

REPORTING ON THE GREEN BUTTON 2.0

As a family-run company, Güldi-Moden GmbH has been working intensively on the topic of sustainability and human rights since 2018. We have always attached great importance to corruption-free business relationships and maintain direct contacts with our partners throughout the supply chain. We understand sustainability as a process that is also increasingly taking environmental aspects into account and will take them into account. In this context, the Green Button, as a state textile seal, supports us in fulfilling our human rights and ecological due diligence obligations along our supply chain.

Through this report, Güldi-Moden communicates regularly (annually) and in a target group-oriented manner publicly about the implementation of its corporate due diligence obligations in its own textile supply chain.

1. Reference to the Declaration of Principles

Im Folgenden sind unsere Selbstverpflichtungen sowie Erwartungen an Mitarbeitende und Zulieferer entsprechend unserer Grundsatzerklärung dargestellt. Die vollständige Grundsatzerklärung der Güldi-Moden GmbH ist unter diesen Link zu finden <https://www.gueldi.de/nachhaltigkeit.php>.

Voluntary commitments of Güldi-Moden GmbH

We are committed to our social responsibility at all times. As a member of the Gesamtverband der deutschen Textil- und Modeindustrie, we have committed ourselves to the Code of Conduct of the Gesamtverband Textil & Mode.

Güldi-Moden GmbH is committed to respecting human rights in accordance with the principles of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The management of Güldi-Moden places a conscious focus on vulnerable groups such as women, children, indigenous people, minorities,

migrants or people with disabilities. In order to ensure the needs of these groups, we rely on close and trusting communication with our suppliers and have also developed a strategy to promote living wages in the supply chain.

In addition, we are committed to respecting environmental obligations and promoting internationally recognized frameworks such as ZDHC. The legal provisions from laws on environmental protection and ecology are regarded by Güldi-Moden as minimum requirements. Sustainability is a guiding principle in all corporate decisions. We are committed to the goal of constantly increasing the use of sustainable materials along the supply chain.

We are committed to responsible procurement and purchasing practices. When designing our corporate due diligence, we follow the UN Guiding Principles and the OECD Due Diligence Guidelines for Promoting responsible supply chains in the clothing and footwear industry. We are dedicated to the prevention, mitigation and compensation of the following risks in particular:

- Child labour
- Discrimination, sexual harassment, gender-specific violence
- Forced labour
- Working time/Overtime
- Occupational security/hazards
- Freedom of association and right to collective bargaining
- Minimum wage
- Living wages
- Hazardous chemicals
- Water consumption
- Water pollution
- Greenhouse gas emissions
- Corruption and bribery

Should actual negative effects on human rights and the environment occur as a result of our business activities, Güldi-Moden undertakes to provide appropriate remedies, to make amends and to prevent further cases.

Expectations of employees and suppliers

We expect our employees and contractual partners to respect human rights and

environmental obligations arising from the prevention, mitigation and remediation of the sector risks listed above, as well as the communication of these requirements to other suppliers in the deeper supply chain. For reasons of transparency, Güldi-Moden prohibits subcontracting to suppliers that has not been expressly approved.

If cooperation with another company is requested in the form of subcontracting at Güldi-Moden, the same requirements apply as for the direct supplier. The CoC is signed and complied with, an on-site audit by the sustainability officer on the part of Güldi-Moden is approved and all requested documents required for the assessment of the new company should be provided.

After receiving a new certificate (Güldi-Moden), which results from an audit, necessary adjustments to new regulations along the supply chain are communicated. All partner companies will be motivated to participate in sustainability practices and to allow Güldi-Moden's support in their implementation.

2. Most serious risks

As part of the exercise of our corporate due diligence obligations, we carry out a risk analysis at various levels. In accordance with the requirements of the Green Button 2.0, the following are the risks that have been classified as the most serious in the manufacturing and wet processes.

Production

Risks in clothing are typically in the area of social standards. Due to new suppliers at the ready-to-wear level, we supplemented the risk analysis in 2022 on an occasion-related basis and considered the risks of the new suppliers at the country and supplier level. In 2023, the risk analysis was updated within the regular cycle. To evaluate the risks, the knowledge gained from the audit reports of the suppliers and their own on-site visits and quick scans were used. The following risks were classified as serious:

- Discrimination, sexual harassment, gender-specific violence
- Occupational security/hazard
- Living wages

We counteract the risks through many years of cooperation with suppliers, supplier visits, relevant certifications, the implementation of the Code of Conduct (CoC) and our Declaration of Principles (GE). In particular, we prohibit any unauthorized subcontracting.

So far, no actual negative effects have been identified at the level of confection.

Wet processes

Risks in wet processes, as in the case of ready-to-wear, are typically in the area of social standards. The following most serious risks were identified:

- Discrimination, sexual harassment, gender-specific violence
- Occupational security/hazard
- Living wages
- Güldi-Moden relies on suppliers in Europe (Germany, the Netherlands, Italy, UK) due to the comparatively highest European standards in terms of environmental obligations and social standards.
- Also at the level of wet processes, we counteract the risks through many years of cooperation with suppliers, supplier visits, relevant certifications, CoC as well as our declaration of principles. In particular, we prohibit any unauthorized subcontracting.
- Even at the level of wet processes, no actual negative effects have been identified so far.

3. Prevention, mitigation and remedial measures

The following are the prevention and mitigation measures that have been addressed for the most serious risks and negative effects. Since no actual negative effects that have occurred have been identified at both the ready-to-wear and the wet process level, no remedial measures have been implemented.

At the policy level, a declaration of principles was first drawn up and adopted by the company management. This policy statement is based on the OECD sector risks and obliges the company and its suppliers to comply with human rights.

Furthermore, the CoC was adapted and unauthorized subcontracting was prohibited there.

In the course of these policies (Declaration of Principles and CoC), the focus is on support and, if possible, advice in the event of deviations and problems, so that suppliers can implement the requirements. A warning or sanctioning will only be issued if these measures are unsuccessful or the violations are too serious.

All existing suppliers as well as new suppliers are informed about the CoC and the Declaration of Principles and are requested to acknowledge them in writing. 100% of the suppliers at the ready-to-wear level have returned the signed CoC. An extension for the suppliers at the level of wet processes is in progress. We also expect to reach 100% here by the end of 2023.

Another measure concerns the accessibility of the CoC. As part of the regular visits to the production facilities, it is checked that a translation into the local language is available. If necessary, assistance for translation is provided. It is planned to have checked 100% of the suppliers in this regard by the end of 2023. In addition, in 2023, we will be asking for the native languages spoken at the production facilities in order to facilitate accessibility, if necessary, with a translation here.

With the result of the risk analysis, the CoC was expanded to include the aspect of "living wages", which was identified as the most serious risk. Güldi-Moden recognizes the importance of fair remuneration along the entire supply chain. We plan to communicate the updated CoC to our suppliers in stages and to document its signing and posting on site accordingly. Through this communication, we strive to identify measures together with our suppliers to enable fair wages and thus to have a positive impact on the lives of employees along our supply chain.

In addition, internal training courses will be conducted in 2023 to sensitize the relevant departments at Güldi Moden about the impact of their own purchasing practice on the payment of living wages.

As part of the regular visits to the production facilities, it is also checked whether the suppliers themselves have a CoC that conforms to the Güldi Moden CoC in terms of

content, is displayed in the local language and in English. The goal is for 80% of suppliers to meet this requirement by the end of 2023.

We attach great importance to the personal visit and exchange with suppliers. For this purpose, we have developed a quick scan, which is considered as a guideline and template. The production facilities are visited at least once every two years. After each visit, comments and possible improvement measures are recorded and documented in the quick Scan. This allows us to monitor the performance of our suppliers, in particular in relation to our goals and measures.

Cooperation with audited suppliers is important to us. For this reason, the majority of our manufacturers are often certified by, for example, STANDARD 100 by OEKO-TEX[®], STeP by OEKO-TEX[®] or amfori BSCI audited. We want to continue and strengthen this cooperation continuously. We have set ourselves the goal that by 2025, 60% of suppliers will have been audited according to a recognized standard.

A continuous dialogue with suppliers is characteristic of our cooperation. We also want to expand this dialogue to a greater extent in the area of sustainability and human rights protection and in this way raise our suppliers' awareness of the issue of the complaints mechanism. We have achieved the goal that 100% of the workers have access to a complaints system. We want to continue to monitor compliance with this goal.

A continuous exchange within the framework of initiatives from the textile industry, but also cooperation with other relevant actors who operate across industries, is considered to be an important and indispensable prerequisite for progress and positive

Changes in our entire value chain. For this reason, Güldi-Moden has been a member of the UN Global Compact since January 2022. In addition, since October 2022, there has been a membership in Maxtex, an international association of textile manufacturers, garment manufacturers, raw material producers, textile service providers, scientific institutions and start-ups founded in 2014.

In addition, the Compliance Unit holds regular (monthly) internal meetings with relevant departments or persons on human rights and environmental issues. The Güldi-Moden is assisted and accompanied by the hessnatur Foundation. This ensures internal competence development through external expertise.

4. *Learning experiences, progress and challenges*

The following table shows our learning experiences and progress on the measures taken. When implementing measures in the future, we will take our learning experiences and challenges into account accordingly. We regard this as a valuable resource with which we can develop further.

Field	Assumption	Challenge	Learning experience
Supplier support	A certification according to OEKO-TEX® STeP is a comprehensive and suitable certification for Made in Green and thus for Green Button certified products. The personnel and time resources for the preparation were planned similarly to social audits.	A certification according to OEKO-TEX® STeP requires more intensive preparation	Güldi has decided to gradually bring its closest suppliers to the OEKO-TEX® STeP level. A STeP certification was already successful this year, the next one will follow in late summer 2023.
Supplier support	The benefits of certification according to OEKO-TEX® STeP are also seen on the supplier side	Convincing suppliers of the benefits takes longer than expected / turns out to be difficult	The time for knowledge transfer must be planned. The time and effort for the preparation for certification must also be planned accordingly. The most important major suppliers have agreed to carry out a STeP audit in close cooperation with Güldi. The basis for success is the prospect of a long-standing

Field	Assumption	Challenge	Learning experience
			and strong partnership based on trust and transparency.
Implementation of sustainability in the company	Nachhaltigkeit hat für alle Mitarbeitenden gleichen, hohen Stellenwert	In the implementation of sustainability aspects in the company, the commitment of those involved is different	The term - "green button" has found a status and pride at Güldi. There is more discussion within the company about sustainable topics. For this purpose, there are regular meetings in which ideas are exchanged openly and directly with all levels of the company. Here is our motto "Start small and realistic".
Livelihood-securing wages	Living wages are a human right and should be implemented in the supply chain	Realistically assess one's own ability to influence and take actionable measures	First, avoid the own consequences that prevent the payment of living wages. If necessary, seek a merger with other actors.

Field	Assumption	Challenge	Learning experience
Risk-management	Risks should be systematically recorded and assessed at regular intervals so that the business capability can have a positive impact on the direct and indirect environment of the industry.	Risks can be recorded and analyzed. The implementation may take longer, as the suppliers and partners (in other countries) have to be motivated to adapt to the level of sustainability Güldis. Not all companies have the budget to invest quickly and efficiently. The know-how must also be learned for this.	A lot could be initiated. Risks have been identified and dealt with step by step. Through strong communication and cooperation, a pool of information and a network of processes could be formed, which allowed Güldi to minimize risks with the close suppliers. Processes have been recreated or simplified. Güldi has optimized itself in order to participate as deeply as possible in the supply chain.

5. *Complaint channels and complaints received*

We have set up an internal and external complaints mechanism. Internally, we have given Güldi-Moden employees the opportunity to pass on complaints, improvements and suggestions without having to reveal their identity. This system is handled internally by a neutral responsible person.

The external complaints mechanism is used to communicate with potentially affected persons and to create remedial measures if necessary. The contact can be made publicly accessible either via the suppliers or the website. The complaints mechanism follows an internally defined process.

In 2022, both internal and external findings were achieved in the area of complaint management. Externally, the complaint systems of the suppliers at tier 1 and Tier 2 level were queried and substantiated with evidence. This made it possible to gain an overview of the complaint mechanisms in the immediate supply chain. The internal complaints system, consisting of a complaints box in its own business units and a compliance e-mail address, publicly available on the website, was set up in the previous year and tested in this constellation and implementation in 2022.

Based on the reviews of the complaints received on the compliance e-mail address, it can be noted for the year 2022 and the first half of 2023 that there were no complaints that fall within the scope of the risks defined in the risk analysis and suitable reporting topics. Therefore, no further steps and remedial action were necessary with regard to the complaints received.

For the end of 2023, we have set ourselves the goal of re-examining our complaints system with regard to accessibility and effectiveness and adapting it appropriately where necessary.

6. Involvement of external stakeholders and potentially affected parties

As a small, medium-sized company, we attach great importance to association work and the strength of networks. That is why we actively participate in industry associations STFI (Research in Product and Environment), DTV (processes sustainability and Environment) as well as global multi-stakeholder initiatives such as the UN Global Compact Network. We are committed to our social responsibility at all times. As a member of the Vti, an organization of the German Textile and Fashion Industry Association, we have committed ourselves to the Code of Conduct of the German Textile & Fashion Association.

In order to increase transparency in the supply chains, especially with regard to actual effects, a supplier self-assessment at tier 1 and Tier 2 level was carried out in 2022, as well as on-site visits to selected suppliers at the ready-to-wear level.

During the on-site visits, the Sustainability Unit systematically evaluated the conditions of the production facilities on the basis of a quick scan.

The quick Scans are based on the content of the OECD sector risks and ask the status quo of the suppliers on these risks.

The Quick Scan was expanded in 2023 in accordance with the results of the risk analysis in order to depict the topic of occupational safety in even more detail.

In addition, in the course of the quick scans and the on-site visits, a dialogue with potentially affected people took place. In 2023, internal training courses on communication with potentially affected people are planned in order to qualify further employees for the dialogue.

In addition, we have sought and expanded the exchange with other multi-stakeholders in 2022. In addition to being a member of the UN Global Compact, we have been a member of the MaxTex association since October 2022, which promotes the development of skills and the exchange between members for sustainable action along the entire textile value chain.

In addition, the Sustainability Unit has participated in various training courses in the course of its memberships, including on the topics of an integrated health, environmental and climate strategy and corporate due diligence obligations in the field of human rights. In 2023, the focus



of further training will be on responsible supply chain management and the promotion of living wages.

The findings from the theoretical training courses as well as from the practical work were passed on to internal employees on a monthly basis and discussed.

7. Erhöhung der Lieferkettentransparenz

The following is the list of all procurement countries and corresponding regions for the level of manufacturing and wet processes of the Güldi moden.

Process stage	Location	
	Country	Region
Wet processes	Germany	Nordrhein-Westfalen
	Germany	Niedersachsen
	Germany	Baden-Württemberg
	NL	Gelderland
	Italy	Lazio
	Germany/UK	Lancashire
Production	Bulgaria	Region Sofia
	North Macedonia	Vardar region
	North Macedonia	Pelagonia Region
	Poland	Oppeln
	Poland	Lodsch
	Poland	Masowien
	Czech Republic	Reichenberg
	Albania	Berat Region
	Albania	Korce Region
	Tunisia	Sfax Region