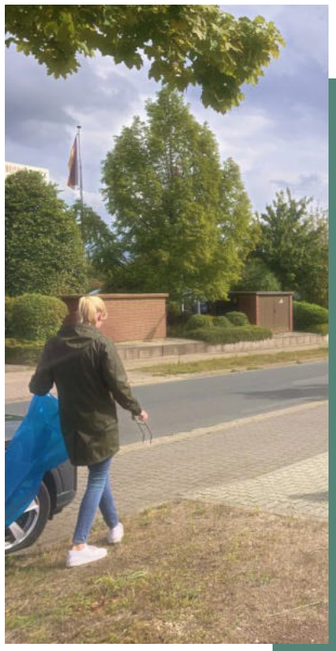
Sector	*Measures for climate protection*
Photovoltaic system	In 2023, a photovoltaic system was installed on the roof of the company in Buchholz. This will save an estimated 42,470 kg of CO2e per year.
Vehicle fleet	Around 90% of the company's company cars and leased vehicles have already been converted to hybrid or electric drives.
Green electricity	The company obtains its electricity from certified sources of renewable energy.
Eco gas	The company uses climate-neutral green gas for heating.
Carpooling	The company promotes the use of carpooling by its employees.
Jobticket	The company offers its employees job tickets for the use of public transportation.
Recycled paper	Recycled paper is predominantly used in the office.
Sustainable Raw materials	The company relies on sustainable raw materials such as organic cotton and recycled polyester.
Supply chain	Products are preferably sourced from sustainable supply chains, for example from factories that are LEED-certified and use renewable energy for production.



CLEAN UP DAY

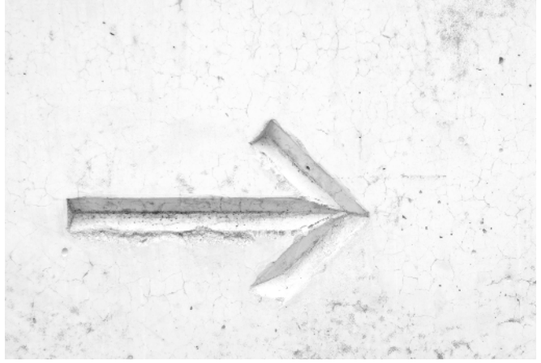
As part of the annual „International Coastal Clean Up Days," we hosted our third environmental action day in 2022.

Together with all employees who volunteered, we collected waste around our main location in Buchholz. The goal was to reduce litter, protect the environment, and contribute to the preservation of biodiversity. In total, we collected 20 filled garbage bags, which were disposed of by the Buchholz city cleaning service.





MISSION 4 TOMORROW & GOALS



Below, we provide an update on the progress made regarding the sustainability goals set forth in the 2021 Sustainability Report. Additionally, we offer a preview of further planned sustainability measures that we will focus on over the next two years.

MATERIAL & PRODUCT

Sustainable Fibers

2021 Goal:
We aim to continuously promote sustainable material alternatives and the use of certified fibers and products. Our target is to increase the share of organic cotton to 70% and expand our portfolio of products with recycled synthetic or cotton inputs.

Status Quo 2023:
We have successfully increased the share of organic cotton to 83% and expanded our portfolio of products with recycled synthetic inputs (from 14% in 2021 to 28% in 2023).

2024 Goal:
Development of products with recycled cotton.

Circular Economy & Textile Recycling

2021 Goal:
The objective is to increase the proportion of circular textiles year by year. This includes advancing our biodegradable Cradle to Cradle Certified™ collection to Gold Level. As part of our Circularity project group, we are currently developing take-back and recycling concepts for our customers as an alternative to thermal recovery.

Status Quo 2023:
In advancing our biodegradable Cradle to Cradle Certified™ collection, we have focused on assessing available components and developed a product catalog with all available options. The certification was successfully renewed in 2022. The Circularity project group has built extensive expertise, and through various partnerships, we can now offer our customers alternatives to thermal recovery.

Cotton in Conversion

2021 Goal:
In the project initiated with GIZ to increase organically grown cotton, we continue to support 450 farmers in Gujarat, India, with several customers. The goal is to assist these farmers in transitioning from conventional to organic cotton. We aim to attract additional customers to purchase in-conversion cotton, thereby securing sustainable raw materials in the long term, providing prospects for the farmers, and contributing to biodiversity improvement.

Status Quo 2023:
The project with GIZ to increase organically grown cotton is progressing successfully. Additional customers have been secured for purchasing in-conversion cotton.

2024 Goal:
Successful implementation of the project according to the project plan and budget, with a review of potential extension options.

Chemicals Management

2021 Goal:
Through cooperation with BHive and the chemical management tools we use, we aim to extend the review and compliance of input chemicals to the product level. By the end of 2022, this internal program will be implemented in key tier-2 wet processing factories, covering at least 20% of our wet production sites in our major production countries.

Status Quo 2023:
We have successfully registered over 20% of our strategic wet processing sites on BHive. This allows us to access detailed information about the chemicals used and verify compliance with the ZDHC MRSL.

2024 Goal:
Onboarding additional tier 2 factories onto BHive and exploring further tools.

Sustainable Packaging

2021 Goal:
We continuously update our packaging policy. For 2022, we planned to include best practice examples and corresponding supplier recommendations. All GOTS items are also to be packaged with sustainable or recycled materials.

Status Quo 2023:
Our sustainable packaging policy was updated in 2023 and now includes best practice examples. It has been presented internally to the purchasing and sales departments and to some customers. Depending on the intended use of the item and customer preferences, the appropriate packaging is selected.

INITIATIVES

Fairtrade Textile Standard

2021 Goal:
We are thrilled to have received the Fairtrade Award in the „Industry“ category in early June 2022, recognizing our commitment and the first Fairtrade Textile Standard-certified supply chain. We will provide detailed information about this in the follow-up report. Our current goal is to progressively increase workers‘ wages to achieve a living wage level. To accomplish this, we aim to inspire as many of our customers as possible to adopt the standard in the coming months and years.

Status Quo 2023:
Since the introduction of the Fairtrade Textile Standard in 2021, we have convinced 17 customers to utilize the standard and promote living wages within the supply chain. Workers‘ wages are increased annually according to the agreed wage plan. Independent monitoring is conducted by the certification body Flocert.

2024 Goal:
Ensure continuous wage increases at tier 1 and throughout the upstream supply chain.

Supplier Evaluation System

2021 Goal:
We will continue to use the results of our implemented supplier evaluation system to enhance our supplier relationships and reduce our supplier pool. The goal is to reward suppliers who score well according to our KPIs with more orders and to either improve the performance of lower-scoring suppliers or end relationships with redundant suppliers. The evaluation includes factors from procurement and quality control as well as sustainability-related factors, such as audit results. We have already significantly streamlined our supplier pool. This nomination provides us with the opportunity for a more intensive partnership with existing suppliers and a stronger negotiating position for BRANDS Fashion.

Status Quo 2023:
Using the supplier evaluation system, we assess whether the majority of our procurement volume is handled by suppliers with high sustainability performance. This evaluation is conducted annually for all active suppliers. For the top suppliers in 2022 and 2023, who account for 80% of the procurement volume, the average sustainability KPI was 3.5 (2022) and 3.3 (2023) on a scale of 1-5, with 5 being the highest rating. The reduction of the supplier pool has been approached continuously and implemented in collaboration with the procurement and sales departments.

SUPPLY CHAINS

Carbon Footprint Calculation

2021 Goal:
To address the challenges of sustainable production, we are promoting the transition from conventional to socially and ecologically responsible systems. Therefore, we aim to expand our methods for calculating the carbon footprint. In partnership with an external collaborator, we plan to measure and communicate the CO2 emissions from at least 10 additional supply chains and products by the end of 2022.

Status Quo 2023:
By the end of 2023, CO2 primary data has been collected from six different supply chains, allowing us to calculate the carbon footprint of the main product groups. This data enables us to scale up the CO2 emissions for the majority of our product portfolio.

2024 Goal:
Measure GHG emissions at Scope 3 level, focusing on raw materials as well as downstream supply chains (transportation, packaging), and enhance communication regarding Product Carbon Footprints.

Fairtrade Supply Chain in Turkey

2021 Goal:
Due to volatile and complex supply chains and logistics challenges, we increased our need for procurement options in nearby regions. Therefore, we aimed to build a supply chain with long-established local partners that would be certified according to the Fairtrade Cotton Standard.

Status Quo 2023:
Despite extensive efforts and numerous discussions with selected suppliers, the development of a Fairtrade supply chain in Turkey was ultimately discontinued. The reasons include hesitant acceptance among our suppliers and customers, as well as challenges in supply chain management.

Supply Chain Management / TRACYCLE

2021 Goal:
We aim to further develop the backend of our digital tool TRACYCLE to enhance its use for cross-departmental supply chain management. Based on a detailed requirements catalog, the technical implementation was planned for 2022.

Status Quo 2023:
The main development involved setting up an interface to the inventory management system to better integrate it into existing procurement processes. The procurement department contributed to the requirements catalog and evaluated the development as a test user. Another significant development is the tool’s expansion to external users, such as local partners, agencies, and suppliers in our sourcing countries.

2024 Goal:
Open the tool to external users in our sourcing countries.

LOCATION

Communication

2021 Goal:
We aim for the forthcoming comprehensive sustainability report covering the years 2022 and 2023, to be published in 2024, to meet all GRI Standards in terms of quality and content. We will continue to strengthen strategic and ongoing external communication. In 2022, we planned a complete overhaul of our website. The goal is to ensure that customers and other stakeholders can optimally and clearly access information about our offerings, including sustainable solutions, and to improve opportunities for personal interaction with individual inquiries.

Status Quo 2023:
The developments in legal requirements for sustainability reporting, particularly the Corporate Sustainability Reporting Directive (CSRD), will guide us in future reports. The website overhaul has been successfully completed.

Employee Mobility

2021 Goal:
An employee survey regarding commuting was conducted in early 2022, outside the reporting period. We will analyze this survey throughout the year and develop various measures to promote employee mobility, such as creating informational materials with targeted offers to further reduce mobility missions.

Status Quo 2023:
The hybrid working model developed during the pandemic has been retained following the relaxation of contact restrictions and significantly contributes to reducing mobility missions.

2024 Goal:
Offer JobRad/bike leasing for employees to create incentives for commuting by bicycle.

It is the will and passion that connect us with our employees, customers, and suppliers even in more challenging times. Because only together are we able to bring about the necessary changes in the face of climate change.

Mathias Diestelmann

Managing Partner
BRANDS Fashion GmbH



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If you have any questions about the report, please contact the sustainability department of BRANDS Fashion: sustainability@brands-fashion.com.

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