

# Environmental Policy

## Scope

The Environmental Policy covers all environmentally relevant activities of the company, including product development, production, transportation, and resource management. The aim is to minimize environmental impacts and contribute to achieving the UN Sustainable Development Goals and the European Green Deal.

Promodoro Fashion GmbH is committed to the principles of environmental sustainability and stewardship. We believe in the importance of balancing economic growth with ecological responsibility. We follow the 10 principles of the UN Global Compact and actively contribute to the UN Sustainable Development Goals (SDGs) as well as the European Green Deal, which also set pathways to become net zero by 2050 and transition to a circular economy. Environment-oriented management is part of Promodoro Fashion's policy. Our environmental policy is guided by the following principles:

## Sustainable Product Development and Manufacturing

We strive to develop and manufacture products that have minimal environmental impact and do not harm biodiversity. This includes considering the lifecycle of our products from design, sourcing, production, and disposal. We aim to use environmentally friendly and organic materials, reduce waste and water consumption, environmental and air pollution, and increase energy and resource efficiency wherever possible. Our commitment to this principle is demonstrated through the following actions:

- The majority of our products are processed in fully vertical factories, including the water treatment plants. These production processes include, but are not limited to, knitting, dyeing, finishing, and CMT. We do not allow subcontracting of any kind. If, for any exceptional reason, an order must be subcontracted, it has to be done with our explicit approval.
- We operate with OEKO-TEX<sup>®</sup> STANDARD 100 as minimum standard for all our products.
- While the majority of our products sold are already certified with OEKO-TEX<sup>®</sup> MADE IN GREEN, we aim to increase that share even further.
- All our garments made from organic cotton are manufactured with organic cotton certified with either GOTS, the globally leading standard for textiles made of organic cotton, which prohibits the use of genetically manipulated seed, synthetic pesticides, and insecticides, along with harmful dyes, or OCS (Organic Content Standard), which sets the criteria for third-party certification of organic materials and chain of custody.
- We commit to REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals), an EU chemicals regulation that aims to improve human health and the environment through better and earlier identification of chemical substances.
- We follow the Global Recycle Standard (GRS), an international product standard that sets requirements for the certification of recycled materials, the product chain, and social and environmental practices. The GRS defines correct working conditions and the correct use of chemical substances and materials.
- We do not use materials derived from animals (such as leather, down, wool).

- Our aim is to constantly increase the share of recycled inputs as well as the recyclability of our textiles without creating trade-offs regarding quality or safety of our products.
- We make an effort to always uphold the high quality and durability of our garments. High durability in textiles helps combat fast fashion and promotes a more sustainable approach to clothing. In fact, we believe that the more high-quality, durable textiles are produced, the less textiles will need to be produced in general. The longer a textile lasts, the fewer resources will be needed to produce new ones. This is part of our strategy to reduce Promodoro Fashion's ecological footprint.
- In order to ensure that our textiles adhere to our high quality standards at all times, all batches are tested upon arrival in our Quality Management department in Düsseldorf before they proceed to the next steps of being cut, sewn, and shipped as finished textiles. Once the finished products arrive at our warehouse, the quality of the fabric is tested again, including an AQL audit. We exchange monthly reports with our factories to offer our continued guidance on how to improve processes and make manufacturing more efficient and sustainable.

### **Decarbonisation of our company's and products' CO2 emissions**

We are focused on minimising our CO2 emissions through the following measures:

#### Energy

- For our facilities in Germany, we exclusively use energy won from 100% renewable sources.

#### Transportation

- Reduction of transport by air freight.
- Awareness for adverse effects of air freight is created among customers. If air freight is nevertheless desired, this has financial disincentives.
- In the future, we aim to compensating the CO2 emissions of remaining air freight by certified offset-projects.
- Since October 2021, 95% of our shipments are made with UPS Carbon Neutral Shipment to offset their climate impact. To additionally reduce our company's climate impact, we use, whenever possible, barges to transport our textiles from their arrival port in Rotterdam to our warehouse in Düsseldorf.

#### Mobility Management

- Our car pool includes electric vehicles and our employees are offered sufficient charging stations on our premises.
- Employees benefit from using a discount on the local traffic system which provides an incentive to choose public transport over their own car.
- Employees are provided with company bikes to use during the work day for errands and trips during their break to discourage the use of cars as much as possible.

## **Sustainable Resource Management & Circular Economy**

We strive to minimise energy consumption, wastewater and waste. We use resources gently. Waste is recycled as much as possible.

- Energy and water consumption are recorded.
- We ensure that the electric light is switched off after leaving a room and the heating is lowered.
- Waste is strictly separated. Raw materials such as cardboard and plastic film are pressed into raw material bales on site and are then recycled by a raw material management company.
- Invoices are sent in digital form whenever possible.
- FSC® or SFI-certified paper (FSC® = Forest Stewardship Council®/SFI = Sustainable Forest Initiative) is preferably used for shipping materials, catalogues and others.
- By preference we use office supply in recycled quality.

## **Continuous Improvement and Management Responsibility**

Environmental protection is part of the company's continuous improvement process and is a management responsibility.

Guaranteeing that the majority of our products is certified with OEKO-TEX® MADE IN GREEN was of the greatest concern to us. OEKO-TEX® MADE IN GREEN requires an environmentally friendly production, responsible management of wastewater and emissions, protection of resources as well as optimisation of waste and chemical management.

## **Working with Certified Manufacturers**

We commit ourselves to environmental protection by working only with manufacturers which are certified in various fields along the production chain. The individual certificates cover a wide range of topics, such as social standards, sustainability and conservation of the environment, the material or the respective production process. While all our partners are obliged to be certified in all of these aspects, they are free to choose one certification from several options. The following list includes all certifications and memberships of Promodoro Fashion or our partners:

- Business Social Compliance Initiative (BSCI), a programme that works to improve social standards in the global supply chain by providing companies with a code of conduct to help build a more ethical supply chain and protect workers' rights
- Customs-Trade Partnership Against Terrorism (CTPAT), a voluntary US partnership programme that works to secure supply chains against the threat of terrorism
- Fairtrade, which enables raw material producers in developing countries to receive fair payment
- Global Organic Textile Standard (GOTS), a standard setting out guidelines for the manufacturers of textiles made from organic fibres
- Global Recycled Standard (GRS) 4.0, an international product standard that sets requirements for the certification of recycled materials, the product chain, and social and environmental practices, along with defining correct working conditions and the correct use of chemical substances and materials

- Higg Index, an index developed by the Sustainable Apparel Coalition (SAC) to create global, industry-wide parameters for the sustainability of the textile industry to capture environmental and social aspects along the entire value chain and measure the sustainability of companies, brands and products
- ISO 14001, a standard that sets the framework for an environmental management system
- ISO 45001, an internationally-recognised method to test and assess work protection systems
- ISO 9001, a standard that defines the bases for a quality management system
- MADE IN GREEN by OEKO-TEX®, a traceable product label for textiles and leather goods that makes the supply chain completely transparent
- Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), an EU chemicals regulation that has harmonised and simplified previous chemicals legislation
- STANDARD 100 by OEKO-TEX®, a criteria catalogue that offers manufacturers in the textiles industry a scientific basis of uniform standards for the evaluation of possible harmful substances in textiles
- Supplier Ethical Data Exchange (SEDEX), a membership organisation for companies that have committed to continuously improving ethical behaviour in their supply chain
- Supplier Qualification Program, an industry standard that promotes continuous improvement through open benchmarking
- Textile Exchange, a non-profit organisation established in 2002 which is committed to the development of sustainability in the global textile value chain worldwide
- Think Green Initiative, which supports suppliers in the implementation of environmental protection measures in the manufacturing process
- UPS Carbon Neutral Shipment, which helps reduce the carbon footprint and climate impact of shipments
- WRAP, an independent and objective non-profit organisation that has set itself the goal of improving the working conditions in factories in the clothing industry

### **Employee Engagement**

It is the task of all managers to promote understanding, openness and a sense of responsibility among employees, and to create the fundamentals for the practical implementation of these criteria. We constantly communicate on how to improve the individual and collective impact on the environment, take into account suggestions from employees, and provide them with means to achieve a more sustainable lifestyle.

### **Compliance with Laws and Regulations**

We commit to comply with the applicable environmental laws and regulations as well as with the authorities; these are a minimum standard for us.

### **Open and Social Dialogue**

In environmental issues, we maintain a factual and trusting dialogue on all sides. This policy reflects our commitment to environmental sustainability and our belief in

the importance of balancing economic growth with ecological responsibility. We will continue to review and update this policy as necessary to ensure that it remains relevant and effective in managing our environmental impact.

### **Promotion of sustainable consumption**

We believe in the power of informed choices. By promoting sustainable consumption, we aim to contribute to a more sustainable future while meeting the needs of our customers. We encourage all our stakeholders to join us in this effort.

### **Responsibilities:**

The sustainability lead coordinates measures for CO<sub>2</sub> reduction, the promotion of circular economy practices, and the minimization of environmental impacts. The warehouse lead is responsible for resource management in the warehouse, including the optimization of recycling processes and energy savings. The IT lead supports the implementation of environmental goals with digital solutions, such as systems for monitoring and analyzing environmental metrics.

The quality management lead ensures that environmental standards are adhered to and continuously improved across all processes. The marketing lead is responsible for ensuring that all communication initiatives related to environmental topics align with the goals of the Environmental Policy and promote a sustainable message. The procurement lead is accountable for sourcing environmentally friendly materials and services, as well as selecting and monitoring suppliers based on ecological criteria.

Date / Signature of responsible person

03.12.2024



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Khalil Mehanna, Managing Director of Promodoro Fashion GmbH