



RISK REPORT



Bay City Textilhandels GmbH

Textile company of Schmidt Group GmbH

March 2026/ Version 4

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List of Abbreviations

CoC	Code of Conduct
GOTS	Global Organic Textile Standard
GTC	General Terms and Conditions
GRS	Global Recycled Standard
ILO	International Labour Organization
MRS�	Manufacturing Restricted Substances List
OCS	Organic Content Standard
PPE	Personal Protection Equipment
RCS	Recycled Content Standard
RSL	Restricted Substances List
ZDHC	Zero Discharge of Hazardous Chemicals

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Introduction

Bay City Textilhandels GmbH is a textile company of Schmidt Group GmbH – a textile service provider with decades of experience in the value chain, ranging from product design, quality assurance, and sustainability checks with suppliers, to services in logistics and IT.

Risk mitigation measures are an essential part of the business responsibility that characterizes Bay City processes. In the following pages, we will provide an overview of the risks that are present in our business model.

1. Company-related Risks

As economic actors, we are always aware of our social and environmental responsibility and have therefore firmly integrated appropriate measures into our daily actions, both strategically and operationally. To this end, we have identified potential risks and possibly vulnerable groups that may arise along our entire value chain. Furthermore, as part of our risk management, we have already defined several mechanisms and processes to ensure fast and targeted internal and external communication when needed.

1.1. Risks of the Business Model

As an importer of textiles operating within a globally interconnected industry, sourcing from Europe and Asia, we face risks, particularly concerning potential human rights violations. These may not be adequately implemented or monitored by existing legislative, judicial, and executive authorities in the respective procurement markets.

To minimize the identified risks associated with our foreign trade-oriented business model, our business practices are based on the United Nations Guiding Principles on Business and Human Rights (2011), the UN Convention on the Rights of the Child, the Convention on the Elimination

of All Forms of Discrimination Against Women, the conventions of the International Labour Organization (ILO), and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

1.2. Risks of Procurement Practices

Our procurement practices, derived from our business model, involve significant risks related to potential human rights violations. This is because we consider the entire value chain, including both our direct business partners (TIER 1) and indirect business partners involved in upstream processes (TIER 2/3), with whom we do not have direct business relationships.

Our procurement practices with direct business partners and the resulting active influence may lead to the following risks:

- **Price Requirements**

There is a risk for workers in production facilities, such as the potential payment of wages below the minimum wage due to pricing pressures.

⇒ As part of our sourcing and procurement practices, we take into account the causal relationship between fair price negotiations and fair wages. However, in private label business, we are subject to additional price pressures from direct customers, which we attempt to mitigate through a balanced allocation of in-house brand and private label orders to suppliers.

⇒ Furthermore, we primarily collaborate with our direct business partners on a Full-Package-Supply basis. This means that sourcing the necessary materials and cutting processes remain under the direct partner's responsibility without requiring them to use pre-nominated upstream suppliers. However, compliance with our Corporate Responsibility (CR) requirements is mandatory – allowing suppliers greater flexibility in pricing and margins.

- **Delivery Deadlines**

There is a risk for workers in production facilities if excessive working hours are required to meet tight delivery deadlines.

⇒ We strive to minimize deadline pressures before placing orders by conducting detailed production site and capacity planning. In our in-house brand business, we also consider awarding contracts outside of peak production seasons to avoid excessive workload pressures.

For the upstream value chain involving our indirect business partners, additional process-related risks must be considered due to our limited oversight. These include:

- **Inadequate and Poor Working Conditions**

When production steps are outsourced to subcontractors, risks may arise for workers, particularly in unmonitored or unregistered production sites.

⇒ The assignment of orders to subcontractors by our direct business partners requires our prior approval as a contractual obligation. Approval is granted only after we receive and review all required documents and information to ensure compliance with our CR requirements and production site standards.

- **Use of Chemicals in Production**

There is a risk to workers' health due to exposure to hazardous chemicals.

⇒ Through audits, site visits, and training materials, we aim to ensure the availability and proper use of personal protective equipment (PPE) in chemical processes such as dyeing, printing, and finishing.

- **Environmental Impact of Division-of-Labor Production**

The use of chemicals and inefficient resource management can negatively impact on the environment and local communities.

⇒ Various certifications of our products and materials help prevent the use of certain substances, ensure compliance with limit values, and promote resource-efficient production.

- ⇒ Our procurement contracts with suppliers for wet processes include our Manufacturing Restricted Substances List (MRSL), which ensures regular monitoring and compliance with specified chemical limits in wet processing.

We remain constantly aware of the potential human rights risks within our business activities and across the entire value chain. We continuously strive to improve our existing mechanisms and measures through regular review – this also applies to our business partners.

2. Country-Specific Risks

To gain a better understanding of potential human rights violations and to be able to respond appropriately, if necessary, we have thoroughly examined country-specific risks. For this purpose, we have consulted **external sources**, such as **publications from non-governmental organizations** and the **Risk-Check Online Tool from the NAP Helpdesk for Business and Human Rights of the Agency for Business and Development (Agentur für Wirtschaft und Entwicklung – AWE)**. For a comprehensive overview, our country-specific risk analysis includes our **main sourcing markets**, Bangladesh, China, and Cambodia.

While many of the risks are found across multiple production countries, some occur only sporadically. For example, China is known for its migrant workers, who, living outside their home provinces, do not have access to healthcare and social benefits and are often forced to work overtime [1]. According to the German online platform Statista, there were nearly 300 million migrant workers in the country in 2023 [2].

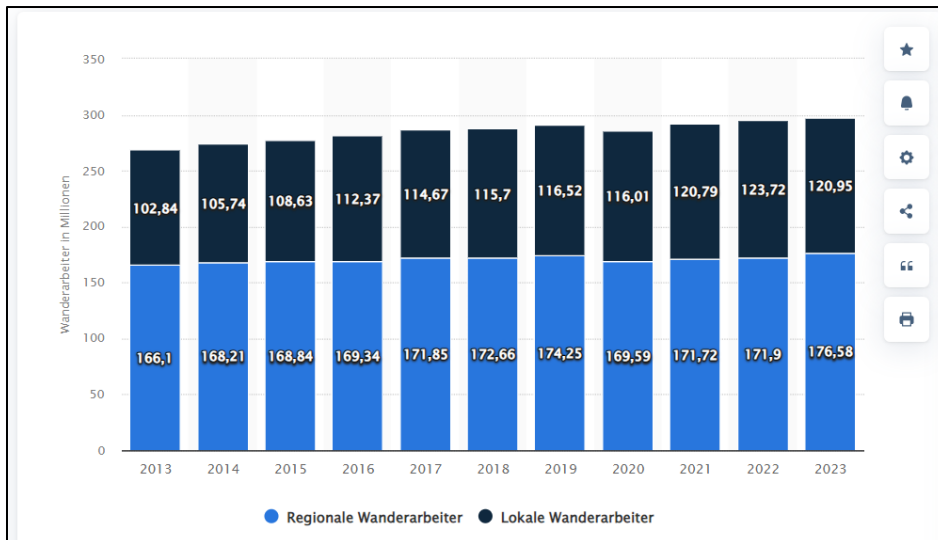


Figure 1: Number of migrant workers in China from 2013 to 2023 [2]

Investigations show that three-quarters of migrant workers in China leave their children behind in their home regions, primarily due to low income, long working hours, and a lack of childcare facilities [3]. Although they officially have the same rights as other employees, they are in practice more vulnerable to abuse, including breaches of employment contracts, poor living conditions, non-payment of wages, hazardous working environments, and excessive working hours [4].

Forced labor is another issue found in various sourcing countries, albeit in different forms. In China, it is frequently associated with discrimination, intimidation, and other forms of abuse targeting ethnic minorities, such as **Uyghur Muslims** [5].

Reports also frequently highlight issues of **discrimination**, particularly against **vulnerable groups** such as national and international migrants, lesbian, gay, bisexual, transgender, queer, intersex, and asexual individuals, as well as home-based workers. **Gender discrimination** remains a significant concern across countries like Bangladesh. Women typically earn lower wages than men in comparable positions and are more likely to experience harassment, including verbal and physical abuse, in the workplace. This heightened the risk of sexual harassment, as female workers may feel unable to reject unwanted advances due to fear of workplace retaliation, including termination. Additionally, pregnant women often face the threat of dismissal [6].

The **discrimination against ethnic minorities** is also widespread. In China minorities such as Uyghurs, Tibetans and Mongols faced discrimination and repression especially in regions like Xinjiang and Tibet. The discrimination practices include mass arbitrary detention, restrictions on cultural and religious expression, and limits on the use of their own languages [7]. In the case of Bangladesh, religious minorities such as Hindus, Buddhists, Christian, and Ahmadis have faced violence, and social discrimination violent attacks by extremists. This discrimination and segregation events go back to the country's independence [8].

Workplace safety remains a serious concern in production facilities. On the one hand, there are health risks associated with excessive overtime and poor working conditions, such as poorly ventilated workplaces [9]. On the other hand, past incidents of **factory fires and building collapses** have not been forgotten [10], especially since such occurrences continue to happen, particularly in the **early stages of production** [11].

At this point, the risk posed by illegal subcontracting must be mentioned, as it complicates the monitoring of working conditions and allows hazardous situations to go unnoticed [12]. Issues such as the employment of child laborers are thus shifted to lower production levels or home-based work [3].

Environmental risks should also not be overlooked. China is known for its high levels of air pollution, and water contamination caused by chemical use, particularly in dyeing processes, remains a significant problem for the population. Additionally, the health risks associated with chemical exposure for workers involved in wet processing must be considered [13].

Overall, corruption plays a major role in the procurement markets. The assessment of the sourcing markets analyzed by the Corruption Perceptions Index is generally negative [14].

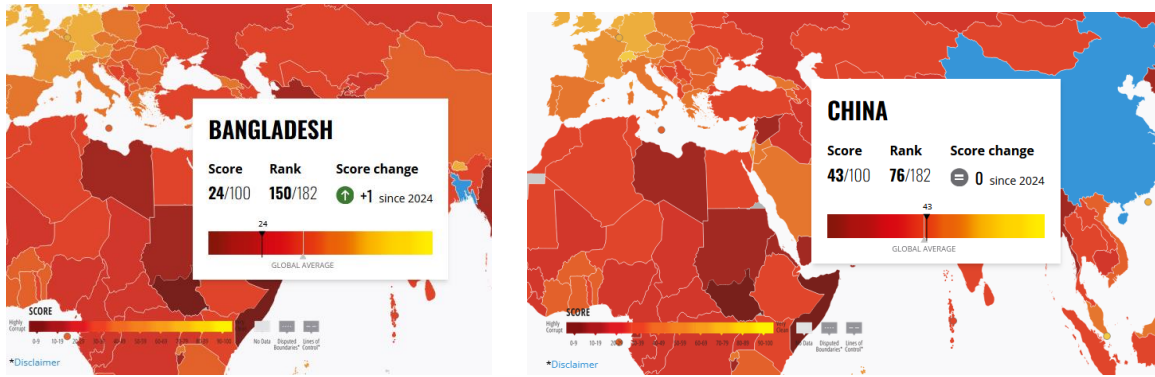


Figure 2: Corruption Perceptions Index 2025 [14]

At the same time, freedom of assembly is either not granted at all or only partially in these countries. While China has not signed the ILO conventions on the formation of trade unions and collective bargaining (C87 and C98), the right to collective bargaining without interference is not effectively enforced in Bangladesh. Furthermore, workers may be prevented from participating in strikes or punished for doing so [15].

For the raw material providers, we have in place a mapping of all the supply chain to monitor and mitigate risks. In the case of cotton, we don't allow the usage or purchase of cotton from Uzbekistan in our garment orders, unless it is proven that the cotton is organic and there is no child or forced labor involved in the pick-up process. This is due to the known Uzbek Government forced labor system around cotton production [16].

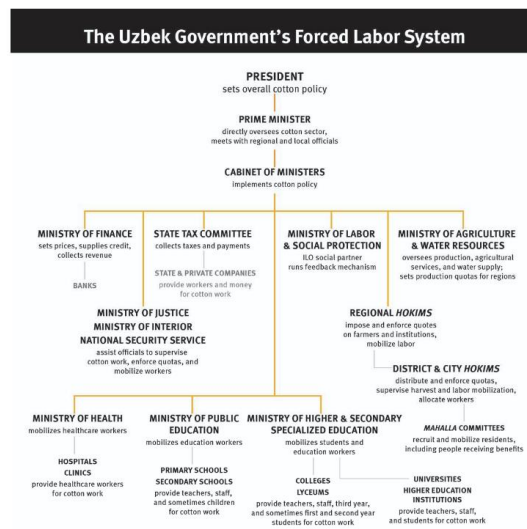


Figure 3 The Uzbek Government's Forced Labor System [16]

Similar to Uzbekistan, investigations have found evidence of child labor, debt bondage, withholding of wages, among others in certain cotton suppliers in India [17]. As mentioned before, we review closely our raw material sources, to ensure there are no processes that involve negative social practices. We conduct due diligence before starting a business relation with any suppliers, inside the one we review the source of raw materials such as cotton.

At the end of this report, the table "Country-Specific Risks" (in Annex I) provides a detailed overview of the country-specific risks. In the following sections of our risk report, we will outline how we prioritize risks and address them through stakeholder initiatives, projects, and internal processes.

3. Social and Environmental Risks

3.1. Code of Conduct

The code of conduct of our company is aligned with the requirements of the industry initiative amfori BSCI as part of our membership. This ensures the implementation of key international labor standards for the protection of workers' rights, such as the conventions and declarations of the International Labour Organization (ILO), the United Nations (UN) Guiding Principles on Business and Human Rights, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

It also means that we incorporate our human rights and environmental due diligence into our business partnerships and identify and prioritize potential and actual negative impacts of business activities on people and the environment. The challenge lies in developing textile manufacturing in a way that ensures social workplace standards and environmental sustainability in the processes (manufacturing and wet processes).

Through regular audits, as well as occasional unannounced inspections of supplier standards by our on-site colleagues, we can identify and mitigate the impacts of our business activities at an early stage.

At the manufacturing level, the following social risks can occur:

- A general global price pressure can lead to **low wages in production facilities**, as well as **excessive overtime**, resulting in significant health risks for workers.
- Forced overtime may be considered **forced labor**.
- The lack of **collective bargaining and freedom of association** severely restricts organized negotiations on wages and working conditions.
- **Women** face multiple forms of **discrimination**. Sexual harassment by superiors, as well as a lack of gender equality, is often ignored.
- **Child labor** can be ruled out with very high certainty in the manufacturing companies directly associated with us.

Serious **environmental risks** arise in wet processes:

- Dyeing and printing processes involve the use of numerous **chemical substances**, which can be highly harmful to both humans and the environment.
- A very **high-water consumption**, along with **inadequate treatment of wastewater and sludge residues**, leads to health hazards for both humans and the environment.
- **Climate influences** such as heat and flooding have both direct and indirect impacts on the textile industry and its wet processes. These influences can significantly affect production, textile quality, and environmental impacts.
 - Heat: water scarcity and production disruptions.
 - Flooding: operational interruptions and infrastructure damage.
- Many wet processes require substantial amounts of energy, especially for heating water and drying textiles. This **high energy consumption** contributes to **greenhouse gas emissions**, particularly if the energy comes from fossil fuels.
- The use of **pesticides and fertilizers** in the cultivation of raw materials such as cotton can also **degrade soil and water quality**, indirectly contributing to climate impacts.

3.2. Systematic Prioritization of Risks

For the identification and prioritization of potential risks in our production countries, we have used the different thematic areas ("Performance Areas") from an amfori BSCI report

as a basis. From the 11 available thematic areas, we elaborated a risk matrix that tackles all the potential risks we can face during all our supply chain:

- Child labour
- Special protection for young workers
- No bonded labour
- No discrimination
- Fair remuneration
- Decent working hours
- Occupational health and safety
- Right of freedom of association and collective bargaining
- No precarious employment
- Ethical business behaviour
- Protection of the environment

The aforementioned thematic areas have been classified in a matrix ranging from low – medium – high based on the "severity of harm" and the "probability of occurrence," while also considering remediation measures. The priorities have remained unchanged according to the current situation.

		CONSEQUENCE		
		LOW	MEDIUM	HIGH
LIKELIHOOD	LOW		Special protection for young workers	Child Labour Bonded Labour
	MEDIUM	Right of FOA (freedom of Association) Collective bargaining	Ethical business behaviour	Occupational health and safety Discrimination
	HIGH	Precarious employment Fair remuneration	Decent working hours	Protection of the Environment

Figure 4: Risk Matrix

Due to the high relevance for our products and related production processes, we have decided to include the topic "Protection of the Environment" in our risk matrix as well – even though we have already implemented extensive and preventive measures to minimize the probability of negative impacts.

3.3. Evaluation of Risks

To conduct a structured analysis of potential risks in the factories, we use the insights from the Amfori platform. The results from the individual BSCI reports of the factories within our supplier pool are also combined into an internal system. This allows us to independently assess risks on different levels:

- How many results are there per topic area?
- In which countries are specific topic areas particularly noticeable?
- Which individual results stand out within the topic areas per country?

Through this detailed representation, we can take targeted actions to prevent or mitigate negative impacts.

The most noticeable and prioritized topics have been defined in our matrix with a high probability of occurrence and medium severity of damage.

A significant risk is covered by the area of "Fair Remuneration." It is notable that many factories in China fail to provide employees with additional social benefits required by law (e.g., insurance) or fail to pay for them. However, we can noticed there have been an improvement in this subject from the side of our business partners in China, which ranking is now between A to C, leaving the D category out.

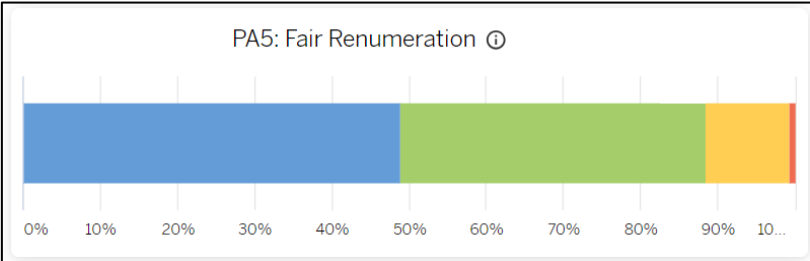


Figure 5: Ratings A (blue)-D (red) from amfori insights on fair remunerations 2024

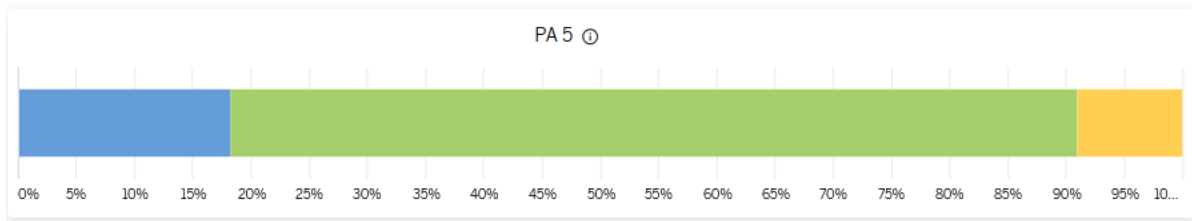


Figure 6: Ratings A (blue)-D (red) from amfori insights on fair remunerations (PA 5) 2026

Through the annual audit to renew the BSCI, it is possible to observe that our business partners have made an effort to improve in the fair payment to their employees, as in 2026 the ranking score is between A to C, leaving the D category out. Undoubtedly there is room for improvement in this area, which we will continue monitoring via amfori BSCI insights.

In addition to the fair remuneration topic, another subject that we have follow-up closely is the number of working hours. According to our current analysis, we can conclude that the area of "Decent Working Hours" presents the most challenging results. Although this issue is presented more coherently and satisfactorily by many of our suppliers in Bangladesh, there are significant obstacles in improving working conditions, especially in Chinese factories.

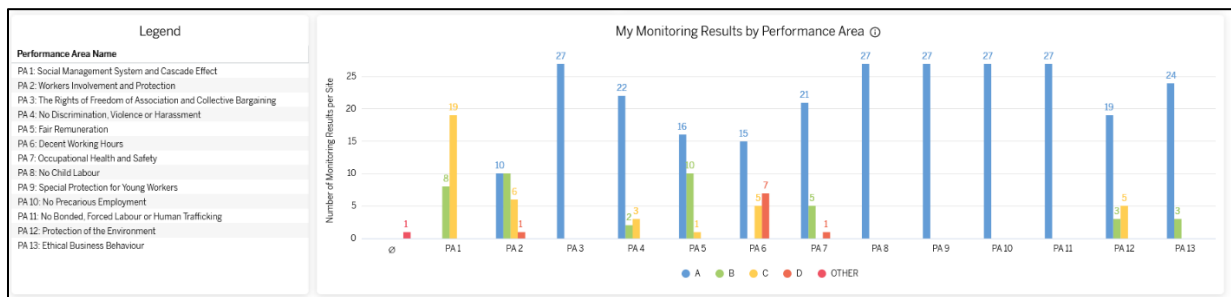


Figure 7: amfori insights monitoring results and focus areas of improvements (in red) 2026

In most cases, too many overtime hours are worked, exceeding the legally permitted number of overtime hours. This indicates that many companies lack a functional system to record or monitor working hours, and thus, workers may not always be voluntarily and properly compensated for overtime. To ensure accurate recording of working hours, companies are recommended to introduce a functioning system (either technical or manual) that records overtime. Furthermore, it must be ensured that valid data is shared and processed internally to ensure the credibility of the company and ensure that workers are compensated according to the hours they have worked.

In addition to the potential employer-related issues concerning overtime, there are also cases where employees willingly accept excessive working hours in order to increase their basic income.

Additionally, there may be gaps in production planning, making it impossible to create a strategically sound capacity plan. As a result, unnecessary overtime occurs, which in some cases is not appropriately compensated (payment and/or additional time off). Based on our experience, poor production planning or unforeseen overbooking of suppliers is not always compensated by overtime. In these cases, unknown suppliers who may not meet our social and environmental requirements may be used. Therefore, we see the need to assign a medium level to both the likelihood and severity of "Ethical Business Behaviour" and thus put more focus on this area in our daily operations, integrating corresponding measures into our processes.

The topic of "No Discrimination" continues to hold significant importance in our assessment because this issue has not changed, particularly in the Global South. Detailed points on discrimination are listed in Annex I, country-specific.

We still do not see any particular issues in the areas of "Child Labour" and "Non-Bonded Labour". However, these remain generally high-risk topics with a low likelihood, and they must continue to be closely monitored so that necessary preventive measures can be taken to avoid any negative impacts if necessary.

Through a separate workshop by CCR CSR / Save the Children in the past year, we have already proactively conducted an extensive training with our suppliers on "Child Labour" and "Special Protection for Young Workers" to raise awareness. The suppliers have intensively engaged with these topics and have integrated corresponding measures into their processes.

The likelihood, according to the available reports, is considered "Low," but if a case occurs in a factory, we classify the severity as "High."

In contrast, we have reduced the severity for the area of "Special Protection for Young Workers" because the risks or negative impacts that could arise here are already being effectively mitigated by efficient measures.

In addition to specific measures for the individual prioritized risk areas, there are other instruments that we derive based on the discrepancies found:

- Reference to local laws
- Conducting trainings by local employees to address specific issues
- Presentation of "Best Practice" examples that can serve as a guide
- Invitations to workshops and/or webinars (in the local language) offered by different organizations (e.g., amfori BSCI)

Other actual risks can be identified from regular inspection reports and mechanisms in place (e.g., complaint submissions) from local organizations (e.g., RSC on Fire and Building Safety in Bangladesh). The resulting requirements in areas such as fire, electricity, and statics have been largely improved and corrected since 2013. By 2023, the RSC – the local entity in charge of placing and monitoring the Accord agreements and guideline – managed to complete 31520 follow-up inspections for fire, electrical and structural safety [18].

	31 DEC 2022	31 DEC 2023
Fire	11763	11782
Electrical	12119	12669
Structural	6916	7069
TOTAL	30798	31520

Figure 8 Breakdown of follow-up inspections as of December 2023 [18]

The catalog of measures from inspections is regularly reviewed and updated. For example, the pilot project "Boiler Safety" was further expanded to reduce the risk of boiler explosions (due to unmaintained boilers). In 2023, RSC conducted 1514 visual, 354 internal, 342 hydrostatic and 149 functional boiler safety inspections [18].

A particularly positive outcome is the complaint mechanism of the Accord in Bangladesh. The complaint mechanism is a safe way for workers to raise their voice in case of an action that goes against the safety in the workplace. The complaint can be anonymous, in case that is the preference of the worker. Compared to its implementation in 2014 (11 complaints), by 2023, 2645 worker complaints were submitted to the RSC/accord.[18].

	Total	OSH	Non-OSH
TOTAL COMPLAINTS RECEIVED AS OF DEC 2023	8269	2621	5648
TOTAL NUMBER OF COMPLAINTS RECEIVED IN 2023	2645	529	2116
% OF OSH VS NON-OSH COMPLAINTS RECEIVED AS OF DEC 2023	-	20%	80%

Figure 9 Complaints received in 2023, and as of 2023. [18]

This shows clearly that the system is accepted by the workers, and they are made aware of this process by the RSC staff. The RSC’s complaint mechanism is a public tool that can be used by all stakeholders (especially vulnerable groups) and is easily accessible. Recently, the RSC implemented a toll-free IVR Hotline and the digital Complaint Management System. This new channel allows the workers to communicate their complaints by dialing only 5 digits on the phone/cell-phone. It is a toll-free number and can be reached anytime. The hotline has a 24/7 recording system, and 9:00 am to 5:00 pm live support during working days, making it possible to attend to all potential complaints [19]. Anyone can assert their claims and confidentially submit any violations of their rights or general breaches of human rights due diligence by other companies to the RSC. In a transparent review process, each case is processed and evaluated to achieve a fair resolution for the defendant.

The corporate risk analysis is updated and evaluated once a year to account for any changes that may arise and allow for active responses. This ensures that our action plan has a positive impact on identified issues, reducing or completely eliminating any negative impacts.

4. Risk Assessment of the Products

4.1. Supplier Selection / Production Facility

4.1.1. Supplier Selection Process – Business Initiation

The selection and onboarding of a supplier require a thorough evaluation through discussions, meetings, on-site visits, and document verification. Only after successful evaluation ("business initiation") does the process of "business onboarding" begin (see 4.1.2).

Before a supplier can be included in our supplier pool, it is mandatory, in addition to providing legally required documents and evidence, to conduct an initial physical inspection by the local CSR team located in Bangladesh, and a representative colleague located in China. This inspection results in an initial so-called internal "Factory Assessment Report," which forms the basis for further discussions between the factory management, the office management, and the team responsible.

A review of documents and evidence ("desktop research") is carried out by submitting and examining important operational documents:

International	Membership in the industry initiative amfori BSCI, as well as adherence to the corresponding Code of Conduct (CoC), and membership in the ACCORD on Safety and Safety Building / RMG Sustainability Council (RSC) in Bangladesh.
National	Proof of valid and comprehensive documents for operating a production facility. The document requirements vary between individual production countries (e.g., Bangladesh, China, or Cambodia) in terms of scope and validity.

Figure 10: Document Review for Supplier Onboarding (I)

In addition, a request for valid operating documents is required during the business initiation process.

Building Approval	Certificate by the Ministry of Power for Electric Substation
Environment Certificate	Boiler License & Boiler Operator Competency Certificate
Trade License	Certificate for Electrician
Factory License	Latest Drinking Water Test Report
Fire License	Waste Water Test Report
Permission for Generator	Group Insurance Records

Figure 11: Document Review for Supplier Onboarding (II)

4.1.2. Supplier Selection Process – Business Onboarding

After successful completion, the supplier is included in the Bay City supplier pool. An internal process flow for the system-based inclusion in the "Supplier Lifecycle Management" (SLM) program is explained in a separate process manual.

The processes described require the complete submission of valid documents and valid proof. Only with currently valid documents, as shown in Figure 12, can the supplier be included in the supplier pool and thus initiate a collaboration.

4.2. Material-related Risk Assessment / Chemical-related Risk Assessment

4.2.1. Material-related Risk Assessment

The production of clothing products is only possible through the use of a variety of resources. It is also associated with certain risks at various stages of production. For example, large amounts of water are required, particularly in the cultivation of natural fibers such as cotton. Energy and various chemicals are used throughout all stages of production to manufacture textiles.

Due to technological advancements, many tasks today are performed by machines. However, humans are still the central factor in highly specialized processes, especially in sewing. This means that in garment manufacturing, humans operate the machines, while the level of automation in earlier stages of textile production, such as spinning, knitting, weaving, and dyeing, is often much higher.

The resource-efficient development and protection of people, animals, and the environment is therefore of the highest priority for us. To address the risks in a global sourcing market as securely as possible, we use selected and credible certifications (see the table below) in the selection of materials and the production process, continuously improving our products at all levels.

4.2.2. Material-related certification assignment (Matrix)

Material Groups	1	2	3	4	5	6
Raw Material	Textiles made from cotton	Textiles made from cellulose	Textiles made from other natural fibers	Textiles made from synthetic fibers	Textiles with coating	Textiles of animal origin
Material Names	Cotton	Viscose	Linen	Polyester Nylon Acrylic ...	Polyurethane Polyvinyl chloride (PVC) ...	Wool Down padding
Certificate or material-specific name	OEKO-TEX® OCS GOTS CmiA ...	Lenzing™	OEKO-TEX®	OEKO-TEX® RCS GRS	Bionic Finish® Eco by Rudolf	OEKO-TEX® RWS (upcoming) RDS (upcoming)

4.2.3. Chemicals-related risk management

To protect people and the environment, we follow our own strict chemical regulations in the form of mandatory lists such as a product-specific "Restricted Substances List" (RSL)

Other existing programs and individual customer requirements are checked, evaluated, and incorporated into a requirement catalog to comprehensively cover the respective standard. The majority of our factories are STeP by OEKO-TEX® certified.

Furthermore, we exclude health-hazardous work steps like sandblasting denim items (referred to as "sandblasting"), which poses the risk of "silicosis" due to inhalation of tiny microparticles, and we assess improved methods in accordance with GOTS guidelines, such as eliminating the chemical potassium permanganate ("PP Spray"), which is still often used for partial fading of denim fabrics. Alternatives like ozone fading, laser technology, enzyme treatment, or bleaching with hydrogen peroxide are already possible within our supply chain.

In this context, the handling and use of textile auxiliaries and dyes, as already explained, are strictly regulated. We work with suppliers who inventory their chemicals and regularly verify compliance with our strict chemical restrictions using modern software solutions, such as the online tool "BHive" from our partner "GoBlu." Through this, we have the ability to view the current status of certified production chemicals and auxiliaries in the factory in a so-called "dashboard" and, if necessary, substitute critical substances with our internal experts on site.

Compliance with the so-called "DETOX/ZDHC" requirements, defined by Greenpeace as an international non-governmental organization (NGO), is carried out through regular wastewater and sludge tests in our partner facilities with wet processes through accredited test laboratories (requiring a STeP by OEKO-TEX® certification). The results are discussed with the suppliers, and improvement measures are agreed upon.

4.2.4. Systematic pollutant analysis

In addition to the sustainability standards mentioned on the previous pages according to material groups, we also follow fundamental customer-specific textile-physical and textile-chemical tests and requirements. These tests are carried out worldwide and exclusively at accredited laboratories. Through detailed requirements in the areas of dyeing and garment manufacturing units, the required functionality and safety in accordance with the quality requirements of each individual article are ensured. These are specified for each item in the respective contractual documents, technical specifications (the so-called "Tech Packs"), and the general terms and

conditions. Our direct contract partner is contractually obligated to communicate these requirements within their supply chain and implement them.

4.3. Use of textiles of animal origin

Animal welfare is also an essential pillar in our risk assessment. We adhere to strict guidelines for product development and production.

The use of down and feathers is not completely excluded but is subject to very strict quality and ethical standards, such as the exclusion of live plucking and the prohibition of force-feeding. Therefore, we have decided to replace down and feathers with (recycled) polyester fillings that do not compromise on quality.

The use of animal fibers, whose source is critically examined, is carried out with consideration for international animal welfare standards. Bay City will implement soon the Responsible Wool Standard (RWS) from Textile Exchange in our supply chain. The RWS is a voluntary global certification for wool that aims to ensure responsible practices in sheep farming and wool production. Besides the welfare of the animals, the RWS also aims to promote responsible land management, improve transparency and traceability in the supply chain, and provide a tool for responsible sourcing [20]. By implementing the RWS, our purpose is to increase traceability and transparency in our wool sourcing partners, and avoid risks of unsustainable practices around wool production and sourcing.

Besides the RWS, Bay City will also implement the Responsible Down Standard (RDS) from Textile Exchange. Similar to the RWS, the RDS is a voluntary initiative that incentivizes the down and feather industry and a welfare treat ducks and geese. The initiative also increase the transparency and traceability is the entire supply chain [21].

For other animal fibers, such as furs, hides, pelts, or angora, we use imitations (furs) or do not use them at all (angora).

The information and measures outlined in this risk report have been prepared to the best of our knowledge and current understanding, and will be continuously reviewed and updated as necessary.

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Annex I: Country-Specific Risks

	FREEDOM OF ASSEMBLY	DISCRIMINATION	COMPENSATION & REMUNERATION	WORKING HOURS	OCCUPATIONAL HEALTH & SAFETY	CHILD LABOR & YOUNG WORKERS	FORCED LABOR
BANGLADESH	<ul style="list-style-type: none"> -Prevention of strikes -Punishment of strikers -Harassment, assaults, or killings of union members -Intimidation and mistreatment -Lockouts and dismissals -Global Rights Index (regarding freedom of association and workers' rights) <p>[6] [9]</p>	<ul style="list-style-type: none"> -Ethnic minorities -Disabled individuals -Women (undereducated, poorly paid jobs; specialized and leadership positions mostly occupied by men; harassment, verbal and physical abuse at the workplace; maternity and pregnancy) <p>[8] [9] [12]</p>	<ul style="list-style-type: none"> -Minimum wages not sufficient for subsistence -Necessity of overtime -Non-compliant payment of overtime -Late payment of overtime -Increase in poverty; layoffs, outstanding wage payments, and increased price pressure due to market constraints in EU <p>[9] [12] [15]</p>	<ul style="list-style-type: none"> -Forced overtime -Indirect business relationships -Violations due to tight margins and short delivery times -Difficult control due to hidden subcontracting <p>[9] [12] [18]</p>	<ul style="list-style-type: none"> - Inadequate safety and health conditions -Missing emergency exits -No emergency drills -Insufficient ventilation -Limited medical care -Toxic substances -Fires, factory collapses <p>[9] [18] [19]</p>	<ul style="list-style-type: none"> -No compulsory education for minors -Parents' wages insufficient to support the family -Widespread child labor, especially in the informal sector <p>[10] [11] [12]</p>	<ul style="list-style-type: none"> -Men, women, and children affected -Human trafficking -Control mechanisms for enforcing laws against forced labor not effective -Lack of training and personnel and financial capacity in the Ministry of Labor <p>[10] [12] [15]</p>
CHINA	<ul style="list-style-type: none"> -ILO conventions (C87 and C98) not signed -Imprisonment for calling a strike -All China Federation of Trade Unions (ACFTU) as the only authorized union (government-loyal) -Membership in ACFTU required - indirect control <p>[4] [7] [15]</p>	<ul style="list-style-type: none"> -Religious and ethnic minorities (Tibetan Buddhists, Uighurs) -Xinjiang: Intimidation, arbitrary detention, torture, and other forms of abuse -Discriminatory passport practices -Women (unjustified dismissals, degradation, and wage disparities; underrepresented in leadership positions) -Sexual orientation and gender identity (LGBT, Transgender) <p>[4] [5] [6] [8]</p>	<ul style="list-style-type: none"> -Minimum wages not sufficient for subsistence -Necessity of overtime -Non-compliant payment of overtime -Delayed payment of overtime -Income losses due to reduced hours <p>[1] [4] [5]</p>	<ul style="list-style-type: none"> -Forced overtime for migrant workers <p>[1] [2]</p>	<ul style="list-style-type: none"> - Health risks from polluted wastewater and handling of chemicals -Insufficient ventilation -Factory collapses <p>[9] [10] [11] [13]</p>	<ul style="list-style-type: none"> - Lack of childcare for migrant workers' children <p>[2] [3]</p>	<ul style="list-style-type: none"> -State-sponsored forced labor -Mass arrests, political indoctrination campaign of the Uighurs -Migrant workers <p>[2] [7] [8]</p>

	FREEDOM OF ASSEMBLY	DISCRIMINATION	COMPENSATION & REMUNERATION	WORKING HOURS	OCCUPATIONAL HEALTH & SAFETY	CHILD LABOR & Y- OUNG WORKERS	FORCED LABOR
Cambodia	<ul style="list-style-type: none"> -Limited access to freedom of association -Suppliers often believe that unions are not beneficial for their business -Evidence of anti-union activities found in several Cambodian garment and textile factories <p>[24] [27]</p>	<ul style="list-style-type: none"> - Especially women and girls - Sexual orientation/gender identification <p>[22] [23]</p>	<ul style="list-style-type: none"> -Legal minimum wages are insufficient <p>[24] [27]</p>	<ul style="list-style-type: none"> -Illegal use of short-term contracts -Excessive overtime -Threat of dismissal or non-renewal of contracts if employees refuse to work overtime <p>[26] [27]</p>	<ul style="list-style-type: none"> -Health and safety regulations are not being followed -Poor ventilation in factories when using chemicals -Malnutrition -Long working hours <p>[25] [27]</p>	<ul style="list-style-type: none"> - Illegal child labor, driven by unauthorized subcontracting <p>[28]</p>	<ul style="list-style-type: none"> -Women represent a main concern in regards forced labor. <p>[29]</p>

Annex II: Systematic pollutant analysis

Systematic testing matrix for GOTS products – BayCity - All other product groups are generally subject to the requirements for textile physics and textile chemistry, which are anchored as a fixed contractual component in the General Terms and Conditions.

BayCity <small>Textilhandels GmbH</small>		DATE: 10.03.2026	TEST SELECTION TABLE ACCORDING TO GOTS STANDARD									
Limit values for residues in GOTS Goods (§5.2.7 from v7.0)												
TEST ITEM	Testing method GOTS Standard 7.0	Limit GOTS Standard 7.0	Textil/ Natural	Textil/ Synthetic	Textil/ Blends	Textil printed and coated Fabric	Leather	Plastic Accessories (e.g. buttons)	Polybags	Metal Accessories (e.g. button, zipper, rivet etc.	Elastic tape	PU Badge/ Artificial Leather Badge
Arylamines with carcinogenic properties (amine-re-leasing azo dyes MAK III, cat. 1,2,3)	EN 14362-1 and -3; (HPLC/GCMS)	< 20mg/kg	x	x	x	x	x					
Aniline (MAK III, category 4)	EN 14362-1; (HPLC/GCMS) without reductive cleavage											
Chlorinated Phenole PCP, TeCP, TrCP, DCP, MCP, OPP)	LFGB 82-02-08; (GC/MS)	PCP < 0.01 mg/kg TeCP < 0.01 mg/kg TrCP < 0.2 mg/kg DCP < 0.5 mg/kg MCP < 0.5 mg/kg OPP < 1.0 mg/kg	x	x	x	x	x					
Nickel	EN 16711-2, ISO 17294-2 (ICP/MS)	< 1.0 mg/kg								x		
Cadmium (Extractable heavy metals)	EN 16711-2, ISO 17294-2 (ICP/MS)	< 0.1 mg/kg				x		x		x		
Cadmium (Total heavy metals - in digested sample)	EPA 3050 B, ICP/MS, EPA 3051 or EN 16711-1	< 40mg/kg										
Disperse dyes (classified as allergenic or carcinogenic)	DIN 54231 (LC/MS)	<20 mg/kg		x	x	x						
Carcinogen Dyes	DIN 54231	5mg/l	x	x	x	x	x					
Chlorinated Organic Carrier	Solvent extraction, DIN EN ISO 6468 mod.	Prohibited		x	x	x						
Chlorinated plastics (e.g. PVC)		Prohibited						x	x			
Formaldehyd	Japanese Law 112 or based on ISO 14184-1	< 16 mg/kg	x	x	x	x	x					
Phthalate	DIN EN 15777:2009-12 (GC/MS) or ISO 14389	sum < 100mg/kg				x		x				
Chromium VI	Elution using EN 16711-2, EN ISO 17075-2	< 0.5 mg/kg					x			x		

Limit values for residues in GOTS Goods (§5.2.7 from v7.0)

TEST ITEM	Testing method GOTS Standard 6.0	Limit GOTS Standard 6.0	Textil/ Natural	Textil/ Synthetic	Textil/ Blends	Textil printed and coated Fabric	Leather	Plastic Accessories (e.g. buttons)	Polybags	Metal Accessories (e.g. button, zipper, rivet etc.)	Elastic tape	PU Badge/ Artificial Leather Badge
AP + APEO (main shell and lining only)	For NP, OP: Extraction, derivatisation, GC/MS or HPLC/MS For NPEO/OPEO: Extraction in methanol, derivatisation, HPLC/MS: EN ISO 18254-1 or NPLC: EN ISO 18254-2 (test range NPEO and OPEO: 3-15 moles)	NP/OP/HpP, PeP/NPEO/OPEO: Sum <20mg/kg NP/OP/HpP/PeP: Sum: 10mg/kg	x	x	x	x	x	x			x	x
Total Lead	EPA 3050 B, ICP/MS, EPA 3051 or EN 16711-1	< 50mg/kg				x	x	x		x		
Manganese (Mn)		< 90mg/kg								x		
Zinc (Zn)		< 750 mg/kg								x		
Barium (Ba)		< 1000 mg/kg								x		
pH Value (main shell and lining only)	ISO 3071 (Textile)	4.5-9.0 (no skin contact) 4.5 - 7.5 (all other)	x	x	x	x	x					
Organotin compounds TBT, TPhT, DBT, DOT, MBT...	Extraction in solvent, ISO 17353 (GC/MS) or ISO/TS 16179 or ISO 22744-1:2020, Part 1 and Part 2	TBT < 0,05 mg/kg TPhT < 0,05 mg/kg DBT < 0,05 mg/kg DOT < 0,05 mg/kg MBT < 0,1 mg/kg DMT, DPT, MoT, MMT, MPhT, TeBT, TCyHT, TMT, TOT, TPT, DphT, TeET < 0.1 mg/kg	x	x	x	x	x	x				
Short-chained chlorinated paraffins (SCCP) (C10-C13) & Medium Chain Chlorinated Paraffins (C14-17)		<50mg/kg				x	x	x				
Cyclic Siloxanes (D4, D5, D6)	Extraction in solvent, GC/MS	D4 <250 mg/kg D5,D6 Prohibited inputs that contain ≥1000 mg/kg										
Chlorinated Benzenes and Toluenes	DIN EN 17137	<1.0 mg/kg										
Polyaromatic Hydrocarbon (PAHs)	ISO 18287 (GC/MS) or AFPS GS 2014:01	Sum: < 5.0 mg/kg Chrysene < 1.0 mg/kg Benzo(a)anthracene < 1.0mg/kg Benzo(b)fluoranthene < 1.0mg/kg						x				

TECHNICAL QUALITY PRAMETER TEST SELECTION TABLE PHYSICAL

TEST ITEM	Testing method GOTS Standard 7.0	Limit GOTS Standard 7.0	Textil/ Natural	Textil/ Blends								
Colour fastness rubbing (dry)	DIN EN ISO 105-X12	3-4	x									
Colour fastness rubbing (dry) for fibre blends	DIN EN ISO 105-X12	3		x								
Colour fastness rubbing (wet)	DIN EN ISO 105-X12	2	x	x								
Colour fastness to perspiration Alkaline and Acid	DIN EN ISO 105-E04	3-4	x									
Colour fastness to perspiration Alkaline and Acid for fibre blends	DIN EN ISO 105-E04	3		x								
Colour fastness to light	DIN EN ISO 105-B02	3-4	x	x								
Dimensional changes after washing at 40°C resp at 30°C for animal fibre material and blends thereof. This criterion is only valid for the garment sector. Knitted/hosery:	DIN EN ISO 6330	max. 8%	x	x								
Dimensional changes after washing at 40°C resp at 30°C for animal fibre material and blends thereof. This criterion is only valid for the garment sector. Woven:	DIN EN ISO 6330	max. 3%	x	x								
Colour fastness to saliva	BVL B 82.92.3 DIN 53160-1	5	x	x								
washing fastness when washed at 40°C	DIN EN ISO 105 C06 A1M	3-4	x									
washing fastness of animal fibre material and blends thereof when washed at 30°C	DIN EN ISO 105 C06 A1S without use of steel balls	3-4		x								



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