

SUSTAINABILITY REPORT

Daresourcing GmbH | 2023 - 2025



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SUSTAINABILITY REPORT - DARE SOURCING 2023 - 2025

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INTRODUCTION & COMPANY PROFILE

Daresourcing GmbH is a Hamburg-based company specializing in textile tableware. With over 28 years of experience in the textile industry, Daresourcing has established itself as a leader in sustainable and ethically managed business practices. Founded in 2022, the company operates with its own Sustainability, Ethics, and Compliance Department.

The term „Hanseatic“ reflects our commitment to values such as fairness, quality, and solidarity. Inspired by the historical Hanseatic League’s principles of integrity and reliability, we integrate these traditions into modern sustainability strategies. Our textiles are not just products—they embody responsibility and sustainability, respecting both people and the planet.

By prioritizing eco-friendly materials, ethical production methods, and transparency, we aim to reduce environmental impact while honoring our roots. Our goal is to create functional, high-quality textiles that tell stories of sustainability and inspire future generations.

WHAT DOES „HANSEATIC“ ACTUALLY MEAN?

When asked what the term means, one can rely on some clichés in the fashion industry, but at their core, they are all quite similar. Externally, in terms of fashion, one would rather speak of a restrained elegance. The Hanseatic style makes use of muted colors and fine fabrics, processed into down-to-earth yet expressive cuts. In business circles, these clichés are still present today. Equally Hanseatic, however, are the old, functional sailor sweaters and the various sailor caps – also called Elbsegler, Altstädter, or Schmidtmütze – the trademark of former Chancellor Helmut Schmidt. But why is fashion so important in defining this concept?

First, because we are primarily a company based in Hamburg that has been dealing with textiles for decades, and second, because this look also represents a lifestyle.

Hanseatic virtues are associated with commercial reliability. Only through reliable and structured trade was the Hanse able to assert itself over many generations, despite competing trade alliances.

However, even traditionally proven systems need innovation. This does not mean abolishing them, but rather introducing positive, contemporary approaches through innovations and measures

and complementing them with a forward-looking sustainability strategy. In Hamburg, the cradle of Hanseatic trade, we at Daresourcing combine old values with modern principles. Our textile company stands not only for high-quality products but also for a sustainable future that respects and reinterprets the roots of the Hanseatic League.

The Hanse, as a symbol of commercial spirit, fairness, and quality, shaped economic and cultural life for centuries. Merchants of the past understood the value of their products and the importance of trust in relationships. These values are more relevant today than ever.

At a time when resource management is crucial, we take the initiative by using environmentally friendly materials, promoting ethical production methods, and creating transparent supply chains. We combine the Hanseatic tradition of fair trade with a conscious approach to our planet – for the people and for the Earth.

The Hanseatic principle of solidarity and respect is reflected in every fiber of our textiles. Like our ancestors, we focus on quality over quantity, creating durable products that not only last today but also for future generations. Our textiles are more than



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just clothing; they tell stories of responsibility and sustainability.

The concept of “honorability” also had a central meaning in the Hanse and was deeply embedded in the values and practices of commerce. Honorability stands for integrity, reputation, and reliability, which were essential for merchants and trade associations.

In the Hanseatic League, a powerful medieval trade alliance, honorability was more than just a personal trait. It referred to the trust that had to exist between merchants, their partners, and the cities. Merchants who were considered honorable had to conduct fair business, keep their promises, and settle open accounts. These qualities formed the foundation for long-term trade relationships and business success.

Moreover, honorability was an important criterion for participation in Hanseatic trade. Cities and merchants carefully selected their partners and only worked with those who had a reputation for honor and integrity. This principle ensured stability and trust within the trade network and helped avoid conflicts.

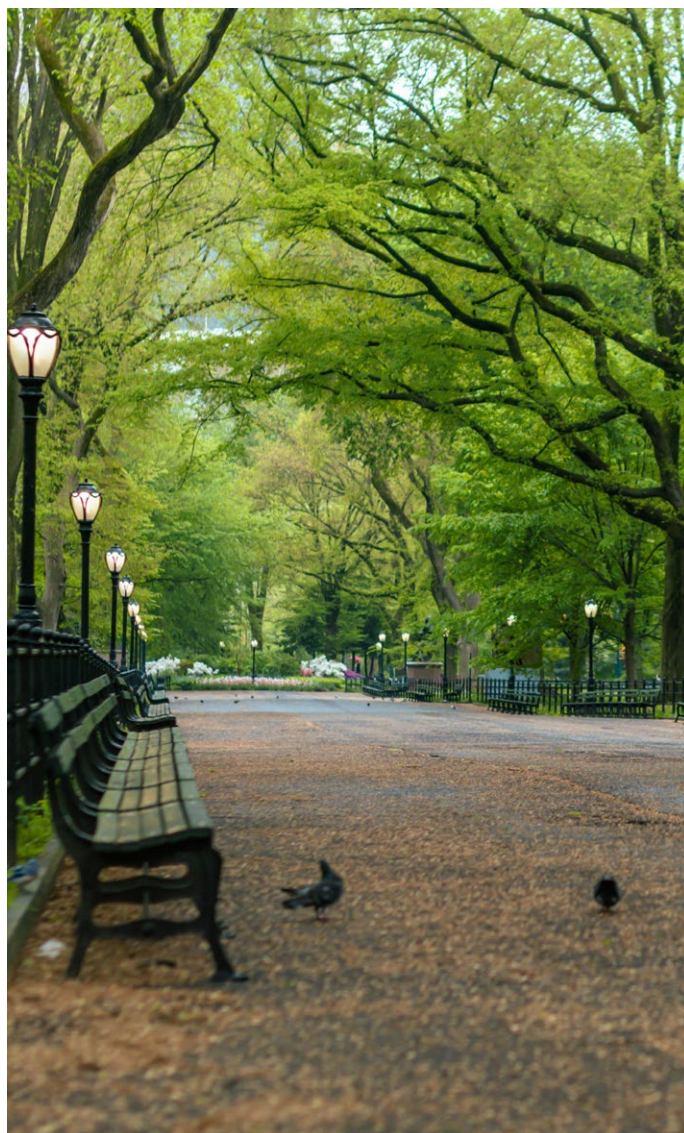
In summary, honorability in the Hanse was an indispensable foundation for economic success and was closely linked to the values of fairness, respect, and solidarity. These qualities remain relevant today and can serve as an inspiration for modern, sustainable business practices.

Together with you, we want to continue on this path – towards a commercial world that does not focus solely on profit maximization but also considers the social and environmental aspects that are crucial for our shared prosperity.

The concept of “open-mindedness” plays a crucial role in this context, both for us and in the history of the Hanse. This open-mindedness was a cornerstone of Hanseatic trade spirit and is reflected in the willingness to connect with other cultures and countries, to learn from one another, to do business, and to promote common values.

The Hanse developed through the networking of various cities and regions, extending across the North and Baltic Seas to distant markets. Trade with different cultures, including connections to Asian markets such as China, was characterized not only by the exchange of goods but also by the exchange of ideas, traditions, and values. Hanseatic merchants were always eager to seize economic opportunities in new markets while simultaneously demonstrating openness and respect for different cultures. We have taken inspiration from this.

Today, we can leverage this open-minded attitude to bring our own values and virtues into the global trade



context. Trade with China and other cultures offers an excellent opportunity to communicate sustainable practices, honorability, and fairness. By focusing on transparency in our supply chains and ethical production methods, we not only demonstrate our commitment to responsibility and sustainability but also show our appreciation for the partner cultures we collaborate with.

Through cultural exchange, we can present ideas and concepts based on respectful business practices. For instance, we can share our experiences in sustainable textile production to raise awareness of environmentally friendly practices while fostering dialogue on social responsibility and ethical standards. At the same time, we can learn from the traditions, values, and techniques of our trading partners to further improve and adapt our business.

In this open-minded trading landscape, we are committed to building bridges and sharing values to create a sustainable and fair trade community. This keeps the Hanseatic tradition alive – and the

principles of honor, fairness, and respect remain relevant on the global stage today.

To this end, we at Daresourcing implemented our internationally operating Ethics and Compliance Department in 2024.

Furthermore, the Hanse significantly contributed to shaping Hamburg's cityscape and achieving a high standard of living. The trade relationships fostered through the Hanse promoted not only the exchange of goods but also the exchange of ideas and cultural influences. Over time, economic growth led to the construction of numerous public buildings, squares, and intercultural institutions that significantly shaped the city's appearance.

Thus, as a positive byproduct of this flourishing trade, the development and expansion of green spaces emerged as a vital component of urban life. Wealthy Hanseatic merchants sought to beautify the grim medieval cityscape, and citizens benefited from these recreational areas, which not only enriched their living environment but also contributed to improved environmental quality. Trade, prosperity, and lifestyle were thus closely interconnected even back then. The urban green belt, characterized by parks and municipal green zones, bridged nature and city, ensuring Hamburg remained a livable place.

At Daresourcing, we also strive to contribute positively to trade and production today, without engaging in „greenwashing.“ We stand by our goals and have played a key role in introducing organic cotton into our production facilities last year. We are pleased to have incorporated Step-certified production, certified by the Hohenstein Institute Shanghai, into our portfolio.

The aspects of continuing the Hanseatic tradition and forward-thinking sustainability can be seen as pioneering examples of a successful integration of nature and urban space. But today, we want to take

it a step further: Instead of integrating sustainability and social improvements as incidental side effects in the development of an urban environment, we pursue a conscious and targeted approach.

In the past, trade has contributed to the emergence of unnatural monocultures through its demand. Hardly any attention was paid to the health of humans and animals, which was particularly evident in the cotton trade. Today, textile companies produce clothing for the world under heavy CO₂ and pesticide burdens.

Through our increased demand for organic cotton as a trading company, we actively and consciously contribute to changing the cultivation of monocultures and the use of agricultural land in a sustainable way. Farmers are encouraged to invest more expertise in organic cotton production and to carefully plan crop rotation so that the land can be used sustainably and pesticide intervention in flora and fauna worldwide is reduced. Organic farming must be profitable—farmers should be motivated by higher purchases of organic cotton to reduce the overall picture of monoculture farming and its harmful effects in the long term. A continuous demand for organic raw materials ensures better income in the region, which ideally leads step by step to better infrastructure at the place of origin. Fair wages and responsible corporate management promote prosperity, and urban centers worldwide are increasingly recognizing the importance of not only using nature but also protecting and preserving it. The further greening of the factory site is also a concern for us in the future.

We strive to implement environmental awareness and social responsibility from the outset in the planning and development of new projects. This means that with every decision we make—whether in terms of material selection, production techniques, or social initiatives—we always consider the long-term impact on people and the environment.

Our goal is not only to create beautiful and functional spaces but also to generate real added value for society and the environment. By embedding sustainable practices at the core of our work, we ensure that we create a working environment that not only meets the needs of today's generation but also preserves resources for future generations.

In this way, we can honor the Hanseatic tradition by transforming it into a modern perspective—a perspective that actively promotes human well-being and environmental health.

For the founder and managing director, Mr. Ellmer, it was important to successfully and traditionally implement this connection between social, economic, and ecological factors in the new company. Sustainability is not just black and white—



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it is colorful! Together, we are shaping a diverse, sustainable, vibrant, and open-minded trade world that harmoniously unites all aspects of life.

After only a short start-up period, we are already operating not only in Germany but also in the Austrian government's healthcare sector. Through our sustainability, ethics, and compliance department, which is firmly integrated into our corporate policy, we conscientiously advise many other companies nationally and internationally in optimization processes for the production and procurement of sustainable textiles.

Our company site is also focusing on new project developments this year, including the creation of ergonomic workplaces and sustainable furniture made from recyclable materials for businesses. In doing so, we provide exemplary end-to-end supply chain support. Last year, one of our main goals was to increase the use of sustainable materials and to establish sophisticated circular systems within our industry.

For the year 2025, we have already secured a new partner for recycling used materials. Together, we are developing a system to minimize the generation of textile waste and to ensure its sustainable management through circular economy systems. The processing facility on-site has already been inspected for this purpose.

This report documents the sustainability strategy of Daresourcing GmbH to date, its measures to reduce its carbon footprint, and its current social responsibilities, also with a view to the future.





PRINCIPLES OF SUSTAINABILITY

SUSTAINABILITY STRATEGY & GOVERNANCE

Sustainability is a core component of Daresourcing's corporate strategy. The company aligns with international standards such as the Sustainable Development Goals (SDGs), ILO Core Labor Standards, and the principles of the Green Button 2.0.1 certification. Daresourcing advocates for transparent supply chains and climate-neutral production processes. Our 2024 mission statement highlights key sustainability themes and elaborates on them in detail.

SUPPLY CHAIN MANAGEMENT & RISK MANAGEMENT

The governance of the supply chain is a central component of the sustainability strategy. The company relies on close partnerships with certified production facilities and ensures a transparent supply chain through digital traceability. The key measures include digital audits, on-site audits, an anonymous complaint procedure, and regular consultation with suppliers.



SOCIAL RESPONSIBILITY & WORKING CONDITIONS

Daresourcing is committed to fair wages, safe working conditions, and equal opportunities. The company particularly advocates for the rights of migrant workers, women, and other vulnerable groups. A grievance mechanism enables employees to submit anonymous complaints, which are regularly reviewed by management. To date in 2024, no complaints have been received. A central element of optimization is the digitization of this existing complaint procedure.

DIGITIZATION OF THE COMPLAINT PROCEDURE

A central element of optimization is the digitization of the complaint procedure. For this purpose, a comprehensive system has been designed that digitally maps the entire process—from recording and automatic categorization to documentation. Through a ticketing system, complainants, whether anonymous or identified, can track the status of their submissions at any time. Automatic translation functions and a dedicated online portal for factories further improve accessibility and transparency. Regular reporting ensures that all complaints are systematically analyzed and integrated into the continuous improvement process.

ENVIRONMENTAL MANAGEMENT & CO₂ FOOTPRINT

Daresourcing GmbH pursues a climate-friendly production strategy. By 2026, the entire production is to be climate-neutral. Through the introduction of renewable energy, improved water efficiency, and increased use of sustainable materials, the company reduces its CO₂ emissions. Current measures include future production facilities, water recycling, and energy-efficient machinery.

SUSTAINABLE MATERIALS & CIRCULAR ECONOMY

Daresourcing will increasingly focus on organic cotton, recycled polyester, and other environmentally friendly materials in the future. Through collaborations with recycling companies, it is ensured that textile remnants are efficiently reused, thereby strengthening the circular economy. A digital product passport successfully created in 2024 ensures that consumers can access all relevant information on material origin and environmental footprint of a product.

Digital Product Passport:

Each garment receives a QR code that provides the following data:

- Origin of raw materials (e.g., organic cotton from China).
- CO₂ footprint per unit (calculated using ISO 14064).
- Video interviews with factory employees and 360° insights into production.

CERTIFICATIONS & QUALITY MANAGEMENT

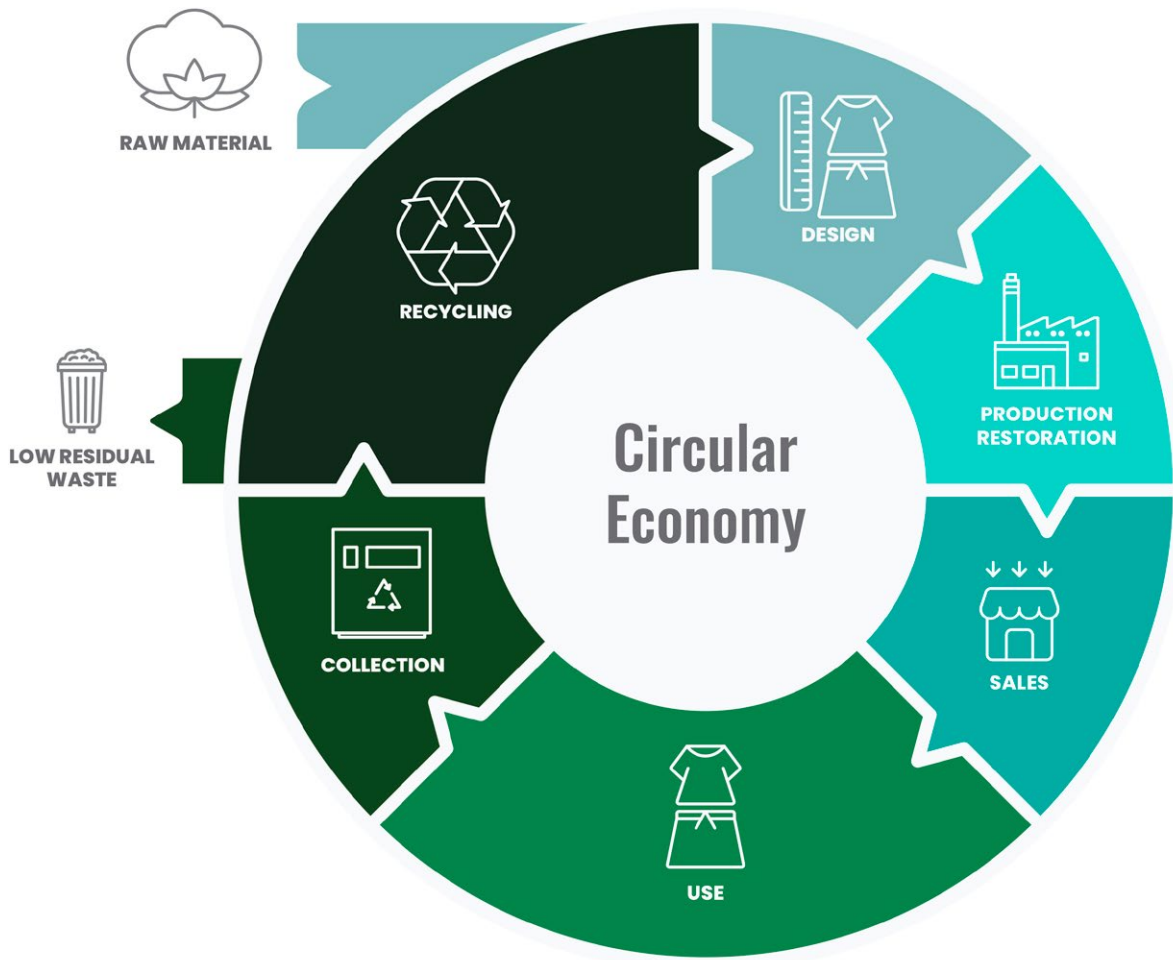
Daresourcing adheres to the highest quality and environmental standards. The key certifications include:

- **OEKO-TEX Standard 100**
- **MADE IN GREEN**
- **Grüner Knopf 2.0**
- **ISO 14001 (Environmental Management)**
- **ISO 9001 (Quality Management)**

These certifications are regularly reviewed by independent institutes to ensure compliance with the highest sustainability standards.



PAST PRACTICES, FUTURE PERSPECTIVES & INNOVATIONS



DARESOURCING PLANS A SERIES OF INNOVATIVE MEASURES FOR 2025 TO FURTHER IMPROVE SUSTAINABILITY:

- Expansion of the circular economy through enhanced recycling infrastructure.
- Development of new materials based on biodegradable substances.
- Strengthening communication with stakeholders along the supply chain and training for department heads and employees.

These measures aim to ensure the company achieves its 2025 sustainability goals and further solidifies its market position as a pioneer in sustainable textiles.

RISK MANAGEMENT AND CORRECTIVE MEASURES IMPLEMENTED IN 2024

Identified Risks

- Political Restrictions: Limited freedom of association in China.
- Environmental Impact: High chemical usage in textile dyeing.
- Working Conditions: Risk of excessive overtime and low wages.

Countermeasures

- Digital Complaint Mechanism:
 - Employees can anonymously report grievances via an online ticket system (accessible via QR code).
 - Monthly reports to the sustainability department (sustainability@daresourcing.de).
- Living Wages:
 - **A wage analysis in 2024 revealed:** Our supplier pays between 5,000 and 10,000 RMB (approx. \$701 - \$1,403) per month (regional minimum wage of the province: 2,280 RMB).
 - **Reference value:** The „Living Wage (No.2022-04-24)“ in the city region is 4,044 RMB (approx. \$557).
 - **Reference value 2:** The „Asia Floor Wage Alliance“ in the city region is 6,512 RMB (approx. €840).
- Consultations:

- On-site workshops on topics such as occupational safety (e.g., handling chemicals) and anti-discrimination.
- Cooperation with the **Textilbündnis** for optimal employee consultation and knowledge transfer.
- Recognized sustainable certification along the supply chain.



PHOTO: The representatives of Daresourcing 2024 at the 10th anniversary of the Textilbündnis

Wage Gap Analysis and Living Wages

To minimize the risk of insufficiently paid wages, a wage gap analysis was conducted. Based on comparative data—such as the minimum wage in Jiangshu province (2,280 RMB, approx. \$320) and the current salary information from our supplier—it was determined that the payment of living wages ranges from 5,000 to 10,000 RMB. These values exceed the minimum requirements defined, for example, in the Living Wage Update Report (China, 2022) and by the Asia Floor Wage Alliance. Additionally, internal discussions and on-site audits confirm that the existing wage structures comply with ILO core labor standards and UN guiding principles. Furthermore, a 2025 action plan will be developed to promote living wages in production facilities involved in wet processing—incorporating training programs, supplier-level gap analyses, and the development of fair financing solutions.



PHOTO: Daresourcing 2024 at the 10th anniversary of the Textilbündnis

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After the on-site audit in June 2024, the implemented protective measures in the work areas were reviewed and assessed as excellent in preventing negative impacts on human rights, the environment, and integrity.

Additionally, a wage gap analysis confirmed that the producer meets all expectations regarding living wages. The comparison values of the Asia Floor Wage Alliance, currently at 6,512 RMB (approx. €849 per month), align with ILO requirements, the UN Guiding Principles on Business and Human Rights, and OECD guidelines for promoting living wages.

Thanks to the fluent language skills of the inspecting employee, Han Xu, positive feedback regarding satisfaction and awareness was also gathered in random conversations with garment workers. The internal sustainability department compiled a detailed list, which was analyzed in the subsequent conference meeting. The analysis consistently followed ILO core labor standards to rule out any violations.

Political and Socio-Ecological Structures

The analysis revealed that political frameworks and social structures in China bundle several risk factors. In addition to the core issues of limited freedom of association and the lack of collective bargaining rights, there is also concern that corruption may lead to the neglect of safety standards, labor rights, and environmental regulations. The simultaneous restriction of press freedom further complicates external communication about potential violations in the supply chain. For this reason, priority was given to addressing this risk.

ANALYSIS RESULTS

Analyzed Groups and Outcomes

- **Low-Wage Workers:**
It is confirmed that, due to the payment of living wages at our supplier, there is no low-wage labor.
- **Women:**
46 employees (87% of the workforce).
- **Low-Skilled Workers:**
The majority of production workers belong to this category, but no low-wage work is identified due to the living wages paid.

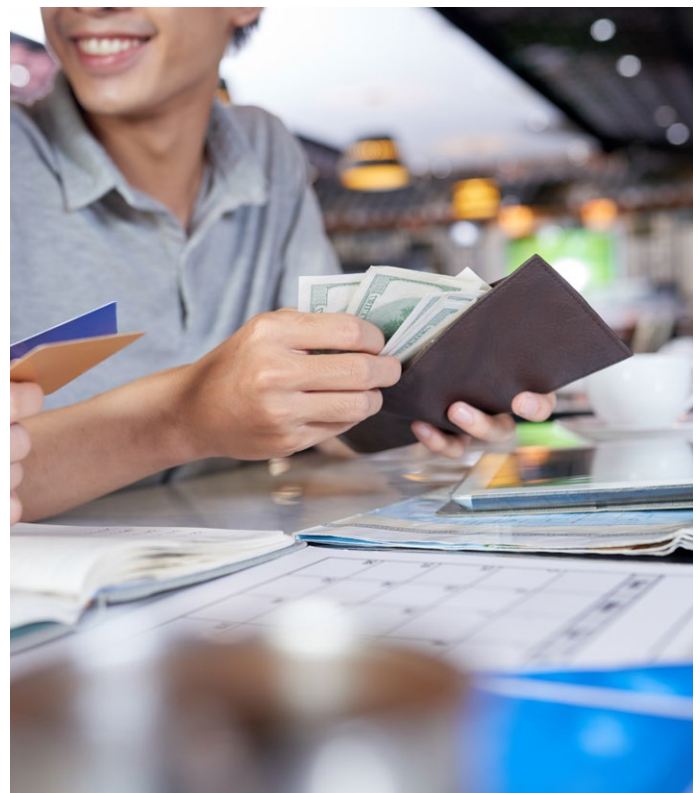
As part of our sustainable corporate strategy, these analytical procedures have been implemented to proactively counteract potential risks. The managing director assumes responsibility for continuously

monitoring conditions in production facilities. Our employees will continue to visit factories regularly to ensure compliance with established standards on-site.

DUE DILIGENCE COMPLIANCE

Living Wages and Working Conditions

Another significant risk area concerns unpaid living wages. It has been established that consistent payment of living wages not only reduces the risk of minimum wage violations and inadequate social benefits but also minimizes negative effects related to excessive working hours, overtime, and the situation



of migrant workers and other vulnerable groups.

When selecting our suppliers, we place the highest priority on compliance with human rights and environmental requirements in accordance with the Supply Chain Act. Corporate due diligence is systematically fulfilled to ensure that all working conditions are fair and meet legal requirements.

Our inspections focus not only on labor law aspects but also on ensuring that factories meet the criteria of the „Grüner Knopf“ (Green Button) certification. We are proud that our selected factory not only meets these criteria but also approaches or even exceeds European standards—particularly concerning modern

working spaces.

Working Hours Regulations in China:

- Daily standard working hours: 8 hours
- Weekly working hours: 40 hours
- Maximum of 3 overtime hours per workday, not exceeding 36 overtime hours per month
- Weekend work is generally allowed, provided that at least one rest day per week is ensured.

All overtime must be compensated either through additional pay or compensatory time off. Overtime pay is 150% on weekdays, 200% on weekends, and 300% on public holidays.

In exceptional cases, flexible or mixed working hours may be agreed upon for specific industries or groups (e.g., managers, drivers, field staff), subject to approval by the relevant labor authority, with

procedures varying regionally.

Our business model features only a few product cycles per year, allowing sufficient lead time for garment development and production. The collections boast lasting market presence and exceptionally high quality, leading to an extended product lifespan. This minimizes the risk of excessive overtime or work accidents due to time pressure.

CONCLUSION

Thanks to our proactive approach and strict controls, we are confident that working conditions in our future factories meet the highest standards and that industry-specific risks are preventively addressed. No deficiencies have been identified so far, allowing us to contribute significantly to socially responsible and sustainable production. Our commitment to workers' rights and environmental protection remains



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a cornerstone of our corporate philosophy.

This success is also attributed to the factory director, who studied and lived in England for an extended period and is well-versed in European standards. She is committed not only out of duty but also out of moral conviction to implementing the „Grüner Knopf 2.0.1“ requirements and protecting people and the environment. This ensures that our common goals are consistently pursued in the long term.

This attitude fosters trust, which is inextricably linked to the values and principles of Daresourcing GmbH.

Trust and responsibility throughout the entire value chain were key criteria for Managing Director D. Ellmer in selecting our suppliers – an essential factor that has contributed to the successful business relationship. Additionally, the production facility offers the opportunity for sustainable expansion in terms of both personnel and space, so that further sustainable projects are already in planning..

ENVIRONMENTAL MEASURES AND CO₂ EMISSIONS

The factory stands out as a clothing manufacturer with low CO₂ emissions and meets international environmental standards. The factory strictly adheres to the ISO 14064 standard to ensure that CO₂ emissions remain within an acceptable range. Environmental measures include, among other things, the separation and recycling of waste to minimize environmental impact during production, as well as extensive greenery on the factory premises, which helps to reduce the CO₂ footprint.

Promotion of Sustainable Materials

Despite the existing quality and management systems (ISO 14001, ISO 9001, and OEKO-Tex Standard 100), increasing the use of sustainable organic cotton and recycled polyester has been defined as a strategic goal. This is intended not only to achieve ecological benefits but also to drive forward innovative technologies for water efficiency and recycling processes. These measures aim to develop a product range that reduces the ecological footprint and meets the requirements of a circular economy.

Procurement and Business Model

The dynamics of the start-up phase require Daresourcing to adopt a flexible procurement strategy in order to respond quickly to market

fluctuations. In this context, short-term procurement sources are utilized while simultaneously striving for long-term business relationships with existing customers and suppliers. The collaboration with our supplier, which has existed since the founding of Daresourcing, enables joint production planning, order decisions, and collective growth. The signing of a cooperation agreement strengthens this partnership and creates incentives to implement projects under the “Made in Green” and “Grüner Knopf 2.0” certifications.

CONCLUSION AND NEXT STEPS

The assessment has shown that the manufacturer meets international standards in the areas of labor standards, workers’ rights, remuneration, safety, and environmental protection. Daresourcing GmbH



will continue to intensify collaboration with our supplier and conduct regular audits and inspections to ensure compliance with regulations and supply chain transparency. This will help to promote higher standards in social responsibility and environmental protection.

Expansion of the Complaint Procedure

To continuously improve the existing “Employee Complaint Management Procedure,” a transparent complaint mechanism has been established in cooperation between both companies. In addition to providing both anonymous and personal complaint channels—which can, for example, be forwarded directly to Daresourcing—a monthly (or bi-weekly in the event of an increased volume of complaints) reporting system has been introduced. This system

documents the nature of complaints, their review, and their processing status. It is further supplemented by a digital submission tool that provides complainants with a ticket number to track their concerns, as well as an automatic categorization and translation function in multiple languages. The goal is to identify and rectify potential deficiencies at an early stage through a continuous improvement process.



DOCUMENTATION & GAP ANALYSIS

INTERNAL EMPLOYEE COMPLAINT MANAGEMENT PROCEDURE

The collaborative partnership between **Daresourcing GmbH** (Heilwigstraße 21, 20249 Hamburg) and its production partners serves to continuously improve the Employee Complaint Management Procedure. The goal is to make the complaint mechanism more transparent and increase accessibility for employees.

Overview of Measures

1. Revision of the Existing Complaint System:

Der Produktionspartner verfügt bereits über ein etabliertes System, das anhand interner Dokumentationen evaluiert wurde. Hierbei wurden im Jahr 2023 gemeinsam thematische Schwerpunkte und Lücken identifiziert

2. Reporting Process:

A monthly reporting instance has been set up. All complaints received through the defined channels within a calendar month are collected and documented. If the volume of complaints increases, the process can be adjusted to a biweekly cycle. This reporting document is then forwarded to Daresourcing (sustainability@daresourcing.de) every four weeks without further request.

The document should include the following points:

- Type of complaints
- Factual review of complaints
- Confirmation or rejection of complaints
- Clarification of already resolved cases
- Open, unresolved complaints

Note: The document does not explicitly state that complaints regarding violations of environmental regulations and integrity can also be submitted. However, an on-site inspection in 2024 found no such violations.

3. Communication to Employees:

It must be ensured that all employees are fully informed about the established complaint mechanism. Ongoing communication takes place through the elected employee representatives. To overcome language barriers, Daresourcing has assigned a German-speaking employee for the on-site inspection.

4. Contact Person for Complaints Against Supervisors:

If complaints are made against management, a neutral contact person – such as a works council



representative, union representative, or HR department staff member – must be designated. Elected employee representatives are available to the workforce. Additionally, complaints can be submitted anonymously and online via the Daresourcing website.

5. Access to Contact Persons and the HR

Department:

Employees are given direct access to the HR department. Contact is possible at any time during business hours, and in addition, complaints can be submitted anonymously via the online complaint mechanism at any time of the day.

6. Complaint Status Tracking:

Using a ticket system, employees can check the processing status of their complaint at any time using a ticket number.

Daresourcing provides a document in which all relevant information – type, review, confirmation, and resolution of complaints – is recorded. This serves as a long-term analysis of trends and enables the derivation of preventive measures. For unresolved complaints, Daresourcing can intervene and provide support, ensuring that both companies gain a comprehensive overview of the issues and derive appropriate measures.

The ongoing on-site inspection by our sustainability department is continuously maintained. The suitability and qualification of the internal contact persons have been reviewed and positively assessed; they act impartially, are independently appointed, not bound by instructions, and are obligated to maintain confidentiality. These requirements are implemented as core elements of the complaint procedure to avoid conflicts of interest. The production partner meets these structural requirements – among other things, in close collaboration with the Hohenstein Institute Shanghai.

EFFECTIVENESS CRITERIA

Below are the guiding questions for reviewing the effectiveness criteria of the UN Guiding Principles, considering the requirements of the Supply Chain Act (LkSG 2024) and the gap analysis:

Legitimate and Rights-Compatible:

- Is there a procedural regulation that describes how complaints are handled?
- Are the responsibilities of the involved parties clearly defined?
- Are regular training sessions offered to ensure understanding of current standards?
- Are the ILO core labor standards and the

framework conditions of the LkSG observed?

Results:

- The 2024 on-site review confirmed continuous communication through the elected employee representatives of the 53 employees.
- The production partner is regularly informed and audited by the Hohenstein Institute regarding current standards.
- A German-Chinese-speaking employee from Daresourcing ensures the overcoming of language barriers.
- Two elected employee representatives have been appointed for the workforce.

Accessible and Balanced:

- Are all relevant details about the complaint procedure provided transparently?
- Does the procedure protect whistleblowers from disadvantages or sanctions?
- Do employees have direct access to contact persons or the HR department?
- How is the content of the procedure communicated to employees?

Results:

- Access to elected employee representatives and the possibility to submit anonymous complaints online is ensured.

Predictable:

- Does the procedural regulation contain detailed information about the individual processing stages and timeframes?

Results:

- The ticket system allows employees to track the processing status of their complaints at any time.

Transparent:

- How is the status of an anonymously submitted complaint communicated?

Results:

- Here too, the ticket system provides the possibility to track progress at any time.

SUMMARY OF FUTURE PERSPECTIVES & GOALS



CIRCULAR ECONOMY PROJECTS 2025–2026

- **Closed-Loop System:**
Goal: Cover 50% of material demand with recycled fibers.
- **Bio-Based Materials:**
Prioritize their standard use.

TECHNOLOGICAL INNOVATIONS

- **Digital Twin of the Supply Chain:**
Monitoring of CO₂ emissions and water consumption.
- **AI-Based Forecasting:**
Optimization of production planning to reduce overstock.

MAINTAINING CERTIFICATION STATUS

- **ISO 14001:**
Successful implementation of an environmental management system.
- **ISO 9001:**
Strengthening quality control through automated monitoring.

IMPLEMENTATION OF SDGS

- **SDG 5 (Gender Equality):**
87% of the workforce in Jiangsu are women – targeted promotion through role models in leadership positions.
- **SDG 12 (Sustainable Consumption and Production Patterns):**

Integration of recycling quotas into corporate goals.

DEEPENING COOPERATION IN CHINA

Social Responsibility on Site:

- **Worker Representation:**
Two elected employee representatives (Xiaoyan Kong and Wenxia Zhang) enable direct dialogue with management.
- **Health Protection:**
Monthly safety training and provision of protective equipment.

Environmental Measures in Jiangsu:

- **Waste Management:**
100% of production waste is separated and recycled (as of 2024).
- **CO₂ Reduction:**
The factory complies with ISO 14064 standards, with an annual emission target of max. 500 tons of CO₂.

CULTURAL BRIDGE-BUILDING

- **German-Chinese Team:**
Sustainability manager Han Xu (fluent in Chinese) coordinates on-site audits and promotes cultural exchange.
- **Local Integration:**
Supporting community initiatives, such as projects aimed at greening and beautifying industrial sites.

MEASURES FOR MITIGATION & REMEDIATION 2024–2025

Management, Implementation, and Objectives for Reducing Sustainability-Related Risks and Leveraging Resulting Opportunities

Introduction and Key Considerations

Based on a comprehensive risk assessment that took human rights, environmental, and integrity-related aspects into account, it became evident that the political and socio-ecological structures in China pose significant risks. These risks—ranging from restricted freedom of association, lack of the right to unionization and collective bargaining, to corruption, disregard for safety and environmental standards, and limited press freedom—are interconnected and influence other risk areas as well.

In light of this, the decision was made to expand the existing complaint process with our supplier to effectively address these challenges. In 2024, we successfully implemented this through our digital complaint management system.

SDG MAPPING AND SUSTAINABILITY PROJECTS

Mapping the Sustainable Development Goals (SDGs)

An integral part of the corporate strategy is linking the 17 United Nations SDGs with the company's values and processes. This project consists of the following phases:

- 1. Identification of relevant SDGs:**
Analysis and evaluation of the relevance of each SDG for the company
- 2. Stakeholder engagement:**
Inclusion of internal and external stakeholders through audits and interviews
- 3. Gap analysis and opportunity identification:**
Assessment of existing practices and identification of areas for improvement
- 4. Development of an action plan:**
Formulation of concrete measures, definition of responsibilities, and setting of timelines
- 5. Integration into corporate strategy:**
Embedding the SDGs into business plans and decision-making processes
- 6. Monitoring and reporting:**
Implementation of monitoring mechanisms and a transparent reporting system
- 7. Communication and awareness-raising:**
Development of communication strategies and awareness campaigns

The goal of this project is to meet international sustainability standards and contribute positively to global development goals. A multi-year data collection and evaluation process is planned, which is expected to be completed by 2026.

Increasing the Use of Sustainable Fibers and Materials

Another project focuses on increasing the proportion of sustainable fibers and materials in the product portfolio. The following measures are being pursued:

- 1. Inventory and analysis:**
Identification and evaluation of currently used materials
- 2. Definition of sustainability criteria:**
Development of clear criteria for sustainable fibers and materials
- 3. Supplier assessment and selection:**
Review of existing suppliers and identification of new sustainable suppliers

- 4. Development of product innovations:**
Research and development of new production methods to maximize the use of sustainable materials
- 5. Pilot projects and prototypes:**
Implementation of test runs to integrate sustainable materials into selected product lines
- 6. Market launch and marketing strategies:**
Development of strategies to communicate sustainability features to customers
- 7. Monitoring and feedback:**
Establishment of monitoring mechanisms and continuous adjustment based on customer feedback

The desired outcome is a product range characterized by a higher proportion of recyclable, sustainable materials. This not only aims to reduce the ecological footprint but also to create a competitive advantage in a market increasingly focused on circular economy and resource efficiency.

PREVIOUS OBJECTIVES AND KEY PERFORMANCE INDICATORS (KPIs) – EXAMPLE

The success of the measures is measured using specific KPIs, which are defined in several areas:

Digitization of the Complaint Mechanism

- Input KPIs:
 - Budget for technology and software
 - Number of employees involved in the implementation process
- Output KPIs:
 - Implementation of the digital complaint ticket system
 - Participation rate in training sessions
- Outcome KPIs:
 - Increased accessibility and transparency of the complaint procedure
 - Improved response times and stakeholder trust

Strengthening the Procurement and Business Model

- Input KPIs:
 - Budget for optimizing procurement and production processes
 - Investments in digital tools
- Output KPIs:
 - Introduction of agile procurement practices
 - Improved collaboration with suppliers
- Outcome KPIs:
 - Increased market flexibility and stability in

production planning
 - Reduction of uncertainties and better responsiveness to customer requests

On-Site Consultation and Communication / Collaboration with the Textile Alliance

- Input KPIs:
 - Budget for on-site audits and information campaigns
 - Number of involved employees
- Output KPIs:
 - Conducting consultations at production sites
 - Further intensification of cooperation with the Textile Alliance
- Outcome KPIs:
 - Improved knowledge of factory workers about their rights
 - Stronger collaboration and a more positive image in the supply chain

Steigerung des Einsatzes nachhaltiger Fasern und Materialien

- Input KPIs:
 - Budget for the integration of sustainable materials
 - Investments in new technologies
- Output KPIs:
 - Increased share of sustainable fibers in production
 - Collaboration with sustainable suppliers
- Outcome KPIs:
 - Reduction of ecological footprint
 - Increased customer satisfaction and market positioning as a sustainable company

Planned SDG Project / Corporate Mapping

- Input KPIs:
 - Budget for sustainable initiatives
 - Number of employees involved in the project
- Output KPIs:
 - Implementation of sustainable measures and policies
 - Integration of environmentally friendly technologies
- Outcome KPIs:
 - Reduction of environmental impact
 - Positive social effects and an improved corporate image

**2024
 Successfully
 implemented!**



SUSTAINABILITY KPIs OF THE TEXTILE COMPANY

1. KNOWLEDGE TRANSFER		
Input (Resources)	Output (Measures & Results)	Outcome (Impact)
Financial: Budget for on-site training, training materials, information campaigns	Conducting on-site training (number, participation)	Improved awareness among factory workers
Human: Employees for training, qualified training staff	Development of training materials	Stronger collaboration with suppliers
Time: Planning and conducting training, coordination with the Textile Alliance	Evaluation of training	Successful implementation in factories
Technological: Infrastructure for training content & communication, digital platforms	Assessment of effectiveness and areas for improvement	Positive image & reputation

2. SUSTAINABLE FIBERS AND MATERIALS		
Input (Resources)	Output (Measures & Results)	Outcome (Impact)
Financial: Budget for integrating sustainable materials	Introduction of sustainable materials	Reduced environmental impact
Human: Employees for transition, training	Collaboration with suppliers (partnerships, guidelines)	Positive customer perception
Time: Transition in production, training preparations	Efficiency improvement (resource conservation, material selection)	Stronger market presence
Technological: Infrastructure & technologies for selecting/evaluating sustainable materials	Successful transition of the production line	Long-term competitiveness

3. RECYCLING / CIRCULAR ECONOMY		
Input (Resources)	Output (Measures & Results)	Outcome (Impact)
Financial: Budget for new circular practices	Einführung recycelbarer Materialien	Reduced environmental impact
Human: Employees for transition	Collaboration with suppliers & recycling companies	Positive customer perception
Time: Introduction and utilization of recyclable materials	Efficiency improvement in processing & circular systems	Stronger market presence
Technological: Infrastructure & technologies for recycling integration	Transition of the production line to recycling integration	Long-term competitiveness through recycled products

OUR SUSTAINABLE DEVELOPMENT 2025 – LIVING RESPONSIBILITY, ACHIEVING IMPACT



As a Hanseatic pioneer in the field of sustainable textiles, we are setting ambitious goals for 2025 to further expand our social, ecological, and corporate responsibility. In line with the requirements of the Green Button 2.0.1, our sustainability strategy focuses on three key areas: Knowledge Transfer, Sustainable Materials, and Circular Economy & Resource Conservation.

In the area of Knowledge Transfer, we are intensifying the training of factory workers on-site and raising awareness of human rights and working conditions through targeted information campaigns. Building long-term partnerships with stakeholders and collaborating with the Textile Alliance promote transparency and trust along the entire supply chain.

These measures contribute to positively changing workplace behavior, improving working conditions, and sustainably strengthening cooperation with suppliers.

When it comes to the integration of sustainable fibers and materials, we are further advancing the transformation of our production processes. Through targeted investments in environmentally friendly technologies, well-thought-out supplier relationships, and clear guidelines for sustainable sourcing, we are reducing the use of harmful materials. At the same time, we are increasing production efficiency, lowering resource consumption, and boosting the share of sustainable fibers in our collections. This not only improves our environmental performance but also strengthens our market position and ability to differentiate ourselves in international competition.

Another focus is on the consistent reduction of primary raw materials and the implementation of a circular economy. We are committed to introducing recyclable materials, expanding partnerships with recycling companies, and adapting our production lines to closed-loop systems. This transformation enables us to significantly reduce textile waste, reuse materials, and make an active contribution to global climate protection.

Through these targeted measures, we are making a measurable contribution to improving the living and working conditions of people in our production countries, as well as protecting our environment through emission reduction and resource conservation. At the same time, we are increasing the satisfaction of our customers, who are increasingly aligning themselves with responsible brands.

Thus, we will continue to uphold our role as a Hanseatic pioneer in sustainable textiles in 2025 by credibly combining economic, social, and ecological sustainability – for the benefit of people, the environment, and future generations.

CONCLUSION & OUTLOOK

Daresourcing GmbH is setting standards in the textile industry with its comprehensive sustainability strategy. Through close collaboration with Chinese partners, the introduction of innovative circular models, and transparent communication with stakeholders, the company is fulfilling its commitment to implementing ecological and social responsibility on a global scale.

The planned projects until 2026 emphasize the goal of not only meeting compliance standards but also actively contributing to the transformation of the industry.





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