



# DECLARATION OF PRINCIPLES

***BayCity***  
Textilhandels GmbH

March 2026 / VERSION 3

## DECLARATION OF PRINCIPLES

### ON HUMAN RIGHTS AND ENVIRONMENTAL RESPONSIBILITY

Corporate responsibility toward people and the environment is a high priority for Bay City Textilhandels GmbH (hereinafter referred to as "Bay City"). The company is constantly working on enhancing and developing its corporate responsibility policies and, to achieve our goals, we rely on partnership-based cooperation that aligns with international principles and conventions such as the International Labour Organization (ILO), and the OECD Guidelines. Through our sustainable actions within the value chain, we aim to continuously improve social and ecological criteria in the long term.

Further information about our commitment to sustainable fashion can be found in our annually issued sustainability report at <https://www.bay-city.de/nachhaltigkeit>.

In the following policy statement, we define the guidelines for socially responsible and fair business practices. We focus on the core topics of social responsibility, environmental protection, and transparency, and we expect our business partners to collaborate in achieving shared goals as part of a long-term partnership. This policy statement is structured into the following chapters:

1. Code of Conduct
2. Our due diligence processes for human rights and environmental protection
3. Grievance mechanisms
4. Reporting



Cornelia Schmidt  
CEO  
Bay City Textilhandels GmbH  
March 2026

## **1. Code of Conduct**

Bay City's behaviour practices are based on the BSCI code of conduct and define the ethical principles and expectations for all employees. It emphasizes respect for human rights, fairness, non-discrimination, and protection of privacy in all interactions. Any form of harassment, bullying, or unequal treatment is prohibited, and employees may raise concerns freely through internal or independent external whistleblowing channels. Employees must avoid conflicts of interest, which include obtaining approval for secondary employment and refraining from activities or shareholdings that conflict with Bay City's business. Strict rules also govern the offering or acceptance of gifts, which are only permitted when they comply with law, ethical business practices, and do not influence decision-making. Additionally, employees are required to protect confidential information and follow data protection standards under the EU-DPR, supported by regular training and updated guidelines. Bay City prioritizes occupational health and safety, providing training, preventive health measures, and swift adaptation of processes in emergencies such as pandemics. Awareness and responsibility regarding Corporate Responsibility (CR) topics are strengthened through continuous training and transparent communication of Bay City's activities, commitments, and certifications.

Beyond its own facility, Bay City requires all business partners to comply with binding social and environmental minimum standards as a condition for any business relationship. These expectations are formalized in the commitment to the amfori Code of Conduct, supported by a Zero-Tolerance Policy and an Escalation Process, which establishes mandatory social, environmental, and ethical criteria for all business partners. Suppliers must also ensure transparency across the entire supply chain, use only approved production sites, and meet all requirements confirmed through internal audits and due-diligence processes. Compliance with human rights and worker safety is essential, reinforced by Bay City's long-standing participation in industry initiatives such as amfori BSCI and the International ACCORD, which conduct regular, independent audits and help suppliers implement corrective measures. Suppliers must disclose all production stages, and agents must guarantee that standards are met throughout their networks.

## **2. Our due diligence processes for human rights and environmental protection**

As part of our due diligence process, we examine human rights and environmental risks within our business practices and our supply chain. Based on this, we constantly apply and follow up measures to minimize human rights and environmental risks. In our due diligence process, we prioritise the areas where the greatest human rights and environmental risks exist and where we see our strongest opportunities for influence. The related risk analysis can be found in our annually revised risk report, available at <https://www.bay-city.de/nachhaltigkeit>.

To mitigate social issues connected to our business, we rely on robust programmes such as Amfori and Accord, as well as their well-known grievance channels. Furthermore, to facilitate communication, our CSR team in Asia (based in Bangladesh, with a representative also in China) is in constant communication with factories, facilitating the process and enabling us to follow up

directly on any identified matters during announced or unannounced visits.

Regarding environmental aspects, Bay City maintains a strong portfolio of certified products, including organic and recycled fibres as well as upcoming responsible animal-fibre standards. The majority of our manufacturing partners operate with certified processes and follow strict chemical management programs to ensure safe, responsible production. As part of our commitment to quality and compliance, we rely on our Quality Checklist—an annex to our General Terms and Conditions for every order—which defines binding chemical and physical requirements that must be met.

A significant environmental milestone for Bay City is the introduction of our carbon-footprint calculation, which has included Scope 3 emissions since the 2024 data cycle. We are committed to aligning our targets and reduction measures with the Science Based Targets initiative (SBTi), reinforcing our long-term pathway toward climate responsibility and transparent emissions management.

### **3. Grievance mechanisms**

As a member of the International ACCORD, Bay City uses the established grievance mechanisms available for production sites in Bangladesh. We maintain ongoing communication with local workers and ACCORD partners to address concerns and ensure timely remediation. In addition, we rely on the Speak for Change grievance mechanism from amfori BSCI in further sourcing countries where the system is available. Since no comprehensive, industry-wide mechanism currently exists in China, we advocate for collective solutions, as individual brand systems are typically ineffective. Other customer-specific systems are also available in selected sourcing markets. To ensure factories have functioning internal grievance systems, Bay City also conducts an additional survey using its own assessment form and monitors performance regularly, enabling us to evaluate effectiveness and initiate improvements where needed, following our processes flow charts for escalations and zero tolerance cases.

Internally, Bay City — as part of the Schmidt Group — also provides its employees with an independent whistleblowing channel operated by a third-party provider. This system allows employees to submit concerns or complaints confidentially or anonymously, ensuring a safe and trusted reporting environment. The CSR team ensures that information about this channel is regularly communicated through training sessions, internal updates, and other employee communication formats.

### **4. Reporting**

The management of Bay City is regularly and, when required, promptly informed about all relevant aspects of risk management, as well as preventive and remedial measures. This exchange takes place through scheduled Jour Fixe meetings with the designated board member responsible for corporate responsibility and compliance. Annual certification results and related reports are communicated internally to equip leadership with transparent insights into performance and developments across the supply chain. These updates support the management team in making informed, forward-looking strategic business decisions.

# BSCI Code of Conduct

Our enterprise agrees to respect the following principles to exercise human rights due diligence and environmental protection in as set out in the amfori BSCI Code of Conduct.

## amfori BSCI Principles

### Social Management System and Cascade Effect

Our enterprise endorses the amfori BSCI Code of Conduct Principles through all the functions of our company and embeds the principles in our system.

### Workers Involvement and Protection

Our enterprise informs all workers about their rights and responsibilities and protects workers in line with the aspirations of the amfori BSCI Code of Conduct.

### The Rights of Freedom of Association and Collective Bargaining

Our enterprise respects the right of workers to form and join trade unions and bargain collectively.

### No Discrimination, Violence or Harassment

Our enterprise treats all workers with respect and dignity, ensure that workers are not subject to any form of violence, harassment, and inhumane or degrading treatment in the workplace and does not discriminate against workers.

### Fair Remuneration

Our enterprise respects the right of workers to receive fair remuneration and works progressively towards the payment of a living wage.

### Decent Working Hours

Our enterprise observes the law regarding working hours and adheres to the international references for specific exceptions.

### Occupational Health and Safety

Our enterprise ensures a healthy and safe working environment, identifying potential and actual risks to the health and safety of workers and taking all necessary measures to eliminate and reduce them.

### No Child Labour

Our enterprise does not employ, directly or indirectly, any worker below the legal minimum age.

### Special Protection for Young Workers

Our enterprise provides special protection to young workers against conditions of work which are prejudicial to their health, safety, morals, and development.

### No Precarious Employment

Our enterprise does not engage in, or through business partners, complicit to, any form of servitude, forced, bonded, indentured, trafficked or nonvoluntary labour and adheres to international principles of responsible recruitment.

### No Bonded, Forced Labour or Human Trafficking

Our enterprise does not engage in, or through business partners, be complicit to, any form of servitude, forced, bonded, indentured, trafficked or nonvoluntary labour, including state-imposed forced labour.

### Protection of the Environment

Our enterprise implements adequate measures to prevent, mitigate and remediate adverse impacts on the surrounding communities, natural resources, climate, and the overall environment.

### Ethical Business Behaviour

Our enterprise does not take part in any act of corruption, extortion, or embezzlement, nor in any form of bribery.

## amfori BSCI Values

### Code Observance



### Protection of Vulnerable Persons



### Grievance Mechanism



## ZERO TOLERANCE POLICY

### DEFINITION

Our ZERO TOLERANCE POLICY focuses on issues which directly jeopardize and/or harm in physical and/or psychological terms respective vulnerable groups and/or violating their fundamental human rights. Zero Tolerance cases are (following amfori BSCI Zero Tolerance Protocol):

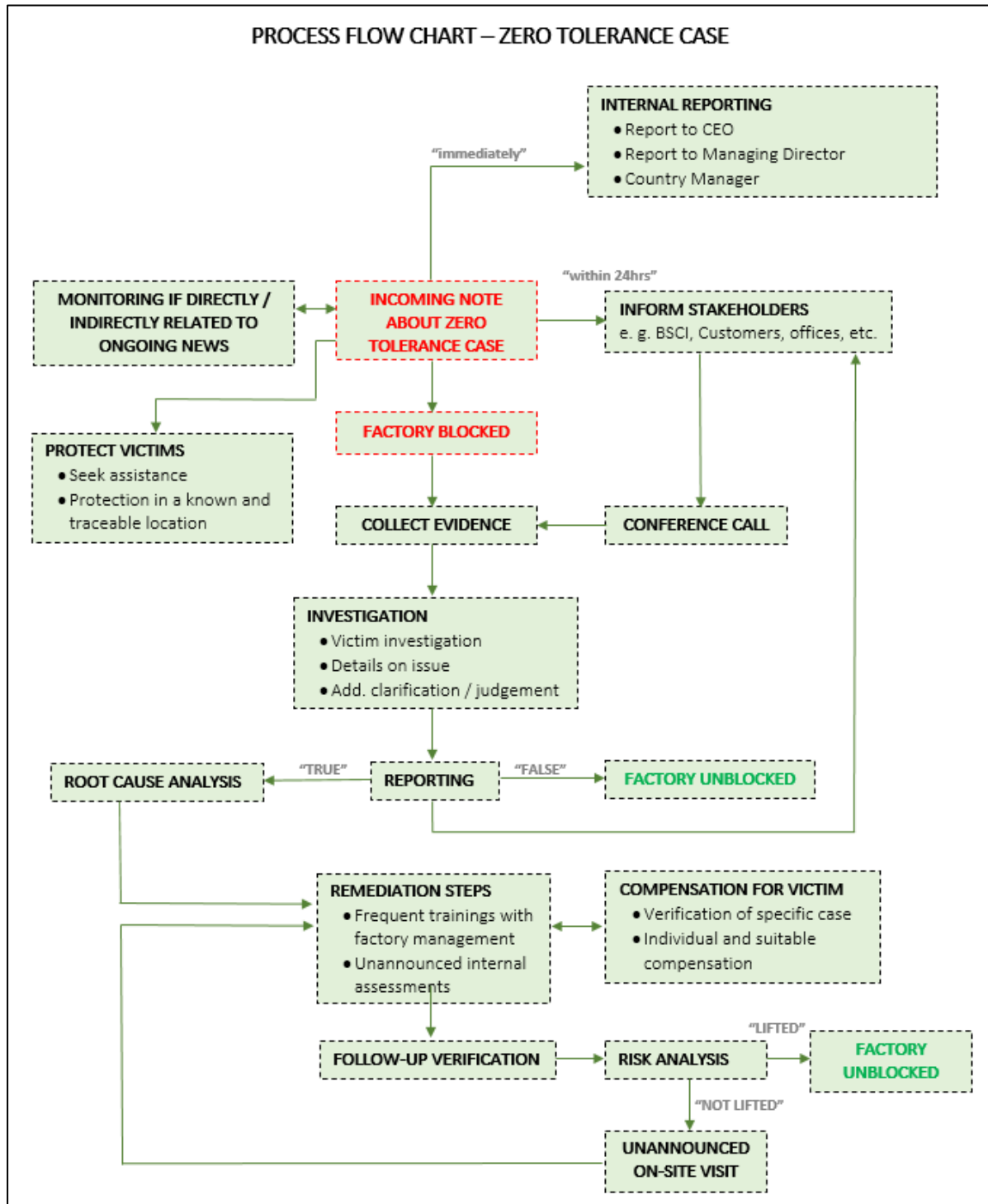
- **Child Labour** – Factory employs workers who are younger than 15 years old (or the legal minimum age defined in the country) or workers younger than 18 who are subjected to forced labour.
- **Bonded Labour** – Factory does not allow workers to leave the workplace or forces them to work overtime against their will. Factory uses violence or the threat of violence to intimidate workers to force them to work.
- **Inhuman Treatment** – Factory applies inhuman and degrading treatment, corporal punishment (including sexual violence), mental or physical coercion, and/or verbal abuse against its' workers.
- **Occupational Health and Safety** – Occupational health and safety violations that pose and imminent and critical threat to workers' health, safety, and/or lives. There is no satisfactory evidence that the factory respects the workers' right to remove themselves from imminent danger without seeking permission, installed an adequate amount of properly working firefighting equipment, ensures that escape routes, aisles and emergency exits in the production site are not blocked, easily accessible and clearly marked and ensures adequate safeguards for any machine part, function, or process which may cause injury to workers.
- **Unethical business** – Factory attempted bribery and/or intentionally misrepresents the supply chain (e.g. hiding production sites, lacking a business license, and purposefully under-declaring the size of the workforce).
- **Un-authorized Sub-contracting** – Factory has engaged any other sub-contracting factory for production without our knowledge and approval. This is a violation against our transparency and dignity policy.

Furthermore, our ZERO TOLERANCE POLICY covers significant harmful impacts threatening directly the environment. Zero Tolerance cases are:

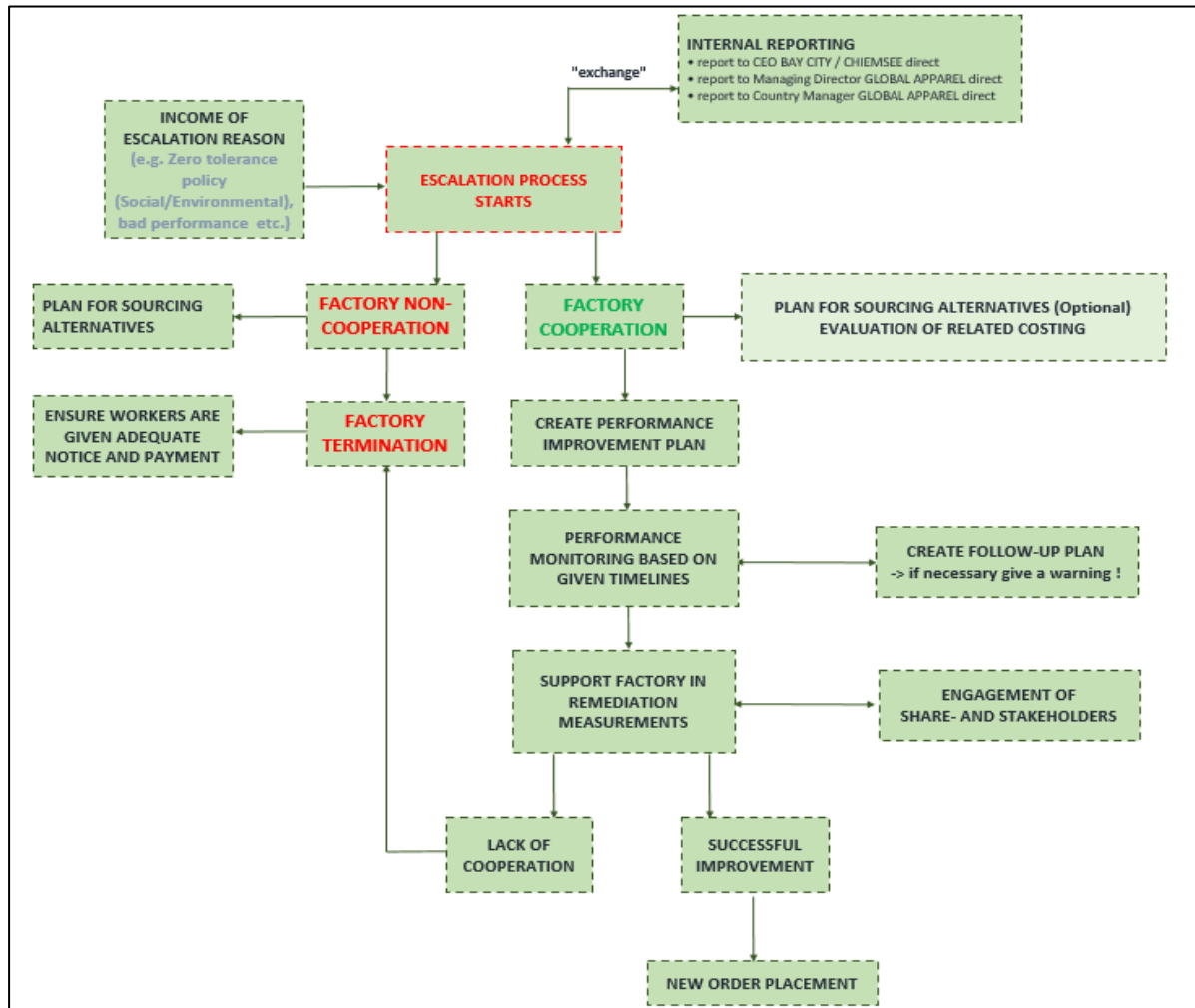
- Missing or dis-functional Effluent Treatment Plan (ETP)
- Dis-functional or incomplete bypass drainage line
- Contamination of soil through chemicals and industrial wastage

These respective issues require an immediate and consistent intervention, i.e. prompt stop of the Issue(s) and implementation of enduring remediation process as well as continuously monitoring of taken corrective actions. Unless risk analysis has not been verified as being lifted, no further orders are being placed at respective factory.

Appendix III: Process flow chart – zero tolerance



Appendix IV: Process flow chart – escalation



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