



# **Sustainability & ESG report 2023 of Promodoro Fashion GmbH**

## Message from the CEO

Dear Stakeholders and Readers,

As we reflect on the past year 2022, it is clear that the challenges we face as a global community are more complex and interconnected than ever before. From the ongoing impacts of the COVID-19 pandemic, the war in Ukraine to the escalating climate crisis, the need for sustainable and responsible business practices has never been more urgent.

At Promodoro Fashion, we understand that sustainability is not just an add-on to our business; it is an integral part of our operations and strategy. Our commitment to Environmental, Social, and Governance (ESG) principles is unwavering, and we are dedicated to driving positive change in our industry and beyond.

Our 2030 goal combines targets for company growth and profit with significant reductions in greenhouse gas emissions. We are investing in projects to foster sustainable fashion and promote sustainability and fair business practices throughout our entire value chain. Our ambition is to reduce our Scope 1 and 2 greenhouse gas emissions by 42% by 2030 and achieve net zero by 2050.

We are also committed to the principles of circularity. We believe that by building strategic partnerships, exploring innovative business models and investing in higher product quality and circular designs, we can prolong the value added by longer lasting textile products and minimizing our environmental footprint and primary resource use.

Transparency is another key aspect of our sustainability approach. We are dedicated to empowering our customers to make informed decisions about the products they buy.

Our commitment to sustainability extends to our supply chain. We are working in close collaboration with our suppliers and stakeholders to support the development of social protection systems, and we are committed to ensuring fair and equal supply chain management.

Despite the challenges we face, we remain optimistic about the future. We are confident that by staying true to our values and continuing to innovate and collaborate we can contribute to a more sustainable and equitable world.

Thank you for your continued support as we embark on this journey.



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Khalil Mehanna, Geschäftsführer der Promodoro Fashion GmbH

## Sustainability & ESG Introduction

Promodoro Fashion GmbH is an internationally active company that operates in a resource-intensive industry. We are aware of our social and environmental responsibility and aim to continuously improve our ESG performance as a good corporate citizen.

As a responsible textile trading company, we are committed to ensuring that our business operations are in compliance with all relevant laws, regulations, and standards. This includes those pertaining to environmental protection, sustainability, labour rights, and product safety, among others.

### Compliance and Governance

We commit to the International Bill of Human Rights, the Guiding Principles on Business and Human Rights by the United Nations from 2011, the UN Convention on the Rights of the Child, the Convention on the Elimination of All Forms of Discrimination Against Women, the Conventions of the International Labour Organisation (ILO) and the OECD Guidelines for Multinational Enterprises. We are committed to maintaining the highest standards of corporate governance and believe good governance is essential for establishing trust with our stakeholders.

### Environmental Policy

We are committed to the principles of environmental sustainability and stewardship. 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. Our environmental policy is guided by sustainable product development and manufacturing, striving to develop and manufacture products that have as minimal as possible environmental impact and do not harm biodiversity.

### Code of Business Conduct

Our Code of Business Conduct sets a framework of certain non-negotiable minimum standards of behaviour in key areas all employees commit to. This includes respect for the environment, commitment to minimising environmental impact and promoting sustainability, and compliance with all ESG related laws and regulations.

### Supply Chain Compliance Policy

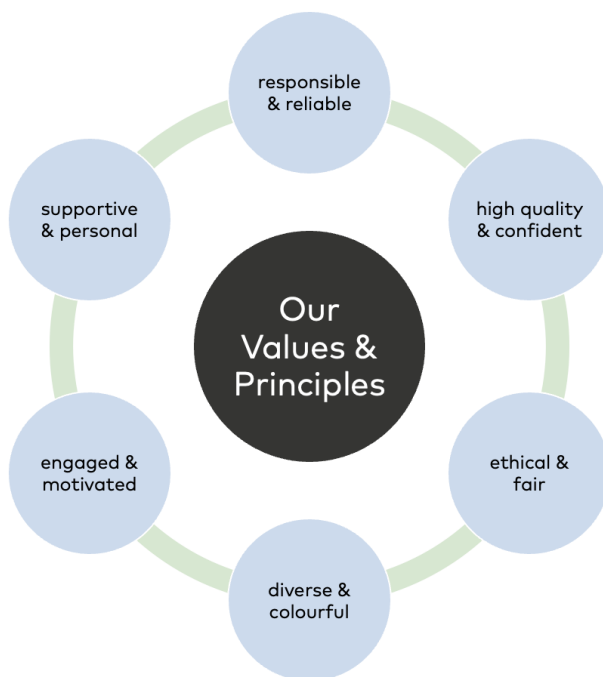
Our compliance policies describe the minimum social and environmental requirements we ask our suppliers to comply with. Our internal supplier evaluation helps identify suppliers with a suitable sustainability performance and is used to define the sourcing strategy and allocate orders accordingly.

We are dedicated to sustainability and responsible business practices. Our policies and practices reflect our commitment to ESG stewardship, ethical business conduct, and supply chain compliance. We continue to review and update our policies to ensure they remain relevant and effective in managing our environmental and social impact.

## Our Sustainability & ESG strategy and action-roadmap

We are committed to the principles of environmental sustainability and stewardship. 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. Our environmental policy is guided by sustainable product development and manufacturing, striving to develop and manufacture products that have as minimal as possible environmental impact.

At Promodoro Fashion, we are committed to integrating sustainability and ESG (Environmental, Social, and Governance) principles into every aspect of our business. Our comprehensive strategy and action roadmap is designed to guide us in this journey, ensuring that we meet our sustainability targets and contribute to a more sustainable and equitable world.



All our sustainability activities are based on our **6 Key Values & Principles:**

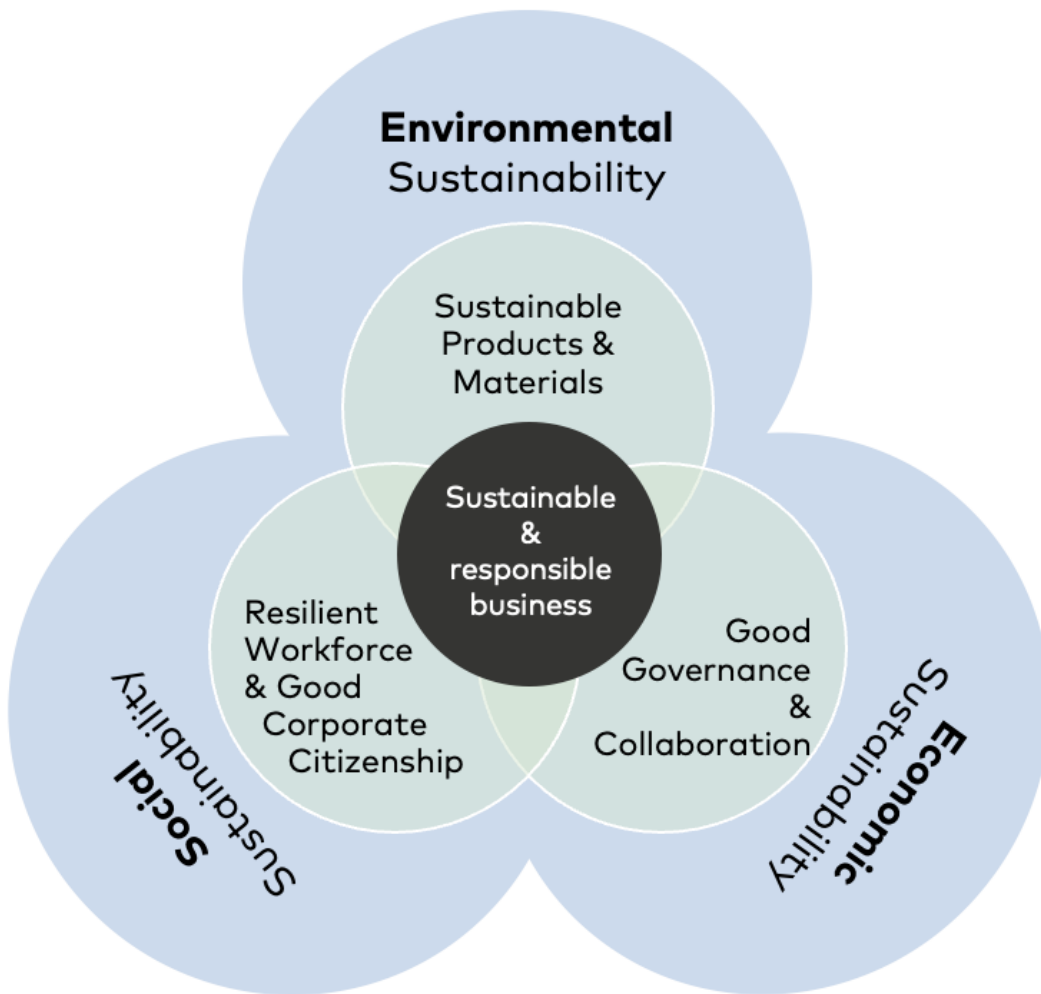
- 1) We are **responsible** and **reliable** in order to live up to our sustainability ambitions.
- 2) We deliver **high quality** and are **confident** in our sustainability efforts.
- 3) We behave **ethical** and treat each other and others **fairly**.
- 4) We embrace **diversity** and are **colourful**.
- 5) We are **engaged** and **motivated** in continuously improving our sustainability performance day by day.
- 6) We are **supportive** and **personal** and treat each other and others with respect

Our sustainability strategy is built on a strong foundation of compliance with regulatory requirements and alignment with customer and stakeholder expectations as well as our own ambition levels in order to **achieve our overall vision of a comprehensive and fully sustainable and responsible business.**

We have set ambitious targets in **3 Key Areas: Environmental, Social, and Economic Sustainability**, following the triple-bottom-line.

This three key areas are divided into **3 Action Fields:**

- 1) **Sustainable Products & Materials,**
- 2) **Resilient Workforce & Good Corporate Citizenship,**
- 3) **Good Governance & Collaboration**



We develop our sustainability & ESG strategy according to the following matrix approach, in which we systematically break down the 3 action fields into action topics, main targets (Key Performance Indicators KPIs), sub-targets (Objectives and Key Results OKRs) and actions in a SMART manner (specific, measurable, achievable, realistic and time-oriented).



Core modules		Elements		
1	Positioning	Customer & stakeholder requirements	Compliance & regulatory requirements	Business risks & opportunities
2	Strategy & Targets	Economic & Governance targets	Environmental targets	Social targets
3	Action-Roadmap	Governance & Due-Diligence	Projects & Measures	Certifications
4	Management & Monitoring	Implementation & Operations	Monitoring & Control	Continuous improvement process
5	Reporting & Communication	Internal Reporting	External Reporting	Communication & Marketing

Transparency is a key aspect of our sustainability strategy. We are committed to regularly reporting on our sustainability performance, both internally and externally. Our reports will provide detailed information on our progress towards our sustainability targets, our compliance with regulatory requirements, and our response to business risks and opportunities related to sustainability. We will also use various communication and marketing channels to share our sustainability story with our customers, stakeholders, and the wider public.









Following the methodological systematics of our sustainability & ESG matrix, we have developed our comprehensive action roadmap and ambitious targets. These targets are informed by our commitment to international sustainability standards and our desire to make a positive impact on the world.

Action fields	Action topics	Main Targets	Sub-targets & Actions
Sustainable Products & Materials	1 Climate & Environmental Action	<ul style="list-style-type: none"> <li>1,5°C aligned GHG emission reduction of 42% for Scope 1+2 by 2030</li> <li>1,5°C aligned GHG emission reduction of 63% for Scope 3 by 2030</li> <li>Net Zero by 2050 for Scope 1, 2, 3</li> </ul>	<ul style="list-style-type: none"> <li>Switch to 100% green electricity at own sites in 2023</li> <li>Gradually switch to 100% electric / green powered vehicle fleet (company-owned) by 2030</li> <li>Gradually increase the share of organic / recycled cotton product portfolio towards 90% by 2050</li> </ul>
	2 Sustainable Resource Management & Circularity	<ul style="list-style-type: none"> <li>Conduct Life Cycle Assessments (LCAs) for 100% of product portfolio by 2027</li> <li>Develop comprehensive Circularity Strategy and Action-Roadmap by 2025</li> </ul>	<ul style="list-style-type: none"> <li>Conduct at least 6 Life Cycle Assessments (LCAs) for key representative products in 2024 in order to identify environmental hotspots</li> </ul>
	3 Sustainable Chemicals Management	<ul style="list-style-type: none"> <li>90% of product portfolio is certified with OEKO-TEX® MADE IN GREEN by 2030</li> <li>100% compliance with REACH</li> </ul>	<ul style="list-style-type: none"> <li>The majority of our products is already certified with OEKO-TEX® MADE IN GREEN, we are continuing to increase the certified product portfolio share towards 90%</li> </ul>
Resilient Workforce & Good Corporate Citizenship	4 Attractive Employer, Health & Safety	<ul style="list-style-type: none"> <li>Individual Learning, Training and Career Management activities are rolled out to 100% of own workforce by 2026</li> <li>Zero accidents at our own sites every year</li> <li>A comprehensive health &amp; safety program will be developed by 2026 in order to increase resilience of own employees</li> </ul>	<ul style="list-style-type: none"> <li>Average hours of training provided per employee is at least 15 by 2026</li> <li>For 100% of own employees a personal development plan is worked out by 2026</li> </ul>
	5 Diversity, Equity & Inclusion (DEI)	<ul style="list-style-type: none"> <li>Zero cases of discrimination or harassment incidents every year</li> <li>The share of women in executive management positions is at least 40% by 2022</li> </ul>	<ul style="list-style-type: none"> <li>A comprehensive DEI program will be developed by 2026</li> <li>DEI trainings will be offered to 100% of own employees by 2026</li> </ul>
	6 People & Community	<ul style="list-style-type: none"> <li>Develop comprehensive Good Corporate Citizenship program to promote and foster sustainability activities at our own sites, in our supply chains and involved communities by 2026</li> </ul>	<ul style="list-style-type: none"> <li>Conduct workshops and social dialogues with internal and external stakeholders to identify Good Corporate Citizenship criteria and activities at our own sites, in our supply chains and involved communities by 2026</li> </ul>
Good Governance & Collaboration	7 Sustainable & Resilient Supply Chain	<ul style="list-style-type: none"> <li>100% of all manufacturers are certified according to social and/ or environmental standards (e.g. GOTS, ISO 14001, ISO 45001, Made in Green by Oeko-Tex, etc.) by 2022</li> <li>Sustainable procurement criteria are implemented in own business practices by 2022</li> <li>Collaboration and support programs for key strategic suppliers are initialized by 2022 to foster resilient supply chains</li> </ul>	<ul style="list-style-type: none"> <li>Target is fully achieved in 2022 as social and / or environmental certifications have been set as minimum requirement in sustainable procurement decisions</li> <li>100% of all suppliers have already signed the supplier code of conduct</li> <li>100% of all contracts include clauses on environmental, social, labor and human rights requirements</li> </ul>
	8 Data Security	<ul style="list-style-type: none"> <li>Zero incidents on information and data security every year</li> </ul>	<ul style="list-style-type: none"> <li>Our third-party Data Protection Officer ensures that all necessary standards are upheld at any given time</li> </ul>
	9 Responsible & Fair Business Practices	<ul style="list-style-type: none"> <li>Zero incidents on business ethics violations every year (e.g. corruption, bribery, fraud, money-laundering, etc.)</li> <li>Fair Business Payment conditions are rolled out to 100% of all suppliers by 2022</li> </ul>	<ul style="list-style-type: none"> <li>Regular internal controls and trainings on business ethics for 100% of own employees</li> <li>The target on Fair Business Payment conditions has been fully implemented in supplier contracts in 2022.</li> </ul>

Our action roadmap outlines the steps we will take to achieve our sustainability targets. This includes implementing specific projects and measures, obtaining relevant certifications, and conducting due diligence to ensure that our business practices are in line with our sustainability commitments. We also plan to engage in strategic collaborations to enhance our sustainability performance and contribute to broader sustainability efforts.

Our Sustainability & ESG strategy and action-roadmap have been developed with regard to tackle social, environmental and economic challenges, inspired by the Sustainable Development Goals (SDGs) of the United Nations. We will work towards to and support to our possible extent the 17 SDGs through our contributions, both directly through delivering on our corporate sustainability strategy and actions, indirectly, and through our partnerships.

SDGs	Direct positive contribution through our strategy & actions	Indirect positive influence through our strategy & actions
 <p><b>1</b> NO POVERTY</p>	Responsible & Fair Business Practices; People & Community	✓
 <p><b>2</b> ZERO HUNGER</p>	People & Community	✓
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	Attractive Employer, Health & Safety; Diversity, Equity & Inclusion (DEI); Responsible & Fair Business Practices	
 <p><b>4</b> QUALITY EDUCATION</p>	Attractive Employer, Health & Safety	✓
 <p><b>5</b> GENDER EQUALITY</p>	Diversity, Equity & Inclusion (DEI)	
 <p><b>6</b> CLEAN WATER AND SANITATION</p>	Climate & Environmental Action; Sustainable Resource Management & Circularity	✓
 <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p>	Climate & Environmental Action; Sustainable Resource Management & Circularity	✓
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p>	Attractive Employer, Health & Safety; Responsible & Fair Business Practices	✓
 <p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	Climate & Environmental Action; Sustainable Resource Management & Circularity	

SDGs	Direct positive contribution through our strategy & actions	Indirect positive influence through our strategy & actions
	Diversity, Equity & Inclusion (DEI)	
	People & Community	
	Climate & Environmental Action; Sustainable Resource Management & Circularity; Sustainable Chemicals Management; Sustainable & Resilient Supply Chain	
	Climate & Environmental Action; Sustainable Resource Management & Circularity; Sustainable Chemicals Management; Sustainable & Resilient Supply Chain	✓
	Climate & Environmental Action; Sustainable Resource Management & Circularity; Sustainable Chemicals Management; Sustainable & Resilient Supply Chain	✓
	Climate & Environmental Action; Sustainable Resource Management & Circularity; Sustainable Chemicals Management; Sustainable & Resilient Supply Chain	✓
	Diversity, Equity & Inclusion (DEI); Sustainable & Resilient Supply Chain	✓
	Sustainable & Resilient Supply Chain; Responsible & Fair Business Practices; People & Community	✓

To ensure the effective implementation of our sustainability strategy, we have established robust management and monitoring systems. These systems allow us to track our performance, identify areas for improvement, and make necessary adjustments to our strategy and action roadmap. We are committed to a continuous improvement process,



which involves regularly reviewing and updating our sustainability approach based on our performance and changing circumstances.

The successful implementation of our sustainability strategy requires the active involvement of all parts of our organization. We are committed to integrating sustainability considerations into our day-to-day operations and decision-making processes. This includes not only our core business operations but also our interactions with suppliers, customers, and other stakeholders.

In conclusion, our sustainability strategy and action roadmap provide a clear and comprehensive framework for our sustainability efforts. We are excited about the journey ahead and look forward to working with all our stakeholders to create a more sustainable and equitable future.

## Environmental Sustainability Activities of Promodoro Fashion

At Promodoro Fashion GmbH, we are deeply committed to environmental sustainability and stewardship. Our environmental policy is guided by the principles of the UN Global Compact, the UN Sustainable Development Goals (SDGs), and the European Green Deal. We strive to balance economic growth with ecological responsibility, and we are dedicated to becoming net zero by 2050 and transitioning to a circular economy.

### Sustainable Products & Materials

Our commitment to environmental sustainability is reflected in our approach to product development and manufacturing. We aim to develop and manufacture products that have minimal environmental impact. We do not use materials derived from animals (such as leather, down, wool). This includes considering the entire lifecycle of our products from design, sourcing, production, usage phase and end-of-life.

We use environmentally friendly, organic, recycled materials, reduce waste and water consumption, and strive to minimize environmental and air pollution. We also aim to increase energy and resource efficiency wherever possible. Promodoro Fashion is certified according to the environmental management system ISO 14001, this is how we proof our continuous improvements efforts.

Environmental KPIs	Status 2022
ISO 14001 certification	100 % achieved
share of sustainably certified products and materials procured	100 % achieved
Certificate of Extended Producer Responsibility (EPR) for household packaging	100 % achieved and third party verified

We work only with manufacturers that are certified in various fields along the production chain. These certifications cover a wide range of topics, including social standards, sustainability, and / or environmental conservation. Our partners are members of initiatives such as the Business Social Compliance Initiative (BSCI), the Customs-Trade Partnership Against Terrorism (CTPAT), Fairtrade, the Global Organic Textile Standard (GOTS), the Global Recycled Standard (GRS) 4.0, the Higg Index, ISO 14001, ISO 45001, ISO 9001, MADE IN GREEN by OEKO-TEX<sup>®</sup>, and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

## Our certificates and standards

	sustainability (reducing impact of supply chain)	quality (increasing life span of textiles)
Products designed for durability		✓
High-quality yarn, all sources OEKO-TEX certified	✓	✓
Up-to-date dyeing & finishing technology	✓	✓
High-quality, OEKO-TEX certified dye and accessories	✓	✓
In-house lab in Düsseldorf testing all parameters of every batch before sewing		✓
AQL inspection before shipping		✓
ISO-certified warehouse	✓	
Re-inspection upon arrival		✓
5 test wash cycles on daily operation		✓
Quarterly test washes for selected products (54 wash cycles)		✓
UPS Carbon Neutral Shipment	✓	
Barges used for transport from arrival port in Europe	✓	
WRAP	✓	
Global Organic Textile Standard (GOTS)	✓	
Textile Exchange	✓	
ISO 9001		✓
ISO 45001	✓	
ISO 14001	✓	
amfori BSCI (Business Social Compliance Initiative)	✓	
REACH Certificate of Compliance	✓	
OEKO-TEX	✓	
OEKO-TEX MADE IN GREEN	✓	
SEDEX	✓	✓
Supplier Qualification Program (SQP)		✓
Think Green Initiative (TGI)	✓	
Fairtrade	✓	

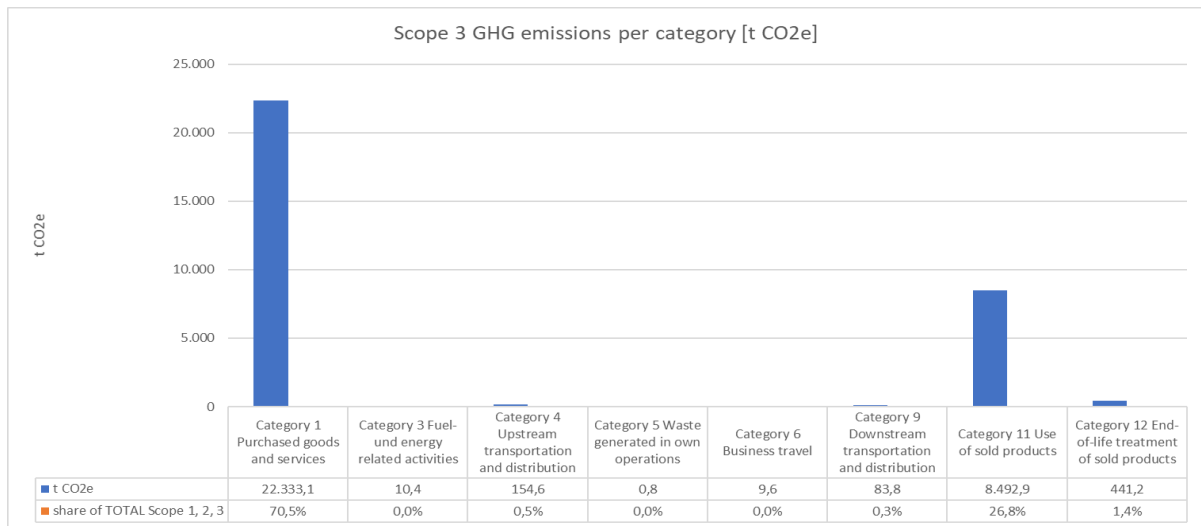
### Climate & Environmental Action

For 2022, we conducted the first Corporate Carbon Footprint (CCF) for Promodoro Fashion according to the globally acknowledged GHG Protocol Corporate Standard. We applied operational control as consolidation approach – under the operational control approach, a company accounts for 100 % of GHG emissions from operations over which it or one of its subsidiaries has operational control.

For Scope 3 GHG emissions, in total 8 out of the 15 Scope 3 categories were determined in this CCF 2022. Two categories are not yet possible to determine due to missing data or low data quality, 5 categories are not applicable to the corporate context of Promodoro Fashion

(e. g. category 14 franchises) or have not been triggered in 2022 (e. g. category 15 investments). Promodoro Fashion will gradually improve further the data granularity and data quality in order to increase the robustness and comprehensiveness of the annual CCF, especially for determining Scope 3 GHG emissions.

Environmental KPIs	Status 2022
Scope 1 GHG emissions	44,5 t CO <sub>2</sub> e
Scope 2 GHG emissions (market-based)	94,1 t CO <sub>2</sub> e
Scope 2 GHG emissions (location-based)	96,8 t CO <sub>2</sub> e
Scope 3 GHG emissions	31.526,3 t CO <sub>2</sub> e
TOTAL GHG emissions	31.664,8 t CO <sub>2</sub> e
GHG emission reductions for Scope 1+2 and Scope 3 will be disclosed once a time series can be calculated.	The CCF of 2022 is the base year.



The calculated CCF was used to set 1,5 °C aligned GHG emission reduction targets for Scope 1+2 as well as for Scope 3. Therefore, we used the publicly available tools from the Science Based Targets Initiative (SBTi).

Our science based 1,5 °C aligned targets are defined as follows:

- 1) **Scope 1+2 absolute GHG emission reduction of 42 % by 2030** with a base year of 2022
- 2) **Scope 3 absolute GHG emission reduction of 63 % by 2030** with a base year of 2022
- 3) **Net Zero by 2050 for Scope 1, 2, 3**

This ambitious targets require consequent actions, therefore we will switch to 100% green electricity at our own sites in 2023. Our district heating is already based on 100% renewable energies. This will lead to zero GHG emissions in our Scope 2 in the future.

Furthermore, we will tackle our Scope 1 GHG emissions by successively switching to 100 % electric / green powered vehicle fleet (company-owned) by 2030.

In order to reduce our main GHG emissions in Scope 3, and especially category 1 of purchased goods, we will gradually increase the share of organic cotton / recycled materials in our product portfolio towards 90 % by 2050.

Our goal is to increase the use of organic cotton and other sustainable materials. We plan to add more organic cotton to our collection alongside the global growth and availability of organic cotton production, which currently accounts for round about <1 % of global cotton production. In our sustainability strategy, we take into account the availability and quality of raw materials.

Since October 2021, 95 % of shipments have been sent with UPS Carbon Neutral Shipment to offset the climate impact. To further reduce our company's impact on the climate, we will successively increase the transport of our textiles by barge from the port of arrival in Europe to our warehouse in Düsseldorf to the possible extent.

Environmental indicators	Status 2022
Gas consumption	69.211 kWh
Fuel consumption of own vehicle fleet	3.800 Liter petrol
Fuel consumption of own vehicle fleet	9.300 Liter Diesel
Leakage of coolants	0 kg
Electricity consumption	210.980 kWh
District Heating	550.833 kWh (100% renewable sources)
Water consumption	463 m <sup>3</sup>
Waste of paper, cardboard, cartonnage	8.660 kg
Residual waste	20.880 kg
Waste of plastics and packaging	8.280 kg
Total weight of waste recovered	16.940 kg
Total weight of hazardous waste	0 kg
Carbon Offset program for transport of products to customers	100 % achieved and third party verified (the compensated GHG emissions were not counterbalanced in the Corporate Carbon Footprint, instead they were fully accounted for according to GHG protocol corporate standard)

### Sustainable Resource Management & Circularity

We make an effort to always uphold the high quality and durability of our garments. Therefore, we have implemented and rolled out our program "Sustainability through Quality" with our twofold strategy: 1) Reduce impact of our supply chain and 2) Increase the life span of our textiles.

# Sustainability through quality

Following the launch of our first T-shirts made from certified organic cotton in 2014, we have developed further textiles to complement our collection.

In 2022, we have introduced our first product made from recycled polyester. 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 plan to conduct Life Cycle Assessments (LCAs) for 100 % of our product portfolio by 2027, starting with 6 LCAs for key representative products in 2024 in order to identify environmental hotspots and develop a comprehensive Circularity Strategy and Action-Roadmap by 2025 based on the LCA results. We will use the identified environmental hotspots to derive impact-driven measures to also gradually reduce our Scope 3 Supply Chain GHG emissions.



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.

Environmental KPIs	Status 2022
ISO 9001 certification	100 % achieved
Number of Product Life Cycle Assessments	1
A comprehensive Circularity Strategy and Action-Roadmap will be developed by 2025.	Then specific KPIs and OKRs will be defined accordingly.

**Sustainable Chemicals Management**

Our products are processed in fully vertical factories, including water treatment plants, and we do not allow subcontracting of any kind. We operate with OEKO-TEX<sup>®</sup> STANDARD 100 as the minimum standard for all our products, and we aim to increase the share of our products certified with OEKO-TEX<sup>®</sup> MADE IN GREEN. Each article awarded with the MADE IN GREEN label can be transparently traced by the unique product ID on [www.oeko-tex.com/en/label-check](http://www.oeko-tex.com/en/label-check). The label provides information about the production facilities along the supply chain of each article. The MADE IN GREEN label gives assurance to the user that the textile product:

- 1) is from materials tested for harmful substances,
- 2) was produced in environmentally friendly facilities,
- 3) was manufactured in safe and socially responsible workplaces.

The OEKO-TEX® MADE IN GREEN label serves as a special means of communication for companies that present their responsible processes and supports consumers in making sustainable purchasing decisions by providing information that is quickly accessible.

Our garments made from 100% cotton are manufactured with organic cotton certified with either GOTS or OCS. We commit to REACH, an EU chemicals regulation that aims to improve human health and the environment, and 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. We have defined and implemented sustainable procurement criteria to comply with regulatory requirements and to ensure our sustainability progress towards achieving our environmental targets. Therefore, we have defined minimum requirements and standards, which our suppliers and manufacturers need to comply with.

Environmental KPIs	Status 2022
Number of articles certified according to OEKO-TEX® MADE IN GREEN	86 certified articles
Number of confirmed REACH breaches	0
Number of product recalls	0

### Employee Engagement

We believe that all employees have a role to play in promoting environmental sustainability. 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.

### Open and Social Dialogue

We maintain a factual and trusting dialogue on all sides when it comes to environmental issues. We believe that open communication and collaboration are key to achieving our environmental goals.

### 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.

In conclusion, our environmental activities reflect our commitment to environmental sustainability and our belief in the importance of balancing economic growth with ecological responsibility. We will continue to monitor, review, control and update our environmental strategy and action-roadmap as necessary to ensure that our environmental performance is continuously improving and progressing towards our environmental targets.

## Social Sustainability Activities of Promodoro Fashion

Promodoro Fashion GmbH is committed to social responsibility and the promotion of human rights. Our social activities are guided by international standards and principles, including the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the UN Convention on the Rights of the Child, the Convention on the Elimination of All Forms of Discrimination Against Women, the International Labour Organisation (ILO) Conventions, and the OECD Guidelines for Multinational Enterprises.

### **Resilient Workforce & Good Corporate Citizenship**

Promodoro Fashion GmbH is committed to fostering a resilient workforce and being a good corporate citizen.

We believe that our employees are our most valuable asset, and we are committed to supporting their professional growth and well-being.

As a good corporate citizen, we are committed to ensuring that our business operations serve the well-being of people, society and the environment and are in compliance with all relevant laws, regulations, and standards. This includes those pertaining to environmental protection, sustainability, labour rights, and product safety, among others.

### **Attractive Employer, Health & Safety**

Promodoro Fashion GmbH is committed to being an attractive employer and ensuring the health and safety of all our employees. We strive to create a work environment that is safe, healthy, and positive. We are committed to providing fair compensation, good working conditions, and adequate working hours and paid leave. We conduct regular performance evaluations to assess our employees' job performance and identify their strengths and areas for improvement. We also conduct regular employee satisfaction surveys and use the results to identify areas for improvement and implement necessary changes.

We provide a variety of training and development programs to enhance our employees' job-specific knowledge and skills and support their professional growth. These programs include on-the-job training, workshops, seminars, e-learning, and other forms of training. We believe that training and career management are crucial for our employees' job performance, motivation, and retention, and for our company's competitiveness and innovation.

We are committed to providing a safe and healthy working environment for all our employees. We comply with all applicable laws and regulations regarding occupational health and safety. All our employees regularly receive training in first aid, fire prevention, evacuation measures, health and safety risks, good working practices, and workplace security.

We have implemented a comprehensive risk analysis to identify potential risks related to occupational health and safety. We aim to prevent and mitigate these risks and our actual impacts on human rights and the environment with increased priority.

Promodoro Fashion GmbH is committed to fostering a culture of continuous learning and development among our employees. By 2026, we aim to roll out individual learning, training, and career management activities to 100 % of our workforce. This initiative is designed to enhance the skills and competencies of our employees, support their professional growth, and increase their job satisfaction and motivation. As our workforce is diverse and our



employees originate from 11 different geographical and cultural backgrounds, we provide our employees with language courses to foster collaboration and exchange. We will also plan to roll out an employee satisfaction survey, in order to identify strengths and weaknesses, to which we can respond in a proper way to ensure the physical and mental well-being of our employees in the mid- and longterm as well.

At Promodoro Fashion, we care about our employees, that is the reason why we have established our internal corporate program: "Employee Empowerment Loan Initiative". Recognizing that unexpected circumstances and personal needs can arise, our company firmly believes in empowering and supporting our employees during their time of need. This initiative offers our dedicated team members access to personal loans directly from our company, whether our employees need to deal with an emergency, plan a major life event, or manage unforeseen expenses. We appreciate the importance of financial security and flexibility, this initiative is more than simply providing financial aid – it is our commitment to fostering a supportive working environment, we aim to alleviate stress and promote well-being at work. Our employee's comfort and happiness is paramount to us, and we're committed to strengthening our employee-family relationship.

Furthermore, we have established our innovative internal corporate program: "Happy for More: Elevating Smiles & Well-being" (HfM). Central to our commitment of fostering a joyful, content, and uplifting work environment, we have allocated a monthly budget exclusively dedicated to spreading happiness, sparking smiles, and encouraging a strong sense of well-being among our employees. This fund is earmarked for various delights, ranging from small surprise gifts and sweet candies to delicious food, indulgent cakes, and vibrant team events. We understand the joy of unexpected treats and the unity fostered through shared experiences. Moreover, we also recognize and value the role of each department in our corporate family. To further encourage our culture of recognition and teamwork, every department has been granted its own budget. This can be used to celebrate extraordinary performance and to facilitate additional team building activities. Through "Happy for More: Elevating Smiles & Well-being", we aim to create a work experience that is not just about work, but also about celebrating success, fostering unity, and most importantly, ensuring that our employees feel valued, happy, and fulfilled.

Aside from fostering happiness and well-being, we place immense value on the health and safety of our employees. At the heart of our operations, lies our steadfast commitment to ensuring a zero-accident environment across all our sites, every year. This commitment is not just a goal but a reflection of our enduring dedication to providing a safe and healthy workspace. With an eye on the future, we announce the development of a comprehensive Health and Safety program by 2026. This program is designed with a proactive approach to prevent and manage health and safety risks. It will also serve to advocate good working practices and a culture of safety-consciousness. The ultimate aim is to enhance the physical and mental resilience of our employees, empowering them to thrive in a supportive environment. In our current offerings, our employees already enjoy the use of a company-owned gym room and sauna, promoting physical well-being and relaxation. We believe in the importance of maintaining a healthy body to complement a healthy mind. Moreover, we provide comprehensive safety equipment to ensure the safety of our employees at all times. Recognizing the needs of our hard-working warehouse team, we have also introduced additional ergonomic support equipment such as Exoskeletons. These are designed to facilitate daily work activities and minimize physical strain, thus contributing to a more

comfortable and efficient work experience. At our company, we believe that a secure, healthy, and happy employee is the cornerstone of our success. We are committed to maintaining and enhancing these standards as we move forward.

Social KPIs	Status 2022
share of employees with remuneration above minimum wage	100 %
Lost time injury (LTI) frequency rate for direct workforce - (total number of lost time injury events x 1,000,000 / total hours worked company wide)	40h lost in total (1 person, 1 week) LTI: 56,12
number of fatalities resulting from work-related injuries and work-related diseases	0
number and rate of reportable occupational accidents	2
number of employees trained on health and safety issues	50
share of employees covered with healthcare	100 %
number of customer health and safety incidents	0
number of skills trainings provided	33
Average hours of training provided per employee	8,3
number of employees covered by employee representatives	0
number of employees covered by collective agreements	0

### Diversity, Equity & Inclusion (DEI)

Promodoro Fashion GmbH is committed to fostering a culture of diversity, equity, and inclusion (DEI) within our organization. We believe that a diverse and inclusive workforce is a key driver of creativity, innovation, and competitiveness. We strive to create a work environment where all employees feel valued, respected, and included, regardless of their gender, age, race, ethnicity, religion, disability, sexual orientation, or any other personal characteristics. We are committed to treating all employees fairly and equitably, and we do not tolerate any form of discrimination or harassment.

We aim to ensure that our workforce reflects the diversity of the communities in which we operate. To this end, we have implemented various initiatives to attract, retain, and promote diverse talent. These initiatives include diversity and inclusion training, mentoring and sponsorship programs, and flexible work arrangements, among others. We are proud to announce that we already over-achieved our goal of 40 % women in executive management positions with 58 % and fulfilled our target of zero cases of discrimination or harassment incidents in 2022.

Our own workforce is already diverse in several aspects, also in terms of different cultural and geographical backgrounds as our employees originate from 11 different nations, as well as the heterogeneously structured and distributed age diversity.

We also strive to ensure that our business operations and supply chains respect and promote human rights, including the rights of vulnerable groups such as women, ethnic, religious and caste minorities, international and domestic migrant workers, and indigenous people.

Social KPIs	Status 2022
total number of employees	70
number of permanent employees	50
number of temporary employees	20
total number of full-time employees	33
total number of part-time employees	12
number of trainees and apprentices	5
total number of female employees	40
total number of male employees	30
share of women in executive management positions	58 % (target of at least 40 % achieved)
share of men in executive management positions	42 %
Diversity of geographical nationalities of employees	In total 11 different nations
share of employees with geographical origin:	
Germany	73 %
Great Britain and Northern Ireland	1 %
Poland and	3 %
Portugal	1 %
Russian Federation	1 %
Serbia	1 %
Thailand	1 %
Turkey	1 %
Ukraine	1 %
Uzbekistan	1 %
Percentage of employees from minority and/or vulnerable groups in the whole organization	1 %
share of employees < 30 years	13 %
share of employees with the age of 30-50	33 %
share of employees > 50 years	24 %
number of whistleblower cases of discrimination or harassment incidents	0 (100 % achieved)
number of employees trained on discrimination or harassment issues	0

## People & Community

Promodoro Fashion GmbH is deeply committed to the well-being of our people and the communities in which we operate. We believe that our success as a company is intrinsically linked to the prosperity of our employees and the communities we serve. We respect and protect the labour and human rights of all workers and affected people in our supply chain. We contribute to the 17 SDGs to our possible extent and follow the 10 principles of the UN Global Compact, which include upholding the freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced and compulsory labour, the effective abolition of child labour, and the elimination of discrimination in respect of employment and occupation. We confirm that we regularly monitor our compliance with these commitments and continually strive to improve our sustainable practices.

We recognize that our operations can have significant impacts on the communities in which we operate. We aim to be a good corporate citizen and contribute positively to these communities. Therefore, we will develop a comprehensive Good Corporate Citizenship program to promote and foster sustainability activities at our own sites, in our supply chains and involved communities by 2024. This program will be initialized by conducting workshops and social dialogues with internal and external stakeholders to identify Good Corporate Citizenship criteria and measures. Afterwards, we will set up a KPI and OKR system to track regularly track our performance and progress.

In conclusion, our social activities reflect our commitment and engagement to social responsibility and human rights. We will continue to review and update our social policies, targets and measures as necessary to ensure that they remain relevant and effective in managing our social impacts and associated risks.

## **Economic Sustainability Activities of Promodoro Fashion**

### **Good Governance & Collaboration**

Promodoro Fashion GmbH is committed to maintaining the highest standards of corporate governance and collaboration. We believe that good governance is essential for establishing trust with our stakeholders, including shareholders, employees, customers, and the communities in which we operate as well as for progressing towards our set sustainability targets with solid and effective control mechanisms. Our company is governed by a Code of Business Conduct that sets a framework of certain non-negotiable minimum standards of behaviour in key areas all employees commit to. This includes respect for the environment, fair treatment of employees, and adherence to all relevant laws and regulations. We believe that compliance with applicable laws and regulations is a minimum standard, and we strive to exceed these standards wherever possible. Violations of our Code may result in disciplinary action, up to and including termination of employment and supplier contracts. In some cases, violations may also result in legal action.

We believe in the power of collaboration to drive positive change. We are committed to working closely with our suppliers, customers, and other stakeholders to promote sustainability and respect for human rights in our operations and supply chains. We plan to establish a first base of a grievance mechanism by 2024 that is equally accessible to all parties affected by our operations. This mechanism will serve as a 'safety net' or backup system if factory-level systems cannot succeed in providing a proper remedy. We are committed to providing appropriate remediation in cases where we have evidently caused or contributed to harms. If we identify or receive information on any violation of regulations and laws or our defined Code of Conduct, this will trigger our internal procedures that include appropriate remediation of the violations.

### Sustainable & Resilient Supply Chain

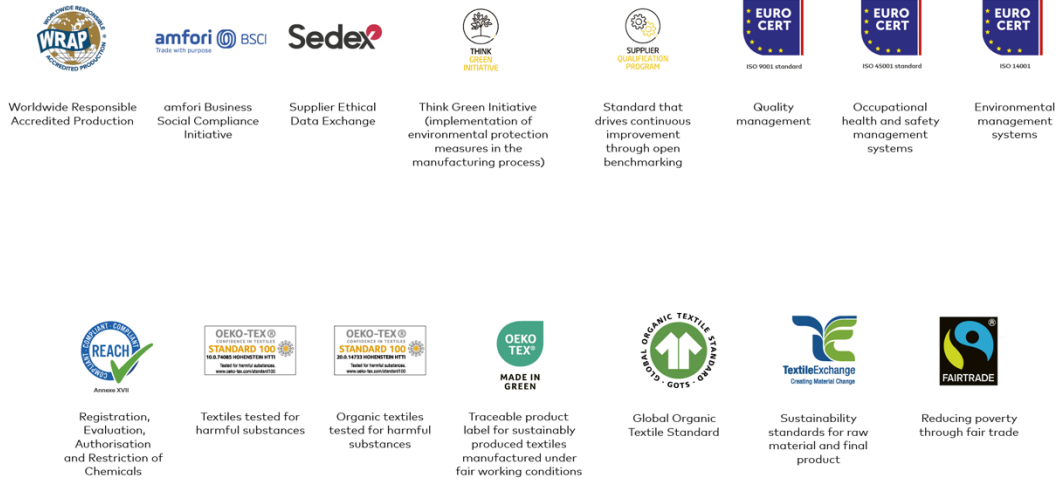
Promodoro Fashion GmbH is committed to further developing a sustainable and resilient supply chain. We believe that our supply chain plays a crucial role in our overall sustainability performance and our ability to create positive social, environmental, and economic impacts. We strive to develop and manufacture products that have minimal environmental impact.

The selection of suppliers is based on a systematic due diligence check and includes a thorough review of the validity of all relevant certification documents before any business is conducted. All business partners commit to comply with the International Bill of Human Rights, the Guiding Principles on Business and Human Rights by the United Nations from 2011, the UN Convention on the Rights of the Child, the Convention on the Elimination of All Forms of Discrimination Against Women, the Conventions of the International Labour Organisation (ILO) and the OECD Guidelines for Multinational Enterprises, and to provide a valid certificate by a third party that serves as proof of their commitment. All our suppliers need to sign our Supplier Code of Conduct and need to comply with our Supply Chain Compliance Policy, Environmental Policy and Code of Business Conduct. This is also explicitly substantiated in our specific procurement orders and supplier contracts which include clauses on environmental, labor, and human rights requirements.

Economic KPIs	Status 2022
share of sustainably certified suppliers	100 % achieved
Percentage of targeted suppliers who have signed the supplier code of conduct	100 % achieved
Percentage of targeted suppliers with contracts that include clauses on environmental, labor, and human rights requirements	100 % achieved
Percentage of targeted suppliers that are covered by an assessment on their environmental and/or social practices	100 % achieved
Percentage of targeted suppliers covered by a CSR on-site audit	100 % achieved
Percentage of audited/assessed suppliers engaged in corrective actions or capacity building	100 % achieved
Percentage of all buyers who received training on sustainable procurement	100 % achieved

We work only with manufacturers that are certified according to acknowledged sustainability standards. We ask our business partners to respect and implement the code of conduct of a well-reputed certification body. It sets a framework of certain non-negotiable minimum social and ecological standards we ask all of our business partners to commit to. Our partners are members of initiatives such as the Business Social Compliance Initiative (BSCI), the Customs-Trade Partnership Against Terrorism (CTPAT), Fairtrade, the Global Organic Textile Standard (GOTS), the Global Recycled Standard (GRS) 4.0, the Higg Index, ISO 14001, ISO 45001, ISO 9001, MADE IN GREEN by OEKO-TEX®, and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

## Production takes place under the following certifications



Transparency is an immensely relevant part of our sustainability strategy and due diligence requirements. We ask our business partners to disclose and report weekly all processing steps involved in the manufacturing of products purchased by Promodoro Fashion. They are provided with a supply chain document via cloud and via e-mail and must fill it out for each article, colour, and order.

### Data Security

Promodoro Fashion declares to fully respect and protect the privacy of its employees, customers, suppliers, and other stakeholders. All personal data collected and held by the company are processed fairly, transparently, carefully and in compliance with the locally applicable data privacy laws. Confidential employee and business information shall not be disclosed to anyone outside the company without proper authorisation or unless required by law. Furthermore, we work together with a third-party Data Protection Officer to ensure all necessary standards are upheld at any given time. We protect personal data in accordance with applicable data protection laws. Our annual target is to achieve and maintain zero incidents on information and data security.

Economic KPIs	Status 2022
Number of confirmed data & information security incidents	0 (100 % achieved)

### Responsible & Fair Business Practices

Promodoro Fashion GmbH is committed to conducting its business in a responsible and fair manner. We believe that responsible and fair business practices are essential for maintaining trust with our stakeholders, including shareholders, employees, customers, and the communities in which we operate. We are committed to conducting our business in full compliance with all applicable laws, rules, and regulations in all relevant countries where we operate. We are also committed to good corporate governance, including transparent

reporting and strong internal controls. We believe that good corporate governance is essential for the long-term success of our company. We are dedicated to conducting our business in an ethical manner. This includes honest advertising, fair pricing, and respect for intellectual property rights. We believe in treating our suppliers and employees fairly. This includes paying invoices on time and providing fair wages to our employees. We believe in treating all our stakeholders with respect and fairness. This includes honouring contracts, treating suppliers with respect, and engaging in fair negotiation practices. Any forms of corruption, bribery, fraud, money laundering and anti-trust violations are not tolerated at all and at any time.

Therefore, we have set our continuous and annual target of Zero incidents on business ethics violations (e. g. corruption, bribery, fraud, money-laundering, etc.), which we have achieved in 2022 with great success.

We also have rolled out Fair Business Payment conditions to 100 % of our suppliers by 2022, which have been fully implemented in our supplier contracts.

We will also follow up on regular internal controls and trainings on business ethics for 100 % of our own employees to ensure that we maintain our high ethical standards on Responsible & Fair Business Practices and full compliance.

Grievance mechanisms play a central role in strengthening human rights, environmental protection, and integrity in textile supply chains. Effective mechanisms are a fundamental part of identifying problems and giving people the opportunity to communicate their concerns. We focus on ensuring mechanisms which are locally accessible and can be used anonymously by potentially affected stakeholders.

Economic KPIs	Status 2022
Percentage of employees trained on ethics	100 %
number of reported cases of business ethics related violations through internal or external whistleblower procedure	0 (100 % achieved)
Number of confirmed corruption incidents	0 (100 % achieved)
average time that we take to pay an invoice	25,5 days

In conclusion, our commitment to good governance and collaboration reflects our dedication to our corporate responsibility and environmental, social and economic sustainability. We will continue to review, control and update our governance, policies and practices in these areas to ensure that they remain relevant and effective in managing our overall sustainability impacts, risks and opportunities.