

SUSTAINABILITY & IMPACT REPORT

2025 / 2026

Hanseatic Values. Global Responsibility. Circular Future.



DARESOURCING

ESRS-oriented Structure | CSRD Preparation
Reporting Period: 2025 | Publication: 2026



SUSTAINABILITY & IMPACT REPORT DARESOURCING 2025 / 2026

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FOREWORD BY THE MANAGEMENT



In an environment characterized by increasing geopolitical tensions, intensified European regulation, and growing demands for transparency and climate protection, Daresourcing GmbH takes a clear position: sustainability is an integral component of our business model.

As a Hamburg-based company, we are guided by the principles of the “Honourable Merchant.” For us, this primarily means reliability, transparency, and the consistent assumption of responsibility throughout the entire value chain. With more than 25 years of industry experience, our Managing Director, David Ellmer, combines textile expertise with strategic risk management and long-term market orientation.

The year 2025 represents an important developmental milestone. Through the successful preparation for Development Stage B of the German state certification Grüner Knopf 2.0.1, we underscore our systematic advancement in the area of corporate due diligence. The associated requirements cover key elements of forthcoming European regulatory frameworks such as the Corporate Sustainability Reporting Directive (CSRD) and the German Supply Chain Due Diligence Act (LkSG), thereby strengthening the regulatory resilience and long-term viability of our company.



EXECUTIVE SUMMARY

Daresourcing GmbH is a Hamburg-based textile company that develops and produces high-quality apparel solutions for government and industrial clients. This report documents our sustainability strategy, operational progress during the 2025 reporting period, and our objectives for 2026.

Key achievements at a glance:

- **Grüner Knopf 2.0.1: Successful preparation for Development Stage B, confirmed by the Hohenstein Institute.**
- **Supply Chain Transparency: Full traceability from Tier 1 to Tier 4 (raw material origin).**
- **Living Wages: Validated wage structures exceeding the Asia Floor Wage benchmark.**
- **Environmental Management: OEKO-TEX® STeP certification, ZDHC compliance, and ISO 14001 implementation at all production-relevant sites.**
- **Innovation – ELOOP: Patented digital textile take-back system for closed material loops, currently in pilot phase.**
- **ESRS Orientation: Voluntary application of the ESRS reporting structure in preparation for CSRD compliance.**
- **The Scope 1 and Scope 2 emissions of the headquarters amount to approximately 3.22 t CO_{2e} per year and are to be classified as not material in relation to the value creation associated with production. The material environmental impacts arise in the supply chain and are based on externally audited STeP data.**
- **Scope 3-relevant emissions data are recorded on a site-specific basis using externally audited OEKO-TEX® STeP data from the supply chain and are systematically further developed.**

This report is aligned with the European Sustainability Reporting Standards (ESRS) and integrates the requirements of the ILO Core Labour Standards, the OECD Guidelines for Multinational Enterprises, and Grüner Knopf 2.0.1. An ESRS disclosure mapping matrix is included in the appendix.

COMPANY PROFILE & BUSINESS MODEL

UNDERSTANDING OF THE COMPANY

Sustainability is not an add-on for Daresourcing GmbH; it is an integral component of our business model. As a provider of high-quality textile solutions for government and industrial clients, we assume responsibility throughout the entire value chain — from material selection and production to the end of the product's useful life.

Our objective is to combine economic stability, regulatory compliance, and ecological advancement. The increasing requirements arising from European regulation — particularly in the areas of supply chain due diligence, eco-design, and circular economy — are understood as a strategic framework for innovation and system development.

DER DARESOURCING-STANDARD

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THE DARESOURCING STANDARD

All of our products are fully developed at our headquarters in Hamburg. All technical specifications — from pattern construction and material definitions to quality requirements — are created and documented by our in-house team.

Production is carried out in close cooperation with our certified manufacturing partner in Jiangsu Province, China. We are operationally involved in coordination and production processes and define all materials, components, and processing requirements in advance on a binding basis.

This represents a clearly structured co-production model: German development and technical

specification combined with certified manufacturing expertise at the production site.

DUAL AUDIT STRUCTURE

To ensure our quality, social, and environmental standards, we rely on a continuous dual audit structure conducted by the Hohenstein Institute:

- Audit in Germany:**
 Our headquarters is regularly audited in accordance with the requirements of the German state certification Grüner Knopf 2.0.1.
- Audit at the Production Site:**
 The production facility is audited on-site by Hohenstein Shanghai (OEKO-TEX® STeP, OEKO-TEX® MADE IN GREEN).

The dual audit structure ensures independent external validation of the company’s and production processes and guarantees continuous verification of the defined social, environmental, and quality standards.

VALUE CHAIN AND SYSTEM BOUNDARY

The following key figures and disclosures refer to the strategically relevant core locations of our supply chain that are decisive for revenue and production. All garment assembly processes are carried out exclusively by our Tier 1 partner. For upstream wet-processing operations, audited detailed data from the relevant Tier 2 sites are disclosed.

Tier	Function	Location	Certifications & Characteristics
Tier 1 (Garment Assembly)	Sewing, cutting, final assembly	Suzhou, Jiangsu – 6,000 m², 53 employees	OEKO-TEX® STeP (Level 3), ISO 14001, ISO 9001, MADE IN GREEN, 87% female workforce
Tier 2 (Wet Processing)	Dyeing, bleaching, finishing	Hangzhou, Zhejiang – 1,991 employees	ZDHC Intermediate, ISO 14001, own wastewater treatment plant, 128 elected worker representatives, 30 inclusive employment positions
Tier 2 (Fabric)	Knitting / weaving	Changshu, Jiangsu	Verified via Tier 1 (STeP), OEKO-TEX® STANDARD 100
Tier 2 (Fabric)	Woven fabrics for jackets/ trousers	Xinxiang, Henan	Verified via Tier 1 (STeP)
Tier 4 (Raw Material)	Conventional cotton	Brazil, USA	Stable agricultural structures, minimized risk of forced labour

Our cotton originates from Brazil and the United States. Compared to certain high-risk regions in Asia, these countries provide more stable agricultural structures. However, conventional cotton cultivation remains associated with ecological challenges such as monoculture practices and high water consumption — one reason why our long-term strategic focus lies on circular systems (ELOOP).



GOVERNANCE & PRINCIPLES

SUSTAINABILITY GOVERNANCE

Since our foundation, our sustainability strategy has been managed through an internal ethics and compliance structure and is additionally independently reviewed as part of external audits (Hohenstein Institute, OEKO-TEX® STeP, Grüner Knopf 2.0). We understand sustainability as an integral component of corporate management — not as an isolated initiative.

Operational implementation is carried out by our internal sustainability department (Ms. Focks and Ms. Brechmann) in close coordination with our Ethics & Compliance Manager, Han Xu. This structure ensures that risk analyses, preventive measures, and supply chain controls are not only documented but actively managed and continuously monitored.

NORMATIVE FOUNDATIONS

Our actions are based on the following principles:

- Our publicly available Policy Statement
- Our binding Code of Conduct
- Alignment with the ILO Core Labour Standards
- Application of the OECD Guidelines for Multinational Enterprises

These principles are cascaded throughout the supply chain and contractually anchored. Contractual agreements require that any changes within the supply chain be reported without delay. The validity of certifications for all Tier 1 and Tier 2 suppliers is verified annually via QR-/SC-code verification.

IMPLEMENTATION OF CORE ILO PRINCIPLES

- **Freedom of Association (ILO 87 & 98):**

We acknowledge that legal frameworks vary by country. At site level, we ensure that elected worker representatives exist and that direct dialogue between employees and management is possible. At Tier 1, employees elect two independent representatives; at Tier 2, 128 elected representatives represent the workforce.

- **Non-Discrimination (ILO 100 & 111):**
Our partners demonstrate a high level of workforce diversity. At Tier 1, women represent 87% of employees, and management positions are filled irrespective of gender. The dyeing facility employs 30 persons with disabilities.
- **Occupational Health and Safety (ILO 155):**
Compliance is verified through the OEKO-TEX® STeP audit. The Tier 1 site achieved a Health & Safety score of 83%.

CHINA AS A STRATEGIC PRODUCTION LOCATION

We do not evaluate our production site primarily based on cost considerations, but rather in terms of long-term stability, technological capability, and regulatory adaptability. Jiangsu Province offers a highly industrialized infrastructure and a high concentration of certified production facilities.

At the same time, we recognize systemic challenges, particularly regarding independent trade union structures and geopolitical trade risks. These factors are incorporated into our risk analysis. Our governance approach is site- and partner-specific. The combination of certification, direct operational involvement, and contractually regulated transparency provides a resilient foundation for legally compliant supply chains within the European market.

ESG STABILIZING FACTORS VS. GEOPOLITICAL CHALLENGES

ESG Stabilizing Factors	Geopolitical Challenges
National ESG Timeline (2020–2030): Binding disclosure requirements and increasing harmonization with global sustainability frameworks.	U.S. Trade Barriers & Tariffs: ESG compliance increasingly functions as a resilience instrument against protectionist measures.
Regional Leadership of Jiangsu Province: Advanced digital monitoring systems and high certification density support international market access.	Government Influence: State control over trade unions (ACGB) and restrictions on press freedom may complicate independent verification processes.
Market-Based Governance Instruments: Expansion of China's emissions trading system and green financing programs in Jiangsu.	Systemic Dependencies: The EU's double materiality principle requires continuous investment in transparency and compliance structures.

MATERIALITY AND RISK ANALYSIS

METHODOLOGY

Our supply chain governance is based on a structured risk matrix in accordance with the OECD methodology. Each identified risk is assessed along two dimensions: the severity of potential impact and the likelihood of occurrence. Through systematic evaluation (Severity × Likelihood), we prioritize our fields of action.

In accordance with the principle of double materiality, we consider both the impacts of our business activities on the environment and society (impact perspective) and the financial risks and opportunities arising from sustainability-related topics for our company.

Based on our risk analyses for the period 2023–2026, three priority risks were defined:

PRIORITY 1: POLITICAL & STRUCTURAL FRAMEWORK CONDITIONS

Assessment:

Structural risks such as restricted freedom of association or limited transparency may hinder the enforcement of international social standards. On a broader level, corruption or restrictions on press

freedom may increase the risk that local standards are disregarded and violations remain unreported.

Within our corporate context, this risk is assessed as low due to the binding nature of our Code of Conduct. The social performance rating of the Tier 1 site is 88%, and 94% for Tier 2.

Risk Management Measures:

- Contractually anchored Code of Conduct as a mandatory foundation
- On-site compliance contact (Ethics & Compliance Manager Han Xu)
- Digital QR-code grievance mechanism with direct access, independent of local management
- Regular audits conducted by independent verification bodies

Systemic risks cannot be completely eliminated; however, they are systematically reduced and controlled through contractually anchored requirements, continuous external auditing, and direct operational involvement on site.

The effectiveness of worker representation was verified during an on-site audit through random employee interviews. Interviewed employees confirmed both awareness and usability of the anonymous grievance mechanisms.



In addition, regular training sessions are conducted, and high-performing employees are gradually developed internally.

PRIORITY 2: LIVING WAGES AND WORKING HOURS

Assessment:

Financial undercompensation and excessive working hours represent typical sector risks in the textile industry. The average monthly working time at the Tier 2 site corresponds to the regionally customary and legally permissible six-day work structure. This was positively assessed during the OEKO-TEX® STeP audit. Overtime regulations are documented, compensated, and voluntary.

At Tier 1, where all garment assembly processes are carried out, average working hours remain below this level. Differentiated working-time models and predictable production planning contribute to stable hour structures. All fabric suppliers and wet-processing stakeholders are consistently positively evaluated and STeP-certified partners within our supply chain. This significantly reduces sector-specific risk exposure for Daresourcing GmbH.

At the same time, average monthly wages amount to approximately RMB 7,000 (Tier 2) and RMB 5,000–10,000 (Tier 1), which are significantly above the statutory minimum wage and align with international living wage benchmarks.

An industry-related structural residual risk remains; however, it is classified as low based on the audit structure, payroll reviews, and external validation conducted as part of the STeP and Grüner Knopf audits.

PRIORITY 3: ENVIRONMENTAL AND CHEMICAL RISKS IN WET PROCESSING (TIER 2)

Assessment:

Wet processing of textiles is among the most environmentally sensitive production stages. Water consumption, chemical usage, and wastewater treatment quality pose substantial risks to local ecosystems if not adequately managed.

Risk Management Measures:

- OEKO-TEX® STeP certification

- ZDHC compliance (Intermediate Level)
- ISO 14001-certified environmental management system
- Mandatory online monitoring of in-house wastewater treatment facilities

The combination of certification, digital monitoring, and contractually regulated transparency significantly reduces the likelihood of occurrence.



**STANDARD
100**



**MADE IN
GREEN**



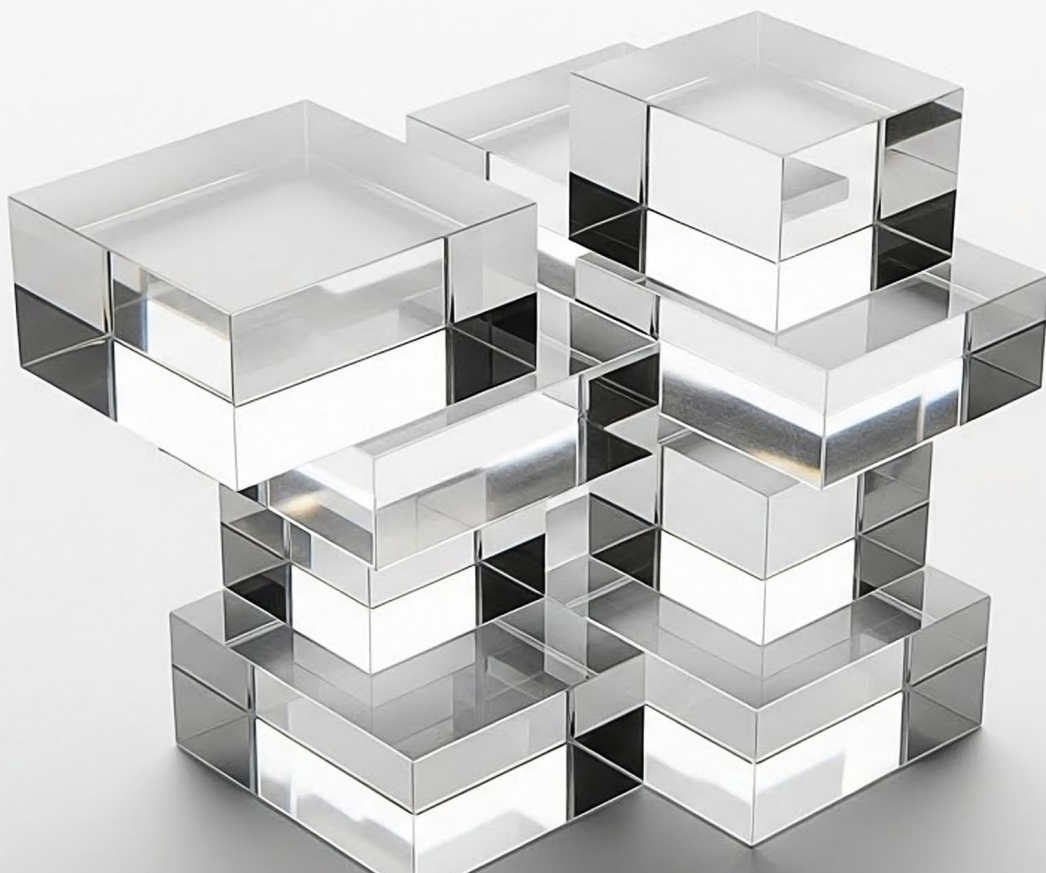
SUPPLY CHAIN AND SITE STRUCTURE

All garment assembly processes are carried out exclusively by our strategic Tier 1 partner in Jiangsu Province. This ensures a clearly defined system boundary and a high level of operational transparency. Material selection, technical specifications, and supplier decisions are made in close coordination with our German development team.



The detailed site overview, including certifications, is presented in Chapter 3.4. In addition, all certifications are validated annually through QR-/SC-code verification, and suppliers are contractually obligated to report any changes within the supply chain without delay.

The requirements of Grüner Knopf 2.0.1 are fully met.





ENVIRONMENT

PRODUCTION METRICS TIER 1 (GARMENT ASSEMBLY)

Full garment assembly through a single partner enables close operational integration. The following data are derived from the currently valid OEKO-TEX® STeP audit.

KPI	Value 2025	Unit	Source
Energy intensity	0.56	kWh/kg	OEKO-TEX® STeP
Production volume	105,000	kg	OEKO-TEX® STeP
Social performance rating	88	%	OEKO-TEX® STeP
Occupational health & safety	83	%	OEKO-TEX® STeP

PRODUCTION METRICS TIER 2 (WET PROCESSING)

Nassprozesse zählen zu den ökologisch sensibelsten Produktionsstufen. Durch Zertifizierungen (OEKO-TEX® STeP, ZDHC, ISO 14001) sowie digitales Monitoring der Abwasseranlagen wird das Umweltrisiko strukturell reduziert.

KPI	Value 2025	Unit	Source
Share of renewable energy	62.17	%	OEKO-TEX® STeP
Water consumption	5.5	liters/kg	OEKO-TEX® STeP
Wastewater volume	55.5	liters/kg	OEKO-TEX® STeP
Waste recycling rate	80	%	OEKO-TEX® STeP

CHEMICAL AND WET PROCESS MANAGEMENT

The Tier 2 partner responsible for wet processing holds a ZDHC certificate (Intermediate Level) and operates its own wastewater treatment plant. The combination of OEKO-TEX® STeP certification, ZDHC compliance, and ISO 14001 ensures a high standard of chemical management. Digital online monitoring of wastewater treatment facilities enables continuous supervision.

SCOPE 1 AND SCOPE 2 EMISSIONS (HEADQUARTERS)

The company headquarters consists of three office rooms within a shared office space with four employees. Equipment includes four PCs, four ceiling lights, one printer, one coffee machine, and four company mobile phones. Heating costs are included in the rent. Additionally, one company vehicle is used for necessary stakeholder meetings and interactions that cannot be conducted via structured online meetings (approximately 11,000 km during the reporting year).

The headquarters' emissions are determined using model-based calculations and standardized emission factors. Given the comparatively low operational relevance of the headquarters relative to the production chain, a simplified calculation approach is applied. The emission factor used for office electricity is 0.4 kg CO_{2e} per kWh.

Model-based calculation of the headquarters' electricity consumption per Year (Scope 2)

Source	kWh/year (estimated)	CO _{2e} (kg/year)
4 PCs (8h/day)	1,600	640
Lighting	400	160
Printer	150	60
Coffee machine	300	120
4 company mobile phones	100	40
Total Headquarters (rounded)	2,550	1,020

Estimated Company Vehicle Emissions (Scope 1)

Distance traveled	Emission factor	CO _{2e} (kg/year)
11,000 km	0.20 kg CO ₂ /km	2,200

Summary Scope 1 and 2

- Scope 1: approx. 2.2 t CO_{2e}/year (company vehicle).
- Scope 2: approx. 1.02 t CO_{2e}/year (office electricity).

Total Scope 1 + 2: approx. 3.22 t CO_{2e}/year.

SCOPE 3 CLASSIFICATION

Production-related emissions are partially captured on a site-specific basis using OEKO-TEX® STeP data. The reported production metrics (energy intensity, water consumption, renewable energy share) are based on fully digitalized measurement systems at the production sites, and the underlying Scope 3 emissions data are digitally recorded in real time. These data form part of the audited STeP reports within the supply chain.

An additional systematic Scope 3 assessment in accordance with the GHG Protocol at headquarters level is planned for the future.

SOCIAL RESPONSIBILITY

LIVING WAGES

Ensuring living wages is our most effective preventive measure against poverty, excessive overtime, and employee turnover. A detailed wage gap analysis conducted during the reporting period demonstrates that the wages paid exceed international benchmarks:

Comparison Benchmark	Amount (RMB/month)	Classification
Statutory Minimum Wage (Jiangsu)	2,280	Legal minimum threshold in the province
Global Living Wage Coalition (GLWC)	approx. 4,044	Required for a decent standard of living
Asia Floor Wage (AFW)	approx. 6,512	International trade union benchmark
Wage Paid (Tier 1)	5,000–10,000	Significantly exceeds statutory minimum wage
Wage Paid (Tier 2)	approx. 7,000	Meets the AFW benchmark

Key Learning

One of the most important insights of the reporting period is that the payment of living wages and the provision of safe working conditions have resulted in extremely low employee turnover. The workforce demonstrates strong company loyalty and high motivation. This loyalty safeguards product quality and confirms that social investment directly translates into economic stability.





EVALUATION OF VULNERABLE GROUPS / GARMENT ASSEMBLY 2025 CHINA

1. Introduction

In a globalized business environment, it is essential to consider not only the economic aspects of production but also the social and ethical implications, particularly with regard to vulnerable groups. This analysis aims to provide a comprehensive understanding of the situation of vulnerable groups in the context of our production facility in China. Vulnerable groups may include various segments of the population, such as migrant workers, women, minorities, and others who may be exposed to increased risks in specific contexts.

2. Identification of Vulnerable Groups at a Textile Production Site in China

- **Migrant workers:**
Many workers in the Chinese textile industry originate from rural areas and are migrant workers. Due to often precarious living conditions, they may be considered vulnerable.
- **Low-skilled workers:**
A significant proportion of the textile workforce may have limited qualifications and therefore limited opportunities for professional advancement.
- **Women:**
The textile industry often employs a high proportion of female workers. Women may be considered vulnerable due to gender-specific challenges, such as unequal pay or limited career progression opportunities.
- **Ethnic minorities:**
Workers from ethnic minorities may be considered vulnerable due to cultural differences, language barriers, and potential discrimination.
- **Home-based workers:**
The textile industry may also involve home-based workers. This group may be vulnerable due to limited regulation and uncertainties regarding working conditions and compensation.
- **Seasonal workers:**

During peak production periods, companies may rely on seasonal labor. Due to the temporary nature of their employment, this group may also be considered vulnerable.

- **Low-wage workers:**
Given economic pressures in the textile sector, workers receiving minimum wage or slightly above may be considered vulnerable.

3. Befragung Tier 1

Total Employees	Total	Male	Female
	53	7	46
Hierarchy Levels	Total	Management Positions	
	5	5	
Management Positions	Total	Position	Person
	1	Director	Haiyang Xu
	1	Production manager	Qiaozhen Yang
	1	HR manager	Chong Xu
	1	Quality manager	Xincun Fan
	1	R&D manager	Guohu Chen

HR Department	Position	Person
	HR manager	Chong Xu
Worker Representatives	Total	Person
	1	Xiaoyan Kong
	1	Wenxia Zhang
Migrant Workers	Total	Information
	0	
Seasonal Workers	Total	Information
	0	
Employees working from Home	Total	Information
	0	
Ethnic Minorities	Total	Information
	0	

4. Analysis Results

Analyzed Groups	Number of Employees	Information
Low-Wage Workers	0	Based on the wage gap analysis, living wages are paid at Tier 1, thereby excluding low-wage employment.
Seasonal Workers	0	/
Home-Based Workers	0	/
Ethnic Minorities	0	/
Women	46	87%
Low-Skilled Workers	Majority of production workers	Based on the wage gap analysis, living wages are paid at Tier 1, thereby excluding low-wage employment.
Migrant Workers	0	/

Based on the results of the Tier 1 employee analysis, the group identified as potentially vulnerable is women. Therefore, further analysis focuses particularly on this group.



5. Working Conditions and Social Security

The textile industry in China faces gender-specific challenges while simultaneously offering opportunities for women, particularly with regard to equality and workplace safety.

Challenges:

Gender-Based Discrimination:

Women are often confronted with prejudice and discrimination, particularly in relation to promotions and access to leadership positions.

Wage and Benefit Inequalities:

Women may receive lower wages than their male counterparts for comparable work, leading to financial disparities.

Workplace Safety:

Women may be disproportionately affected by unsafe working conditions, especially in factory environments where they are more frequently employed in lower-skilled positions.

Limited Support Structures for Female Employees:

The availability of resources and support mechanisms, such as childcare facilities, may be limited for women and can negatively affect their professional development.

Opportunities:

Increasing Awareness:

As awareness of gender equality continues to grow, there is an increasing willingness to remove barriers and promote women into leadership positions.

Promotion of Education:

Initiatives aimed at supporting women's education can enhance their qualifications and facilitate access to more advanced positions.

Advancement of Women in the Textile Industry:

Some companies implement targeted programs to promote women into managerial roles, thereby strengthening workforce diversity.

International Standards and Certifications:

Compliance with international labor standards and certification systems can contribute to the creation of safe and equitable workplaces for women.

Overall, the textile industry in China presents both challenges and opportunities in the area of gender equality. The sector faces the task of reducing gender-specific inequalities while simultaneously creating a positive and inclusive working environment for women.

6. Conclusion:

At Tier 1, two employee representatives are in place to represent the rights and interests of employees and serve as contact persons for workforce concerns. In addition, a formal grievance mechanism has been established, allowing complaints to be submitted anonymously.

GRIEVANCE MECHANISM

Our digital and physical grievance mechanism is accessible via QR codes, reporting boxes, and an online ticketing system. The ticketing system enables employees to track the processing status of their submissions at any time — including anonymous complaints.

During the reporting period, zero complaints were recorded. This zero rate does not indicate a dysfunctional system, but rather reflects our active on-site presence. Our Ethics & Compliance Manager conducts regular on-site interviews in the local language, freely and confidentially, based on a structured questionnaire. He interviews employees and their elected representatives in Mandarin in order to assess social realities at the production site. The Managing Director also maintains close and regular communication with the garment assembly facility. The functionality of the grievance system is regularly validated through internal spot-check audits.

PURCHASING PRACTICES & MANAGEMENT LOGIC

RESPONSIBLE PURCHASING PRACTICES

Responsible purchasing practices form a core component of our supply chain governance. We recognize that excessive price pressure or unrealistic time constraints may contribute to structural risks, including excessive overtime, quality deficiencies, or wage non-compliance.

Production approvals are granted exclusively on the basis of finalized and verified technical packages (tech packs). Due to this structured process, design- or material-related changes after production approval are exceptionally rare. This planning logic creates predictable production conditions and significantly reduces structural risks within the supply chain.

DIGITAL DEVELOPMENT AND APPROVAL PROCESSES

Our product development is carried out entirely at our Hamburg location using digital 3D design and visualization technology. Realistic 3D models enable precise coordination with clients before any physical samples are produced.

VALIDATION MECHANISMS

We systematically record lead times (days between order placement and production start) as well as order modifications to ensure planning reliability for our partners and to eliminate time pressure within manufacturing processes.

Physical samples are only created and tested after final approval has been granted. In many cases, we rely on previously developed and validated base models, ensuring that client-specific adaptations do not require structural modifications to the product.



INNOVATION & TRANSFORMATION: ELOOP

BACKGROUND

In light of increasing regulatory requirements — particularly the EU Ecodesign Regulation — we are consistently developing our business model toward a circular economy approach.

THE ELOOP SYSTEM

With ELOOP, a patented digital textile take-back system for government and industrial clients has been developed and implemented. The objective is to systematically collect textile products at the end of their use phase, allocate them according to material composition, and reintroduce them into the recycling process in a controlled manner.

The system includes:

- A recyclable take-back concept based on a container system
- A proprietary RFID-supported app for material identification
- Documented reintroduction of suitable textiles into the recycling process



PILOT PHASE AND STATUS

During the reporting year, the recycled materials used complied with the requirements of the Global Recycled Standard (GRS). This ensures traceability, recycled content verification, and compliance with social and environmental criteria throughout the supply chain.

Depending on fiber quality and technical configuration, fully recycled fibers can also be utilized. In combination with the patented ELOOP system, this has enabled a mono-material closed-loop approach in an industrial context.

To ensure compliance with industrial laundering standards (including ISO 15797 and EN 13795) and to compensate for mechanically shortened recycled fibers, a stabilizing fiber component is incorporated on a product-specific basis. In the hybrid model, this is implemented using a 70/30 blend of recycled and stabilizing fibers. This model ensures both material circularity and functional durability under industrial usage conditions.

The underlying recycling and spinning technologies are industrially established and applied by our European partners. The reprocessing of recycled fibers into high-quality yarns is therefore technologically secured. The specific configuration depends on client requirements, product architecture, and available production capacities.

The textiles produced met the defined quality requirements and were successfully validated.

A gradual expansion of full material circularity to additional fiber segments is planned and aligned with technological developments in the recycling sector.

DIGITAL PRODUCT PASSPORT

A digital product passport enables transparent tracking of material origin and circular flow. Reported CO₂ savings are based on comparative calculations between virgin fiber and recycled fiber production.

TECHNOLOGICAL POSITIONING

With the patented ELOOP system, Daresourcing positions itself as a technological pioneer in structured take-back solutions for industrial textile circular systems. To the best of our knowledge, no comparable system currently exists that combines a recyclable container system, a proprietary RFID-based material allocation system, and documented reintegration into industrial recycling processes in this form.

In the long term, we aim to cover a significant share of our material demand through recycled fibers within a controlled circular system. Implementation is gradual and aligned with technological advancement, industrial scalability, and the quality requirements of our clients.



TARGET SYSTEM AND MONITORING

The following overview documents the degree of achievement of our core objectives in the 2025 reporting year as well as the associated monitoring mechanisms.

DEGREE OF ACHIEVEMENT – CORE OBJECTIVES 2025

Objective	Status 2025	Achieved	Monitoring
100% certification validation Tier 1 & 2	Achieved	✓	Annual QR-code verification
Implementation of ELOOP pilot	Achieved	✓	System deployment documented
Digital product development: 0% change rate	0% changes	✓	Internal SOP control
Closed-loop polyester pilot	Hybrid cotton model implemented; validated	✓	Production run and technical testing

TARGETS AND OUTLOOK 2026

Field of Action	Current Status 2025	Target 2026
Grievance management	100% implementation of QR-code & ticket system	Maintain high satisfaction level (0 justified escalations)
Living wages	Wage gap analysis Tier 1 & 2 completed	Long-term safeguarding above 6,512 RMB (AFW level)
Purchasing practices	Lead times and order modifications recorded	0% short-term changes after tech-pack confirmation
Circular materials	ELOOP pilot launched; cotton hybrid model produced; polyester closed loop piloted	Systematic increase in share of recycled fibers
Scope 1/2 HQ	Assessment conducted (approx. 3.22 t CO ₂ e/year)	Refinement of calculation and evaluation of reduction measures
Scope 3	Currently classified via STeP site data and digital emission tracking	Systematic Scope 3 accounting planned

INTERNAL SUSTAINABILITY CONTROL SYSTEM (NSCS)

The quality of our sustainability strategy is safeguarded through an internal Sustainability Control System (NSKS) as well as through regular external audits (Hohenstein Institute, OEKO-TEX® STeP, Grüner Knopf 2.0), which includes the following elements:

- Annual certification validation (QR-/SC-code)
- Internal supplier questionnaire
- Payroll verification
- Digital QR-code grievance mechanism
- Contractually regulated notification obligation in the event of supply chain changes
- Audit tracking via OEKO-TEX® STeP
- Designated internal sustainability officers with clearly defined responsibilities

GOVERNANCE METRICS

KPI	Status 2025	Evidence
OECD-based risk analysis	Implemented	Internal documentation
Certification validation (QR-code)	Conducted annually	Internal process
Digital grievance mechanism	Implemented	Compliance structure
Grüner Knopf 2.0.1	Fulfilled	Audit verification
IHK sustainability management assessment	Fulfilled	Grade 1.6

Supplementarily, the methodology of our sustainability management system was evaluated by external experts from KATE – Environment & Development and the Chamber of Industry and Commerce (IHK), receiving a grade of 1.6.

INTERNAL INCENTIVES AND CAPACITY BUILDING

The management team invests specifically in the further development of the sustainability team:

- Han Xu: Business travel financed by Daresourcing is flexibly combined with annual leave to avoid duplicate CO₂ flights.
- Lea Brechmann: Time and financial support for a Master’s degree in textile sustainability.
- Ms. Focks: Full coverage of costs for IHK and TÜV certifications as well as professional training programs.



FINANCIAL OPPORTUNITIES AND RESILIENCE

Sustainability measures initially resulted in development efforts but strengthen long-term client relationships and reduce regulatory risks. Our sustainability strategy generates the following qualitative financial effects:

- Regulatory Stability:**
 Through voluntary alignment with CSRD/ESRS requirements and compliance with Grüner Knopf 2.0.1, we are prepared for forthcoming regulatory developments. This reduces compliance risks and strengthens long-term business resilience.
- Market Access and Client Retention:**
 Certified and transparent supply chains are increasingly a prerequisite for collaboration with public-sector clients and industrial customers. Enhanced client retention within the industrial and governmental segments secures long-term contractual relationships.
- Employee Retention:**
 Living wages contribute to low employee turnover, safeguarding production quality and reducing recruitment and training costs.
- Innovation Advantage:**
 The patented ELOOP system establishes a

unique market positioning in the field of circular industrial textiles.

- Reduced Reputational and Liability Risks:**
 Comprehensive documentation and a structured audit framework minimize risks related to public perception and legal exposure.
- Efficiency Gains:**
 Digital product development and standardized approval processes reduce development cycles and prevent cost-intensive rework.
- Sustainability-related investments**
 are strategically understood as forward-looking measures to secure regulatory market positioning and long-term competitiveness, rather than being viewed in isolation as short-term cost factors.

Quantitative financial forecasts are deliberately not disclosed, as they would rely on assumptions that cannot currently be robustly validated.



METHODOLOGY APPENDIX

REPORTING FRAMEWORK

This report is aligned with the European Sustainability Reporting Standards (ESRS). As a company not subject to mandatory CSRD reporting requirements, we prepare this report on a voluntary basis in order to ensure regulatory readiness and transparency toward our stakeholders.

KPI DEFINITIONS AND DATA SOURCES

- Production metrics (Tier 1 and Tier 2):
OEKO-TEX® STeP audit reports (currently valid)
- Wage data:
Validated payroll records, cross-checked against statutory minimum wages and international benchmarks
- Working hours:
Supplier validation
- Scope 1 (Company vehicle):
 $11,000 \text{ km/year} \times 0.20 \text{ kg CO}_2/\text{km} = \text{approx. } 2,200 \text{ kg CO}_2\text{e}$
- Scope 2 (Office electricity):
 $2,550 \text{ kWh/year} \times 0.4 \text{ kg CO}_2\text{e/kWh} = \text{approx. } 1,020 \text{ kg CO}_2\text{e}$

- Scope 3:
Classification based on STeP site-specific metrics; no fully consolidated corporate Scope 3 inventory at headquarters level

SYSTEM BOUNDARY

The reporting boundary includes the Hamburg headquarters and the strategically relevant Tier 1 and Tier 2 production sites. Additional STeP-verified Tier 3 and Tier 4 information is evaluated as supplementary data, considered within STeP certification processes, and separately assessed for organic cotton product placements with corresponding labeling.

NOTE ON CSRD PREPARATION

This version serves as structural preparation for CSRD compliance. As a company not subject to mandatory CSRD reporting requirements, we publish this report voluntarily. A fully ESRS-compliant report including comprehensive Scope 3 accounting and year-on-year comparison is planned for the future.

ESRS DISCLOSURE MAPPING

The following matrix provides an overview of how the contents of this report are allocated to the relevant ESRS standards:

ESRS	Topic	Chapter Reference
ESRS 2	General disclosures, governance, strategy	Chapter 3 (Profile), Chapter 4 (Governance), Chapter 14 (Methodology)
ESRS E1	Climate change	Chapter 7.4 (Scope 1/2), Chapter 7.5 (Scope 3), Chapter 10 (ELOOP)
ESRS E2	Pollution	Chapter 7.2 (Tier 2 metrics), Chapter 7.3 (Chemicals)
ESRS E5	Circular economy	Chapter 10 (ELOOP), Chapter 11 (Circular material targets)
ESRS S1	Own workforce	Chapter 12.2 (Internal incentives)
ESRS S2	Workers in the value chain	Chapter 8 (Wages, vulnerable groups, grievance), Chapter 5 (Risk analysis)
ESRS G1	Business conduct	Chapter 4 (Governance, Code of Conduct, ILO), Chapter 9 (Purchasing), Chapter 12 (Control system)

KPI APPENDIX

Consolidated overview of all quantitative metrics for the reporting period.

Innovation – Circular System Development

KPI	Status 2025
Patented ELOOP system	Implemented
Polyester closed-loop pilot	Completed
Digital product passport	Implemented
Structured textile take-back process	Initiated

The complete Tier 1 and Tier 2 production metrics are presented in Chapter 7. Governance KPIs are presented in Chapter 12.

CONCLUSION & OUTLOOK

Daresourcing GmbH emerges strengthened from the developments of recent years. Through our deep operational integration into production processes, the verified payment of living wages, and our innovation capacity within the ELOOP system, we are well prepared for the requirements of Development Stage B of Grüner Knopf.

Our consistent alignment with the OECD Guidelines and the ILO Core

Labour Standards, our transparent policy statement, and our direct verification efforts extending to Tier 4 of the supply chain form the foundation of our sustainability strategy. The voluntary ESRS orientation of this report further underlines our commitment to regulatory readiness.

We do not understand sustainability as a static condition, but as a continuous process of development — anchored in Hanseatic values, driven by global responsibility, and oriented toward a circular future.



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