

SUSTAINABILITY REPORT

2024



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1 MESSAGE

FROM THE CEO

As the newly appointed CEO of Bay City, I am honoured to address you at this moment.

You may be aware that the fashion industry is in a crucial stage, with new sustainability norms and laws being established, posing additional challenges, especially amid recent economic instabilities in the market. However, we recognize that these steps are essential for securing the future of our business. In 2024, we have worked relentlessly in many areas, and I am proud to highlight our significant progress related to our environmental footprint, product certifications, as well as transparency throughout our supply chain.

We are deeply grateful for the unwavering support of our shareholders and long-standing partners. Together, we can navigate the challenges ahead and continue to uphold our purpose with integrity and determination.

Thank you for being part of our journey.

JENS ROTHBERGER

CHIEF EXECUTIVE OFFICER

MARCH 30, 2025

2 COMPANY

2.1 PROFILE

2.1.1 BAY CITY - SUSTAINABILITY FOR EVERYONE

BayCity

Textilhandels GmbH

SUSTAINABILITY FOR EVERYONE

Fashion is the core business for Bay City, a family-owned company founded in 1975. As a key player in the European textile industry, Bay City operates globally and oversees nearly every aspect of a modern and sustainable supply chain, including design, product development, purchasing, production, logistics, and services.

Bay City’s success is built on two main pillars: its own brands and the private label segment. Each brand maintains its distinct identity while embracing a shared philosophy of responsible fashion, as our slogan says: “Sustainability for everyone.”

The company upholds high standards by collaborating exclusively with audited production facilities and ensuring that materials meet the most stringent environmental requirements. By utilizing the latest digital technologies, Bay City stays ahead of trends, streamlines development processes, and delivers reliable service.

Since July 2021, Bay City has been using the EcoVadis platform, the largest global sustainability rating platform, to assess its business activities in the areas of environment, labour and human rights, ethics, and sustainable procurement. In 2024, Bay City was awarded the Bronze Medal, placing it among the top 35% of companies evaluated by EcoVadis.



Bay City is part of the **Schmidt Group**, headquartered in **Norderstedt**. The group includes further companies across various sectors:

- **Textile:** Fashioncenter GmbH, CHIEMSEE GmbH & Co. KG, Okamoto Sportswear GmbH, Global Apparel Ltd.
- **Logistics:** TSL Textil-Service & Logistik GmbH
- **IT:** DV-SysTec Systementwicklungs GmbH



2.1.2 BRAND PORTFOLIO

Bay City offers a diverse range of brands that appeal to various customer groups, catering not only to established buyers but also to new audiences.



At DETTO FATTO, we established a new milestone! We have launched the first fashion brand worldwide 100% Cradle to Cradle Certified, with products reaching gold and silver levels. Each garment is designed with biodegradability in mind, including all materials such as fibres, sewing thread, labels, printing inks, and packaging. Detto Fatto is dedicated to creating fashion which does not compromise our future.



NAVIGATOR, founded in 1998, specializes in sailing-inspired sportswear and lifestyle fashion. The brand’s designs are characterized by clear shapes and colours, emphasizing functional style suitable for both everyday wear and maritime experiences where social and environmental aspects are also considered.



POLO SYLT reflects the elegance and international nature of polo. It combines classic British style with a modern outlook, honouring both tradition and contemporary trends. The brand’s designs are influenced by global ideas and the distinctive character of Sylt, capturing a blend of Nordic charm and sophistication. Sustainability aspects are being incorporated in different levels according to product groups.



Since 1976, COLORADO DENIM has drawn inspiration from the natural beauty of Colorado, including the Rocky Mountains and the Colorado River. The brand emphasizes sustainability through a timeless design approach. The focus is on essential, durable pieces like blue denim and white shirts.





OKLAHOMA Jeans focuses on authentic American jeanswear, offering various fits including skinny, straight, bootcut, and slim. The brand aims to a precise fit achieved through a blend of cut and material. Sustainability is thus provided beyond material certificates, as a great fit jeans will be worn for longer.



Expand stands for the workwear for your needs. Close collaboration between design and technical development ensures our collection is functional, durable, and meets social and ecological standards.



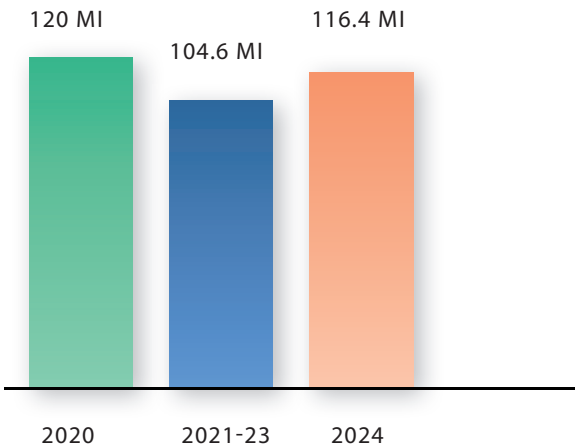
In addition to our own brands, we develop and distribute **licensed products** from well-known brands such as Emoji, Gardena, Jette, Jette Sport, and Uncle Sam.



2.1.3 SALES MARKET AND TURNOVER

Our customers, primarily from European countries, include leading international discounters, brick-and-mortar fashion retailers, and mid-price segment stores. In the expanding online sector, we have shop-in-shop solutions in the B2B market and have grown our B2C presence with our own brand shops.

The annual turnover for 2024 was approximately €116,400,000, reflecting growth compared to the previous year.



As shown in the graphic below, we remain focused on the private label business, which represented approximately 80% of the total turnover in 2024. Our licensed product business has grown over the past four years, now representing 8.2%, and the share of own brands has also increased.

SEGMENT SHARE OF TOTAL TURNOVER	2021	2022	2023	2024
Own Brands	5.23%	2.21%	4.36%	11,3%
Licensed Products	0.84%	3.27%	8.15%	8,2%
Private Label	94.77%	95.27%	88.33%	80,5%

2.2 CORPORATE GOVERNANCE

Bay City’s responsible corporate governance encompasses following social, environmental, and economic aspects that are detailed in the following chapters of this report:

- Fair business practices, such as employee-oriented HR policies,
- Protection of climate and environment,
- Local engagement,
- Economical use of natural resources,
- Responsibility in the supply chain

Instructions for relevant employees on implementing sustainable corporate governance are provided in the **Buying Policy** and our **Due Diligence Management Processes**. As part of those processes and in light of the inherent risks and challenges of our business, we regularly conduct a risk analysis. This analysis includes assessing country, product, and material risks, with a particular focus on potential human rights violations within our value chain. The results serve as a crucial foundation for identifying necessary measures to ensure continuous improvement in our supply chains. The methodology and results are detailed and regularly updated in our Risk Report. The latest versions of our **Declarations of Principles** and the **Risk Report** are available on our corporate website under the sustainability section at <https://www.bay-city.de/en/sustainability>.

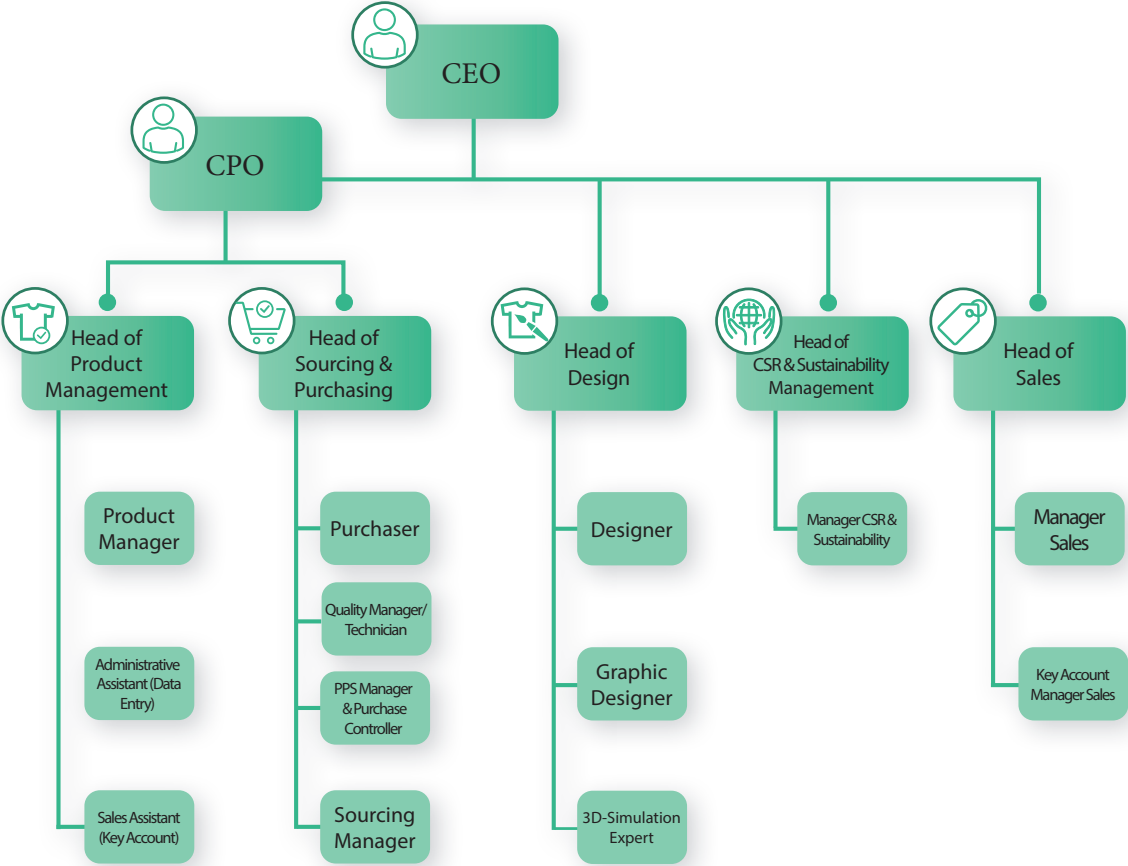
Data protection is a top priority in all our processes and operations. We regularly review and update our **data protection practices and policies** to ensure compliance with the latest requirements.



2.3 EMPLOYEES

2.3.1 ORGANIZATIONAL STRUCTURE AND STATISTICS

Outlined below is the organizational structure.



Based on our 2024 data, the following numbers provide a **brief overview of our employees:**



Total of 104 employees, with 80 female and 24 male employees.



There are 6 women in management positions.



Employees from 14 different nationalities.



The company has 83 full-time employees and 21 part-time employees.



There are 9 employees currently on parental leave.



Employees work an average of 4 years at the company.



There are 17 employees who have been with the company for 10 years or more.



The company hired 20 new employees and had 50 employees leave.

2.3.2 OUR SUSTAINABLE CORPORATE CULTURE

At Bay City, we are committed to making both the professional and personal lives of our employees more sustainable. Our **flexible working hours** system allows employees to adjust their schedules around core working hours to better suit their personal needs. We promote sustainable commuting by offering the **HVV (Hamburg public transport association)** ProfiTicket, which is currently used by nearly 25% of our staff. We are continuously exploring additional ways to support eco-friendly travel. Employees also benefit from various discounts on leisure, sports, and travel activities. Our regular sample sales offer **discounts to employees** and help prevent the disposal of unsellable goods.

At Bay City, we also understand the importance of adequate rest for physical health and energy. With this in mind, we offer a dedicated space at our headquarters, the **Silence Room**. The room provides a relaxing and safe space for employees to take short breaks during the day. Throughout the year, the employees are regularly reminded of the existence and availability of this room, encouraging its use whenever needed.



2.3.2.1 BAYVOLUTION - OUR CHANGE PROJEKT

In September 2024, Bay City embarked on its first-ever Change Project, inviting employees to voice their concerns and ideas. Recognizing the need for improvement in corporate culture, the initiative aimed to optimize processes, clarify responsibilities, and enhance regular, transparent communication. During times of crisis, it became evident that changes in behaviour at individual, team, and management levels were necessary.

The project kicked off with a town hall meeting to present the initiative and invited employees to suggest a name. The winning idea, „Bayvolution“, was rewarded with a voucher, and many others contributed valuable input. Following this, a survey was conducted to assess collegial behaviour among colleagues, team leaders, and directors. The results were shared in a subsequent town hall meeting were also our first behaviour guidelines were presented:

- I am a team
- I behave in a collegial manner
- I act in a solution-orientated manner
- I think and act across departments
- I adhere to structures and processes
- I treat my colleagues the same way colleagues the way I would like to be treated myself
- I am reliable and committed

This project will guide further exchanges and actions throughout 2025 to foster continuous improvement, with the belief that we are building a stronger, more collaborative company together.

2.3.2.2 INTERNAL TRAININGS

Understanding the importance of integrating sustainability into the company’s core processes is crucial for all employees. Customer specifications and the company’s own targets are key factors in this process. Our CSR team collaborates with all departments, providing support through training and assistance with process definitions. In 2024, our new initiative, the **Sustainability short trainings** (Sshots), was launched, a combination of trainings, newsletters, and consultation hours:

1. Every two months, our CSR team conducts training sessions for the purchase and development teams on relevant topics. These sessions cover a range of subjects, including updates on product and factory certifications, the company’s risk analysis, and new customer requirements related to CSR.
2. Every month, a newsletter is sent by our CSR team to all employees of Bay City with tips and tricks about sustainable topics relevant for office and private life.
3. The CSR team organizes a consultation hour twice a month for all Bay City employees, providing an opportunity to discuss relevant sustainability topics in person.

Our CSR team actively participates in key stakeholder events, workshops, and training sessions to stay informed about the latest challenges and trends related to social and environmental topics in the garment industry. In 2024, the team attended 15 events, covering topics such as new legal requirements, circularity, science-based targets, product compliance, and more.

Furthermore, at our Norderstedt office, we receive professional advice, support, and training from external specialists in fire protection and occupational safety. We ensure that a portion of our workforce is trained as **emergency responders**. At the shared office space with the sister company Chiemsee GmbH & Co. KG, there are 6 fire protection assistants, 6 first aiders, and 11 evacuation helpers.

Employee training is further supported by various user trainings and instructions on **data protection**. Most of our employees have participated in such trainings.

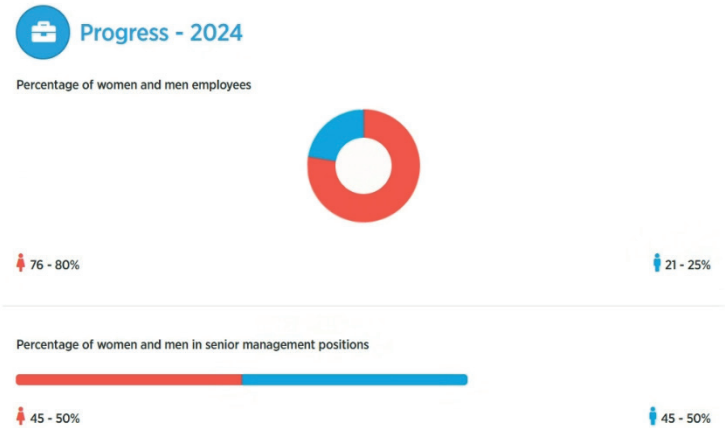
2.3.2.3 WOMEN’S EMPOWERMENT

The Women’s Empowerment Principles (WEPs) consist of seven principles designed to support companies in promoting gender equality in the workplace, in the market, and within our corporate environment. The WEPs were established by the United Nations Women and the United Nations Global Compact and are based on international labour and human rights standards.



By the end of 2024, Bay City, with nearly 80% of its workforce being women, updated and submitted its annual WEP report. This publicly accessible report reflects our commitment to transparency in social compliance and workplace equality. Since becoming a WEP signatory in 2023, we have consistently reported our data, identifying areas for improvement.

Essential discussions as well as positive exchange between management and workers on topics like career, salary, and parental leave are conducted without discrimination, confirming our commitment to equal treatment to all. Further, our CSR department provides diverse communication channels for employees to report any misbehavior, ensuring a safe and healthy work environment. Thankfully, there have been no complaints about this nature so far.



2.3.3 GRIEVANCE MECHANISM

On a voluntary basis, Bay City has established an internal **whistleblowing system**. Since January 2023, we have been using the portal of the Atarax Group, an expert in strategic corporate security, for this purpose. The system addresses issues such as violations related to antitrust law, corruption, human rights abuses, discrimination, or bullying within the company. If Atarax receives a complaint, the designated representatives of Bay City will be informed to investigate the matter and, if necessary, take appropriate measures and make corrections. The whistleblower will receive feedback from Atarax, provided the report was not submitted anonymously. By the end of the year 2024, no complaints had been made through the portal.

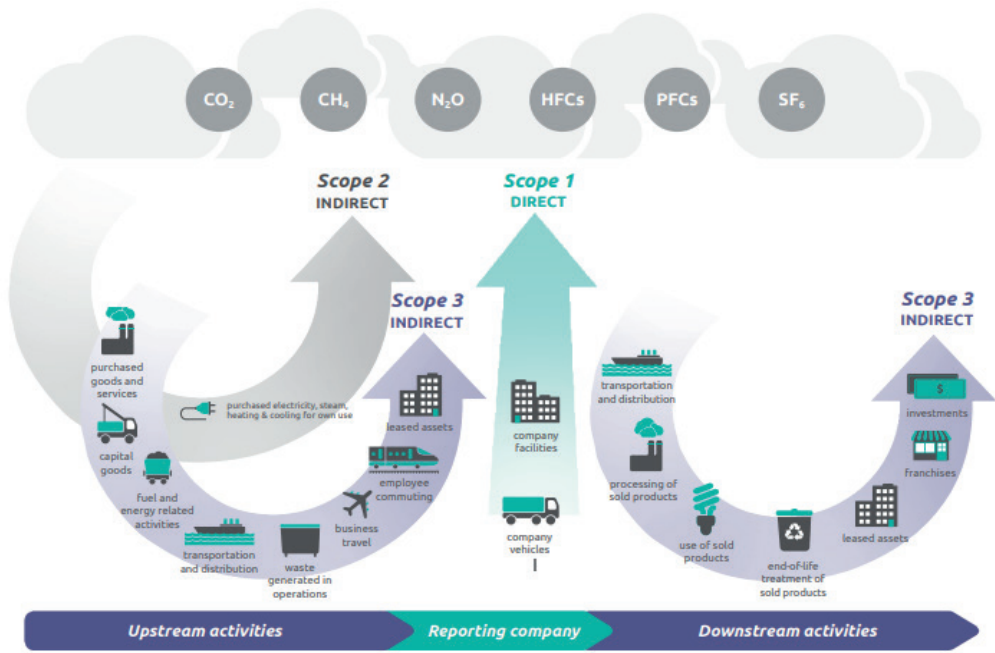
The introduction of the whistleblower system does not affect the existing options for employees to confidentially approach department heads or directly contact management. Our **idea-boxes**, placed throughout the Schmidt Group office building, remain available for employees to submit grievances or suggestions, either anonymously or non-anonymously. In 2024 only one anonymous submission has been made through these idea-boxes.

2.4 CLIMATE AND ENVIRONMENTAL PROTECTION

At Bay City, we are committed to protecting the environment and fulfilling our responsibility to create a sustainable future for both current and future generations. We actively pursue resource-conserving practices and invest in clean, sustainable solutions to ensure a better tomorrow.

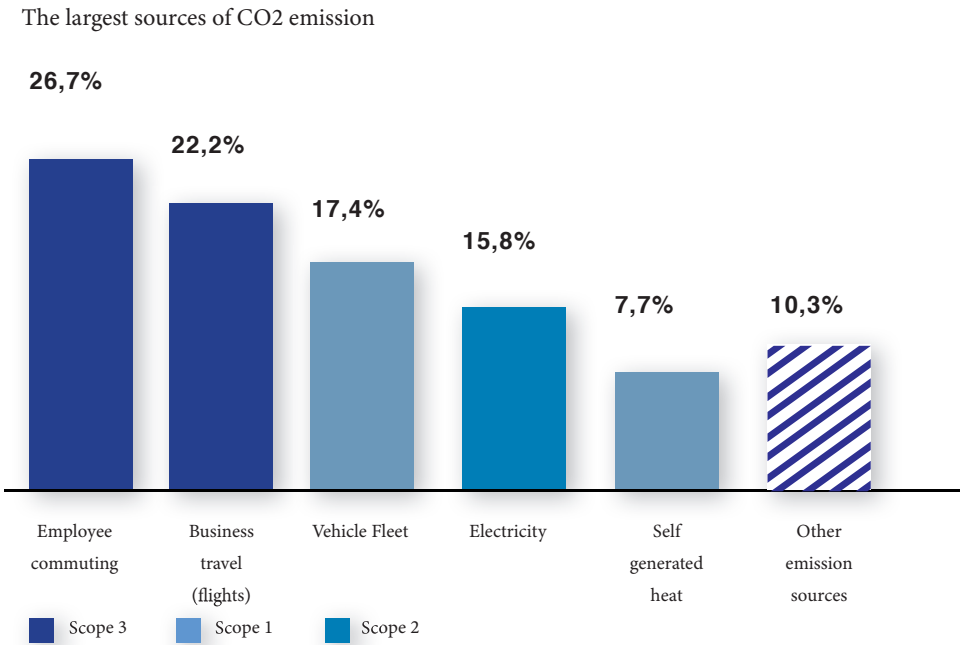
2.4.1 CORPORATE CARBON FOOTPRINT

To understand the impact of our business on climate change and to meet our customers’ demands, we have initiated efforts to calculate our corporate carbon footprint. To enhance our climate action and sustainability efforts, Bay City has been collaborating with the consulting firm Climate Partner since 2023. Through training provided by Climate Partner, we have gained a better understanding of the GHG Protocol and the best practices for calculating emissions. The graphic below provides an overview of the GHG Protocol scopes, emissions across the value chain, and the data we need to collect



[Link to graphic: https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf]

In 2024, for the first time, we calculated our CO2 footprint for previous years, including Scope 1 and 2 emissions and partly Scope 3 emissions. The graphic below shows the major CO2 emission sources reported for 2023.



Based on our 2023 results, we have begun analyzing areas for improvement and, in collaboration with Climate Partner, will explore opportunities to reduce emissions. As shown in the graphic, employee commuting and business travel, both Scope 3 emissions, are among the largest sources of emissions. However, we understand that the production of our purchased goods may have the most significant impact on Bay City’s carbon footprint. To address this in the long run, Bay City relies on robust measurement systems from its business partners and actively supports them in this effort.

Transportation and distribution in both upstream and downstream activities also significantly impact Bay City’s corporate carbon footprint. In 2024, we calculated emissions from upstream and downstream transportation for the first time and observed the substantial impact of air shipments on our CO2 footprint. Further internal discussions are ongoing to determine how to address this. Due to some uncertainties in the data, we have decided to present these findings in a later report.

2.4.2 GROUNDWATER NEUTRALITY



To minimize our environmental footprint, we are committed to gradually offsetting our water consumption at our office to achieve groundwater neutrality. As mentioned in our previous report, our plan involved planting deciduous trees, each of which generates two hundred litres of drinking water per year. By 2021, we reached our goal by **planting 1,611 trees** in Forst Kloevensteen near Hamburg through our partner Klimapatenschaft. These trees not only provide a balanced water supply but also create habitats for various animal and plant species, contributing to biodiversity preservation. Additionally, they enhance ecosystem resilience, prevent soil erosion, and protect surrounding areas from wind and frost. As part of a new initiative, since 2023, we have been **planting one tree for each employee’s birthday** as a sustainable alternative to given floral bouquets. By the end of 2024, a total of 2,101 trees have been planted.

3 KEY INSIGHTS INTO OUR DIGITAL TRANSFORMATION

In the field of developing sustainable supply chains, our digital journey focuses on transparency, traceability, and data-driven decision-making. In this chapter, we highlight the core elements of our digital transformation: from supplier lifecycle management and ESG compliance tracking to measuring factory-level resource consumption and CO2 emissions. These initiatives demonstrate how we are embedding digital innovation into the heart of our sustainability strategy.

3.1 OUR DIGITAL APPROACH OF SUPPLIER LIFECYCLE MANAGEMENT

From the beginning of a business relationship with a supplier until the end, all required supplier information is stored in a self-developed web-based software that we have been using since 2021 and which is further developed according to our requirements. This software supports us in managing all data relevant to social and environmental compliance throughout the supplier relationship. To date, we have successfully integrated more than 2,500 suppliers into this system, maintaining active profiles and adding new suppliers as needed.

Since 2022, we have been providing software access to our most strategically important suppliers. Our goal is to expand system access to all factories in Bangladesh and to our agents in other countries, further enhancing the accuracy of our data and improving the efficiency of our supply chain operations. This initiative enables factories to keep all relevant information up to date and fully leverage the software's features. All documents uploaded by the factories are verified by our on-site employees, ensuring the accuracy and reliability of the data.

However, we recognize that our system is not the only software solution in use. Many buyers require factories to use their own systems, resulting in duplicate data entries and unnecessary extra work at the factory level. We are actively seeking potential partners to automatically synchronize data between our system and others, thereby minimizing the efforts required from the factories.

3.2 WEB-BASED DATA MANAGEMENT FOR ESG COMPLIANCE AND IDENTIFICATION OF RISKS

For Tier 1 suppliers, we gather not only basic information – such as the address, number of employees, product types, name of the company group, and details of upstream and downstream suppliers – but also risk-related data to help mitigate country- and industry-specific risks. This includes data such as the number of buildings, information about the building structure and size, firefighting equipment, and firefighting staff.

Based on these insights, we collect and regularly update legally required documents from each factory. For instance, to ensure boiler safety, we determine the number and location of boilers and collect the corresponding boiler licenses and boiler operator certificates. We require 29 updated legal documents for Tier 1 factories in

Bangladesh and 14 for those in China and other countries. This allows us to receive daily updates on the legal compliance of our factories. Of course, common factory and product certificates, as well as third-party audit reports, are also managed in our software.

Our systematic approach to uploading these numerous document types provides us with a clear overview of document validity and compliance with our required social and environmental standards. An intuitive visualization highlights these details, while our task management feature alerts the responsible CSR Managers when documents are missing or nearing expiration.

The system's modular structure allows us to use it for many compliance-related activities. Our aim is to document each interaction with the factories that is relevant for monitoring social and environmental compliance and progress. In 2024, we successfully digitalized several processes that previously relied on Excel files and email communication. For example, we have begun using the system to document all types of complaints reported in our factories through various reporting channels. The system provides a clear overview of the complaint status, actions taken, and outcomes.

Unforeseen events – such as fire incidents or demonstrations affecting factory operations – are also documented and investigated using the system's comprehensive documentation function. One of our latest features includes a news alert function, which stores and classifies publicly available negative news about a factory. This data enables us to identify potential risks in a timely manner and take the necessary actions. Additionally, documenting factory training sessions, factory assessments, and other on-site visits helps us track and record these actions effectively.

3.3 QUANTIFYING DATA TO TRACK FACTORY CONSUMPTION AND CO2 FOOTPRINT

To meet our stringent requirements for measuring CO2 emissions, we have developed our own system to monitor and track all types of resource usage, including electricity, gas, and water, as well as other data relevant to our CO2 footprint, such as business travels, hotel stays, or paper consumption. To collect this data, we use a mobile app that we developed. The app allows us to upload invoices with consumption data, as well as meter readings and supporting evidence.

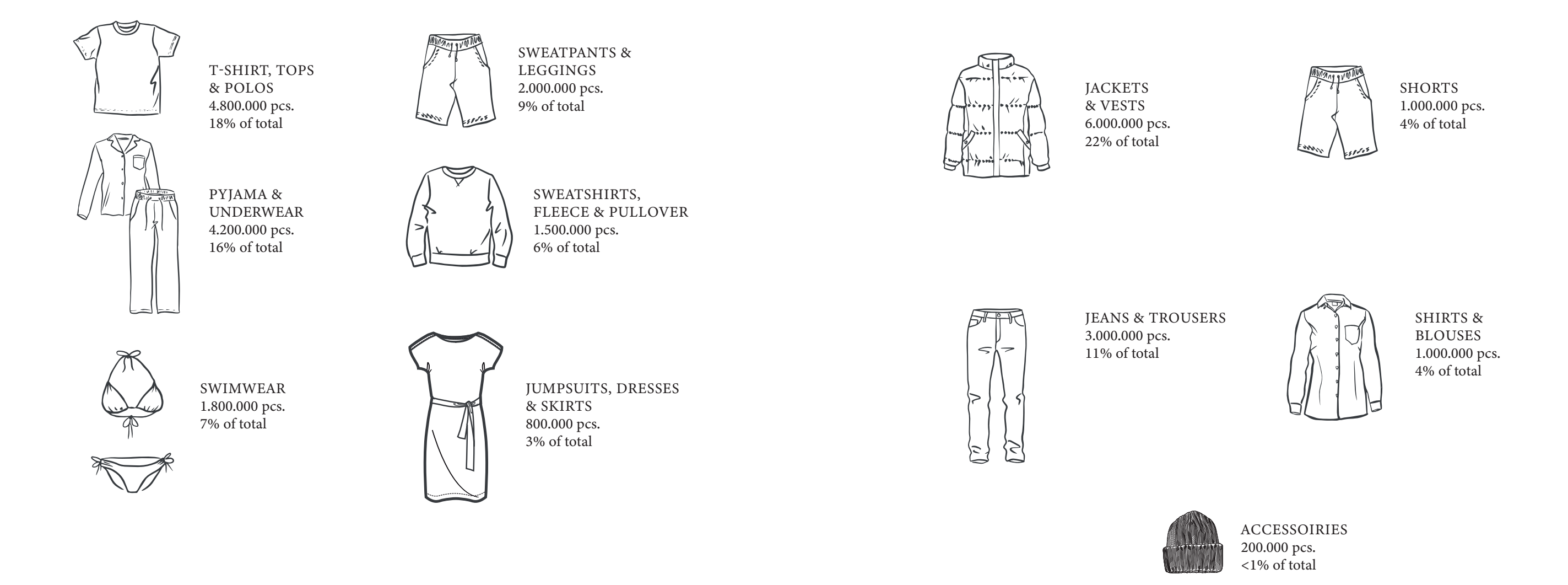
In line with sustainability reporting standards, we have chosen specific methodologies to define the measured values. This approach provides us with a clear understanding of areas for improvement, such as identifying opportunities to transition to more environmentally friendly consumption (e.g., switching to green electricity). For data that is not always readily available we have the option to estimate the data ourselves based on other relevant information. The system is flexible, allowing us to adjust our measuring methods as needed.

We have already begun using these features for selected factories in Bangladesh and for our office in Norderstedt. Our goal is to make this system our primary reference for documenting, organizing, and evaluating all data related to our CO2 footprint, ensuring that we obtain accurate results when calculating emissions.

4 PRODUCTS

4.1 PRODUCT GROUPS

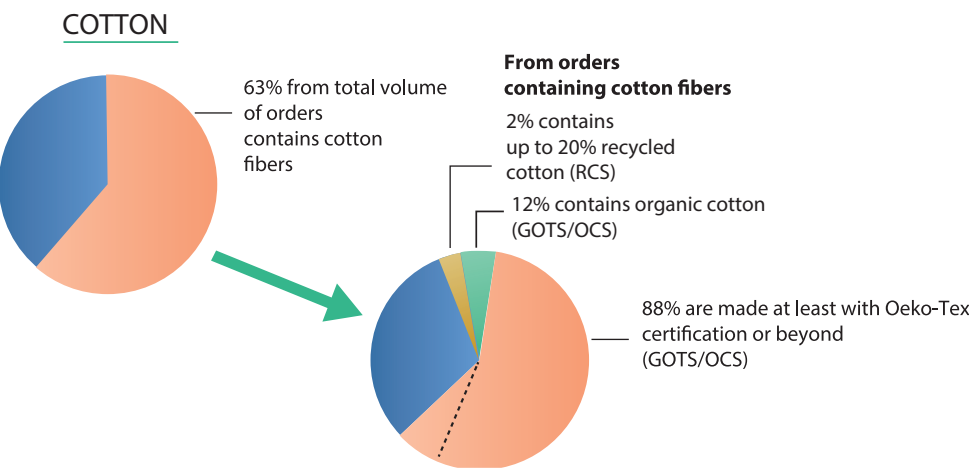
Bay City specializes in importing textile products, including both knitted and woven items. Jackets and vests were the most frequently sourced items by quantity in 2024. Other significant products and their quantities are detailed in the graphic below.



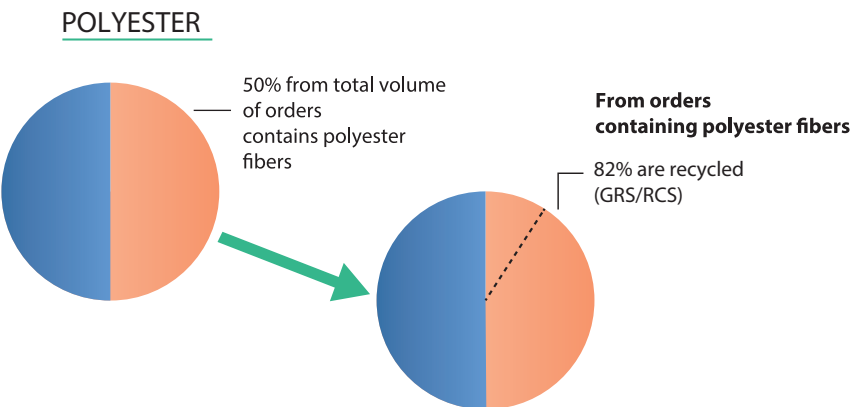
4.2 MATERIALS

At Bay City we are constantly striving to increasingly align our offers to sustainable standards, specially to the main group of fibres we use in our products, cotton, polyester and viscose (manmade cellulosic fibres/ MMCF).

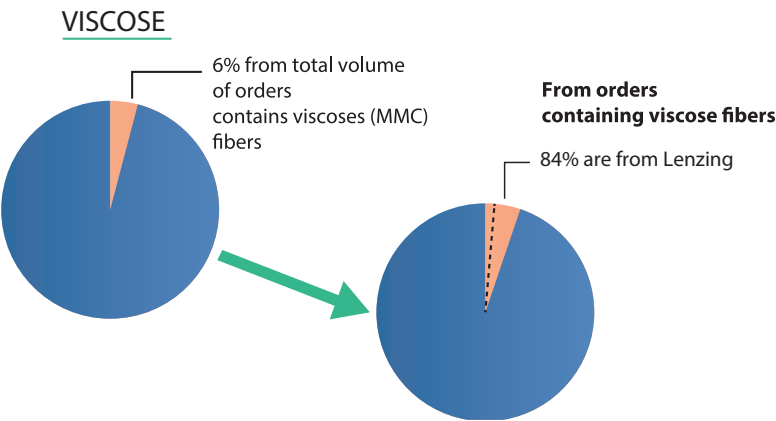
COTTON – Bay City continues to pave its path **towards more sustainable cotton alternatives**, and aims on increasing the organic share, avoiding the use of synthetic chemical pesticides and fertilizers, thereby protecting the environment and reducing health risks for the farmers who produce it. In 2024, 63% of our ordered products contained cotton fibres, from which almost 90% had further certifications beyond Standard 100 by Oeko-Tex. Organic cotton share increased from 7% in 2023 to 12% in 2024. We also could offer more than 300,000 pieces which had up to 20% recycled cotton content in its composition.



POLYESTER – Bay City has changed its **focus to recycled polyester** (instead of virgin), which can be made from existing plastics such as PET bottles and ocean plastic, for instance. While different products require different materials, making it challenging to eliminate polyester entirely, we have chosen this alternative as a first step to take, as recycled polyester production helps reduce the vast amounts of plastic waste. 50% of our ordered products in 2024 contained polyester fibres, from where around 82% were recycled, a great increase comparing to the 50% of recycled content in 2023.



VISCOSE – as preferred man-made cellulosic fibre, Bay City has **switched to use Lenzing products** whenever possible. These fibres are produced from certified renewable wood sources through a sustainable manufacturing process. Lenzing Ecovero, for instance, has been awarded the EU Ecolabel, reflecting its high environmental standards. In 2024, a decrease in products containing viscose fibers was recorded (from 15% to 6%). However, we successfully used Lenzing materials in over 80% of our products containing viscose-related fibres, maintaining the same level as the previous year.



4.3 PRODUCT CERTIFICATES
& PRODUCT STANDARDS

Given the diverse origins of our materials, we rely on third-party involvement to manage risks and support our sustainable sourcing goals. This paragraph offers a brief overview of the product certifications used by Bay City, highlighting the importance of each based on the number of sourced items in 2024.

25.3 million



12.8 million



3.5 million



1.7 million



400 thousand



800 thousand



8.3 million



3.4 million



60 thousand



20 thousand



Standard 100 by Oeko-Tex

With the Standard 100 by Oeko-Tex certification, our products are tested throughout the entire supply chain for certain chemicals and substances, ensuring they meet safety and regulatory requirements. This certification helps guarantee that the end product is safe for health, thereby protecting the consumer. In 2024, approximately 96% of our products were Standard 100 by Oeko-Tex certified. The remaining volume primarily falls under other certifications.

Cotton made in Africa

Cotton made in Africa remains one of the most commonly used certifications for our products. This internationally recognized standard ensures sustainable cotton sourcing from Africa. In 2024, nearly 50% of our total product orders were certified by Cotton made in Africa.

Fairtrade Cotton

The Fairtrade Cotton product label stands for fairly grown and traded raw cotton that is directly traceable through all production steps and is processed separately from non-Fairtrade cotton. The cotton in textiles bearing this label is 100% Fairtrade-certified. In 2024, approximately 60,000 products received Fairtrade Cotton certification.

Better Cotton

Better Cotton is a non-profit, multistakeholder governance group that promotes improved standards in cotton farming and practices across 22 countries. A relatively small number of products sourced by Bay City were Better Cotton certified, totaling approximately 20,000 pieces in 2024.

Global Organic Textile Standard (GOTS)

Since 2016, Bay City has been certified by the Global Organic Textile Standard (GOTS). This demanding organic cotton standard monitors social and environmental requirements throughout the entire supply chain, ensuring complete transparency. It guarantees environmentally and socially responsible textile production, aligning with our commitment to sustainable products. Our current range of GOTS-certified items includes various categories in knitted and woven organic cotton, such as T-shirts, sweatshirts, trousers, nightwear, and daywear, all labelled as ‘Organic’ or ‘Made with organic material.’ Approximately 1.7 million pieces sourced by Bay City were GOTS certified in 2024.

Organic Content Standard (OCS)

The Organic Content Standard (OCS) is a voluntary global standard that sets criteria for third-party certification of organic materials and chain of custody. Bay City has been OCS certified since 2019. Over the past three years, we have consistently increased the number of OCS-certified products, growing from nearly 170,000 pieces in 2021 to more than 250,000 pieces in 2023. By 2024, this number reached over 400,000 pieces.

Global Recycled Standard (GRS)

The Global Recycled Standard (GRS) label enables us to incorporate recycled fibres into our production chain and trace their origins. It also places significant emphasis on ecological requirements and social responsibility, both within the supply chain and within our own company. Bay City has been GRS certified since 2019 and has significantly expanded its sourcing of GRS-certified products. The number of certified items grew from over 1.8 million in 2021 to nearly 4.5 million in 2023. By 2024, this number more than doubled, reaching over 8 million pieces.

Recycled Claim Standard (RCS)

In 2021, Bay City also achieved certification under the Recycled Claim Standard (RCS), which tracks recycled raw materials throughout the supply chain and verifies the specified amount of recycled content in end products. Unlike the GRS certificate, the RCS does not include social and environmental requirements. Over the past three years, the number of RCS-certified products has more than tripled, rising from approximately 1.1 million in 2021 to about 3.4 million in 2024.

Cradle 2 Cradle Certified

We successfully launched the first comprehensive Cradle to Cradle certified (C2C) collection for men and women under the Detto Fatto brand as planned. The C2C certification Gold and Silver ensures that products are designed with sustainability in mind and can either safely return to the environment or be reused in a continuous cycle. With this launch, certified products have become increasingly significant in our portfolio. In 2021, we handled a modest volume of 16,000 pieces, but by 2022, we reached a peak with nearly 1,1 million pieces ordered, including private label orders. In 2023 we have brought to market another 18,000 pieces in our Detto Fatto Yoga Collection with the German actress Caro Cult. In 2024 we got bronze re-certified and kept so our efforts on offering C2C products to our private label clients.

Green Button

The Green Button is a governmental, consumer-friendly sustainable seal for textile products. It covers both social and environmental criteria. Bay City is successfully certified for the Green Button since 2020. In 2024 the company sourced more than 3 million Green Button products, for its own brands and private label business.

Made in Green by Oeko-Tex

The Made in Green standard combines two certifications: the Sustainable Textile and Leather Production (STeP) certification, which ensures that textiles are produced in environmentally friendly and socially responsible facilities, and the Oeko-Tex Standard 100 certification, which guarantees that products have been tested for harmful substances. In 2024 we registered approximately 800,000 Made in Green products

4.4 PACKAGING & LOGISTICS

We are continuously exploring options to make our packaging more sustainable, guided by the principle: ‘Reduce, Replace, Reuse, & Recycle.’ In collaboration with customers, we have developed alternative packaging solutions in recent years to adhere to these principles. Packaging should be avoided or minimized whenever possible and used only when necessary to protect the product. For example, some sales packaging has been replaced with packaging aids like banderols and loop packaging. These methods maintain the integrity of the packaged goods and provide identification while reducing the amount of packaging material used.

We are exploring new materials to reduce our impact, such as using recycled plastic and plastic made from renewable resources. At Detto Fatto, our most sustainable brand, we do not use any plastic in our packaging. For our other own brands, we **keep striving to use only bags made of/with recycled materials.**

A certain amount of waste from transport packaging, as well as daily office waste, is unavoidable. However, to use our resources responsibly, we recycle valuable materials such as paper, wood, and plastic at the end of their life cycle.

We have fully switched to using **FSC-certified paper**. The FSC labels on our sales packaging signify fair and responsible treatment of people and nature. We also consider sustainability when transporting our goods. The **cartons shipped** by our producers are made from up to **100% recycled material** and are either reused for further dispatch to customers or returned to the recycling system.

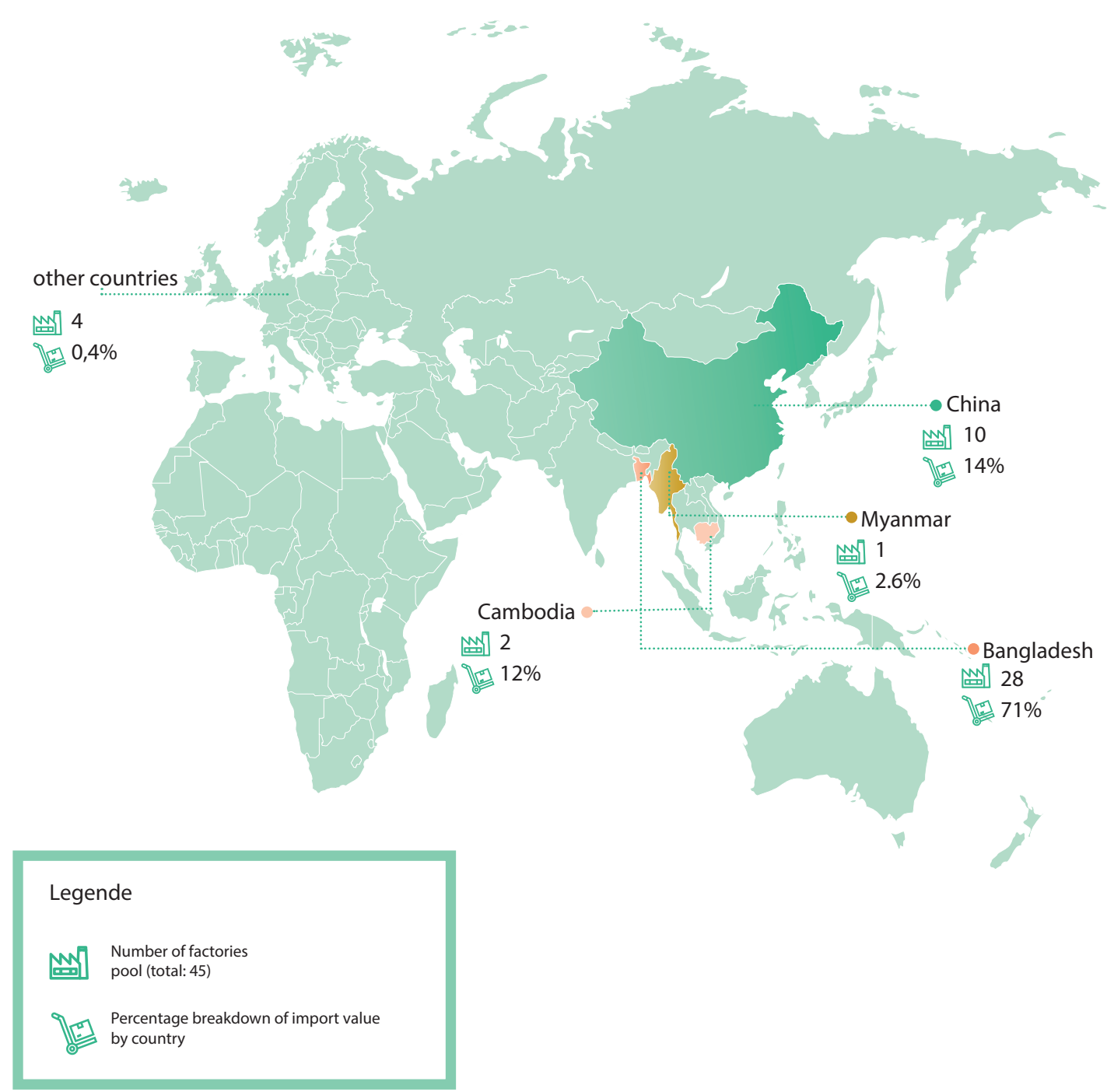
Sustainability is also a priority in our **logistics operations**. For instance, when packing import cartons, we ensure that empty spaces between sales units are minimized to avoid the use of unnecessary additional cartons. To support our suppliers in this effort, we provide video tutorials with detailed instructions. Additionally, we use software to optimize the loading of shipping containers in the manufacturing countries and strive to avoid air transport.

When working with our logistics partners to calculate our Scope 3 emissions, we found that many are independently working to reduce their ecological footprint. We support these efforts and are eager to benefit from their initiatives. One of our key B2C partners is DHL. Since April 2022, Bay City has been using **DHL Go Green** for shipments within Germany. DHL Go Green is an alternative shipping solution that offsets carbon emissions from transport.



5 PROCUREMENT

5.1 PROCUREMENT MARKETS AND IMPORT VOLUMES



In Bangladesh, Bay City sources directly from factories via its sister company, **Global Apparel Ltd.** In China, we work with an exclusive agent who is also responsible for sourcing in Myanmar and Cambodia. In other countries, we collaborate with wholesalers. The textile value chain is intricate and gets more complex the further you investigate a product's origin. At Bay City, we view this complexity as an opportunity to enhance our processes. We strive to limit the number of suppliers to keep our network manageable, enabling direct communication and a clearer understanding of the entire supply chain.

To ensure consistency, we prioritize standardizing our products and product groups. Despite the diversity of our portfolio, repeat orders and standardized qualities from a single source of origin are common practices in our business.

Transparency is crucial in our global business operations. This encompasses not only our direct business partners (Tier 1) but also those further upstream in the supply chain (Tier 2 and Tier 3). We have significantly improved our **supply chain transparency**, increasing the information from Tier 2 and 3 suppliers from around 33% in 2020 to over 80% in 2024. This includes details such as supplier names, addresses, contact information and necessary certifications.

We are committed to continually enhancing our transparency, supported by our long-term relationships with local partners. Many of these relationships have lasted over a decade. On average, our factory partnerships span four years.

5.2 COMPANY STANDARDS AND INITIATIVES FOR SUSTAINABLE PROCUREMENT

Our order placements are based on a comprehensive document outlining relevant purchasing conditions, referred to as our **General Terms and Conditions (GTCs)**. In addition to order processing and production requirements, it includes specific details on shipping, as well as the **Code of Conduct**, quality, and compliance standards. Our GTCs are regularly updated to comply with civil law requirements and to promote socio-ecologically responsible working conditions.

Enhancing production conditions in our sourcing countries requires collaborative efforts. By partnering with competitors, we promote the adoption of social and environmental standards, contributing to sustainable development within the industry. We actively engage in congresses and other stakeholder events to stay informed about the latest advancements and exchange insights. This chapter outlines the main initiatives we are pursuing, along with the latest updates.

5.2.1 INTERNATIONAL ACCORD



Updates on the Bangladesh Safety Program:

In 2023, as part of Schmidt Group, Bay City decided to renew its commitment to safe working conditions in Bangladesh by signing the Bangladesh Agreement on Health and Safety in the Textile and Garment Industry (the ‘Bangladesh Safety Program’) as an addendum to the International Accord. The Bangladesh Safety Program is a legally binding agreement between garment brands and trade unions to ensure worker health and safety in the Bangladeshi textile and garment industry. The Ready-Made Garments Sustainability Council (RSC), established in June 2020, will continue to oversee activities such as inspections, remediation follow-ups, training initiatives, and the safety complaints mechanism.

The RSC has effectively supported our Tier 1 factories in Bangladesh in implementing the required safety standards. However, when identified issues are not addressed within the specified timeline provided by the RSC, the factory receives a warning letter requiring immediate action, and the matter is escalated to so called Stage 1. Once the issues are rectified, the case is de-escalated. If the factory does not cooperate or if the remediation is deemed inadequate, the case may be escalated again to Stage 2. Further escalation to Stage 3 will result in the termination of the business relationship.

In 2024, 11 factories were escalated to Stage 1, and of these, 3 have since been de-escalated. Additionally, 3 factories reached Stage 2, with 2 of them successfully de-escalated during the year. None of our factories have reached Stage 3.

Regarding the safety complaints mechanism, we have observed a significant increase in the number of complaints over the past years, reflecting growing acceptance of the mechanism by factory workers. In factories producing goods for Bay City, the number of complaints rose from 6 in 2021 to 45 in 2023. In 2024, we recorded an even higher number of complaints, with a total of 60 cases reaching us through the Accord/RSC. Of these, 48 complaints were related to remuneration issues, such as missing or delayed payments in the event of layoffs, while 9 complaints pertained to abuse cases. According to our documentation, 41 of these complaints have been resolved by February 2025.

We are actively engaging with all involved parties to address and resolve issues related to remuneration, termination, working hours, and abuse, with the goal of finding suitable solutions that benefit both management and workers.

Updates on the Pakistan Accord

Similar to last year, our order volume in Pakistan remained relatively low in 2024, accounting for less than 1% of our total turnover. One of our factories is currently undergoing inspection, with the results expected by 2025. We are copied on all email communications between the Accord office and the factory, ensuring that we remain informed about progress and any grievances raised through the Accord Mechanism, which is also applicable in Pakistan. So far, in our factories no complaints have been registered through the Pakistan Accord.



5.2.2 AMFORI BSCI



As a member of the amfori BSCI industry initiative since 2010, we adhere to the code of conduct established to uphold our responsibility for human rights due diligence. In 2024, over 98% of the products sourced by Bay City were manufactured in factories that were actively monitored by amfori BSCI. The remaining products were sourced from countries like Germany, where amfori BSCI audits are not a requirement for us. There are five overall ratings for a factory, ranging from ‘A’ (the best result) to ‘E’ (the worst). Bay City only establishes business relationships with factories that have a minimum rating of C. Detailed information about the monitoring can be found on the amfori BSCI website.

In 2024, the amfori BSCI ratings for our factories in our primary sourcing countries, Bangladesh, China, Cambodia and Myanmar, were as follows:

Bangladesh: most of our factories in Bangladesh have been rated B. The main areas for improvement were Occupational Health and Safety, Fair Remuneration, and Decent Working Hours.

OVERALL RATING	NUMBER OF FACTORIES IN BANGLADESH
A	3
B	23
C	2

China: Seven of our ten factories in China received a C rating. The remaining two factories, which hold SA 8000 certification, were not monitored by amfori BSCI, as the SA 8000 certification is considered equivalent to an A rating under amfori BSCI policy. The audit reports reveal that excessive working hours, which exceed legally allowed limits, are the primary reason for the moderate overall rating.

OVERALL RATING	NUMBER OF FACTORIES IN CHINA
A	2
B	1
C	7

Myanmar and Cambodia: The audit results indicate concerns regarding excessive working hours, occupational health and safety, as well as the social management system.

OVERALL RATING	NUMBER OF FACTORIES IN MYANMAR AND CAMBODIA
A	0
B	0
C	3

We actively monitor the findings and corrective action plans to drive improvements in factory conditions. Amfori BSCI is enhancing its website with various features to support members in maintaining transparent supply chains. Among these, Bay City uses the ‘Continuous Improvement’ feature to track how factories are addressing audit findings.

Recognizing that giving workers a voice is crucial for improving working conditions, we support the implementation of a global grievance mechanism for factory workers. Following a successful launch in Vietnam, the amfori ‘Speak for Change’ program was effectively rolled out in Bangladesh, our primary sourcing country, in 2023. We view this program as a strong alternative to the International Accord Grievance mechanism and will monitor all grievances submitted through this channel, offering assistance in resolving them whenever possible. The ‘Speak for Change’ program has not yet been implemented in China, Myanmar, or Pakistan. However, amfori BSCI is actively working on expanding the program to additional countries. In 2024, we received one complaint through Speak for Change regarding a factory in Bangladesh. Thanks to this initiative, we were able to connect with another European importer and collaborate to resolve the issue.

5.2.3 BETTER WORK

As part of a customer initiative, we have been a participant in Better Work since May 2022. The approach of Better Work is to improve the policies, attitudes, and behaviours of production sites through evaluations, training, advocacy, and research. Unlike amfori BSCI, Better Work does not have a grading system. Instead, there are cycles that last one year, during which factories must implement appropriate measures to address the findings of the inspections.

5.2.4 GREEN BUTTON

The Green Button certification requires functioning management processes in the area of CSR and has helped us critically assess and further develop our processes. The regular audits conducted by Green Button provide us with a clear understanding of our current standing and enable us to take timely action. The requirements for the Green Button certification cover topics that go beyond the obligations of the German Supply Chain Due Diligence Act. Due to our company size, we are not subject to the requirements of this law. However, we are well-prepared for the future, as many of our customers fall under the German Supply Chain Due Diligence Act and demand corresponding transparency and reporting from us, as well as compliance with the upcoming Corporate Sustainability Reporting Directive from the European Union. In 2024, the Green Button re-audit was conducted, and the certification process was successfully completed.

5.3 LIVING WAGE

During third-party social audits, such as those conducted by amfori BSCI, the living wage for factory workers is assessed. We are aware of the discrepancies between the paid wage and the living wage and are taking necessary actions to address them. Given the current global economic situation, convincing our partners to increase wages is challenging. In addition to the financial burden, other factors must be considered. For instance, Bay City does not own its factories, and the price pressure from consumers and clients makes it difficult to implement a living wage strategy. However, we are exploring alternatives to support workers in covering their daily expenses.

Alternative actions, such as offering in-kind benefits like Fair Price Shops (common in Bangladesh) or providing educational and housing support, are being considered. Additionally, our 1 Hour T-Shirt project, detailed at the end of this report, is viewed as a practical approach to indirectly support workers’ financial stability. While we have not yet identified a feasible solution, we are actively searching for viable options. We have started testing an open cost calculation but have not yet developed a systematic approach to incorporate the living wage into our pricing calculations. In collaboration with other buyers and various initiatives undertaken by stakeholders, we aim to contribute and are actively seeking suitable programs.

5.4 OUR MONITORING SYSTEMS AND FACTORY-LEVEL TRAININGS

Monitoring Systems:

In fulfilling our human rights due diligence obligations, we have developed an internal system to evaluate whether social and environmental requirements are met. New factories are assessed by our colleagues in Asia through a day-long factory assessment. Based on the outcomes, a corrective action plan will be developed. The progress of this plan is monitored and technically supported by our team from Global Apparel Ltd., allowing us to identify and address issues at an early stage.

Additionally, we see continuous improvement as essential. Our CSR team from Global Apparel Ltd. regularly visits factories to assess and enhance the implementation of social and environmental guidelines. This monitoring occurs through both announced and unannounced visits. By conducting ongoing inspections, including follow-up visits by external and accredited auditors, we gain a comprehensive understanding of the current state and identify necessary measures for improvement at the production sites. New software solutions are incorporated in this process. In the field of chemical management for example, we use the ‘BHive’ app from Go Blue and can this way monitor if our strict chemical restrictions are implemented.

Maintaining record of all compliance relevant documents in our own production planning software allows us to get real time data for evaluating the factories performance.

Thanks to our comprehensive quality management we get additional insights to our factories. Our current quality management system is built on the traditional pillars of product inspections, including component tests and final inspections in accordance with international standards and Acceptable Quality Limit (AQL). Therefore, we increasingly monitor production stages along the supply chain, not just the finished garment. We see the regular factory visits by our quality controllers as a valuable source of insights into current production conditions. To leverage this, we have developed a ‘Visual Inspection Checklist Onsite’ (VICO) that our quality controllers complete during their on-site work. This checklist includes questions about the social compliance status that can be easily verified. These unannounced inspections provide us with unique information about the current state of each factory, enhancing our process for implementing human rights due diligence. In 2024, 156 VICOs were filled out. Minor issues were identified and discussed with the factories to find appropriate solutions. In the same year, our CSR team from Global Apparel and CSR representatives from our exclusive agent in China conducted 42 factory visits, covering nearly all our factories in Bangladesh, China, Myanmar, and Cambodia, to assess social and environmental compliance.

Training:

Our sister concern Global Apparel Ltd. organizes training sessions for our suppliers on various topics, such as the use of a supply chain mapping tool to enhance transparency or an introduction to Cradle-to-Cradle principles. We provide our suppliers with comprehensive advice and training on standards like GOTS, amfori BSCI and Oeko-Tex. If required, we also offer on-site support to help prepare for upcoming certifications, ensuring optimal efficiency through direct, hands-on training.

6 CHARITABLE GIVING

6.1 HANSEATIC HELP



At the end of 2024, the CSR department in Bay City, along with its sister companies, initiated a campaign to collect unwanted, yet gently worn clothes for charitable purposes. An invitation was extended to all employees, encouraging them to tidy their closets and contribute to a good cause by helping those in need.

The response from Bay City employees was remarkable, resulting in the collection of over 600 items, including baby, children, and adult clothes, shoes, toys, and home textiles. These donations were handed over at the beginning of 2025 and warmly received by the non-profit organization Hanseatic Help in Hamburg, which has been dedicated to supporting those in need for many years, as well as by Stillbruch, another charitable organization in Hamburg.

An email was sent to our colleagues, expressing gratitude for their commitment and engagement.

6.2 THE ONE HOUR SHIRT



With the 1 Hour Shirt (www.the1hourshirt.com), we aim to support social projects in Bangladesh in collaboration with our brand Detto Fatto and Fashion Revolution Germany. The idea is to turn time into currency: it takes a garment worker in Bangladesh about one hour to make a shirt, and the price of the shirt reflects what the customer earns in one hour.

When purchasing, the customer is asked to enter their hourly wage into a calculator to see what their “one hour” contribution would be. This information is not stored or shared.

Each shirt includes a fixed €12.50 that covers fair compensation for everyone involved in its production. Any amount above that is donated to organizations working to improve workers’ rights and promote sustainable development. All donations are managed by Fashion Revolution Germany e.V.

6.3 DEVELOPMENT OF ECONOMY THROUGH EMPOWERING POOR



Bay City, in partnership with the German Ministry for Economic Cooperation and Development, proudly supported the three-year “Development of Economy through Empowering the Poor” (DEEP) project in Bangladesh. Implemented from 2021 to 2024 by the local non-governmental organization Anando, in close cooperation with the German NGO Lichtbrücke e.V., the project has now successfully concluded.

The primary goal of DEEP was to empower unemployed women and farmers, helping them break free from dependency on external aid. A cornerstone of the initiative was the establishment and registration of associations that serve as vital hubs of knowledge and resources for economic advancement. The project directly reached 1,750 families, equating to 10,000 individuals, from two remote rural regions across 32 villages in central Bangladesh. Additionally, around 30,000 people, representing the indirect target groups, benefited from the initiative.

Key components of the program included dynamic awareness and motivational sessions, comprehensive workshops to facilitate the successful formation of associations, and skills development training. Participants also benefited from exposure visits and close collaborations with various stakeholders. Moreover, the provision of start-up capital enabled the associations to launch income-generating activities and create funds that promise to support sustainable growth well into the future.

For women, the project offered training in homestead gardening and vocational skills such as tailoring, along with additional support to launch new business ventures. Farmers, on the other hand, received guidance in environmentally friendly, organic agricultural practices. Initiatives were implemented to produce essential seed varieties and develop functional value chains that enhance the marketing of agricultural products. Expert-led training in producing organic fertilizers on a large scale and implementing integrated pest management further strengthened the project's impact.

Throughout its duration, Bay City and all involved partners received regular updates on progress. Notably, representatives from Schmidt Group's buying office in Bangladesh, Global Apparel Ltd., visited the project sites regularly. The project has not only transformed lives in rural Bangladesh but has also laid a robust foundation for sustainable economic growth, demonstrating how targeted support and community empowerment can create lasting change.

7 OUTLOOK

As we move into 2025, we are excited to announce key developments that will enhance our business performance and sustainability efforts.

We have welcomed our new group CEO, Cornelia Schmidt, and Bay City's new CEO, Jens Rothberger. Their leadership will drive our company and sister companies towards greater achievements and closer collaboration.

We are also unveiling plans for a new building to support our operations more efficiently. This facility will foster better communication and teamwork while incorporating sustainable design principles.

During 2024, our business performance has improved, with increased revenue and new products receiving sustainable certifications. These achievements reinforce our commitment to quality and environmental responsibility.

With strong leadership, innovative infrastructure, and a commitment to sustainability, we are optimistic about our future and the positive impact we will continue to make.



IMPRESSUM

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