G.GÜLDENPFENNIG GmbH







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#### FOREWORD

#### Dear reader,

Since Covid 19, our industry has been navigating rough waters. Economic uncertainties are the cause for diminishing consumer trust, and geopolitical tensions continue to influence energy prices, transport routes, and supply chains.

In addition to these challenges, regulatory requirements regarding due diligence, transparency, and reporting are constantly increasing. We welcome these developments and see them as an opportunity to further optimize our processes and advance our commitment to sustainability. At the same time, stricter legal requirements should only be imposed if they apply equally to all market players and do not disproportionately burden domestic companies. We call on policymakers to swiftly create a level playing field that ends unfair competition from players outside European borders.

We are aware that the production of clothing has significant impacts on people and the environment. Although it is still a long way for all parties involved along the value chain to achieve a sustainable clothing industry, we aim to continually reduce the impact of our products with the use of more sustainable materials and transparent supply chains. Our regular audits and close collaboration with long-standing partners are key components in maintaining our high standards.

We are constantly following and reviewing our work and impact to be in line with our goals for responsible business practices and continue to focus on the five areas of action that we consider particularly relevant for our core business:

> -transparency & supply chains -social responsibility -chemicals & the environment -sustainable materials -locations & local involvement

We are pleased to share this report with you in a genuine and open manner, and we hope you enjoy reading it.



Michael Wuwer Managing Director



Thomas Dreiling Managing Director



#### ABOUT GÜLDENPFENNIG

Güldenpfennig is a major full-service provider in the private label industry in the German-speaking region. As a textile specialist, we have been developing fashionable and high-quality garments for about 50 years. We offer a wide range of collections for women, men, children, and babies, covering virtually all types of clothing: hosiery, swimwear, lingerie, all kinds of outerwear, sportswear, and workwear. Our portfolio is further complemented by various brand collaborations and licensed products. We supply customers from various industries and of different sizes, including large drugstore and supermarket chains as well as retail and mail-order businesses.

The German headquarters, with 182 employees from the departments of Sourcing, Design, Procurement, Merchandising, Apparel Technology, Sustainability, Logistics and Packaging, is located in Quakenbrück – between Osnabrück and Oldenburg. As part of the JCK Group and a 100% subsidiary of Label Crew GmbH & Co. KG, Güldenpfennig acts as a service provider for Label Crew in terms of procurement and other services.

## FACTS AND FIGURES

Founded as a small hat manufacturer, we are still a family-owned business today



trained SA8000 auditors

produ countri manufad



cernational manufacturing partners

∥∥ Pool of **87** 

audited wet production sites (as of December 2024) human rights representative



experienced employees in the international Sustainability Team ▶ 8,300

i metric tons of cotton from more sustainable production in 2023 & 2024 international offices with 139 employees Bangladesh China

764

internal social audits and factory visits in 2023 & 2024





On-site prototype and pattern production workshop. We also train employees to qualify as textile and garment makers & textile and garment tailors



# garments manufactured in 2023 & 2024

#### **PRODUCTION & CUSTOMER COUNTRIES**

Our customers include German and international companies from various industries and sizes. In 2024, we supplied a total of 16 sales countries for our customers in various markets across Europe, Australia, and the USA.

Our manufacturing sites are primarily located in Asia, with Bangladesh remaining our most important manufacturing country. The share of procurement volume from Bangladesh increased from 2023 to 2024 and accounted for 85% last year. Another important production country is China, although the share of purchasing volume in China decreased compared to the previous year and was approximately 11% in 2024. In India and Turkey, less goods were manufactured for us in comparison to 2023. We also sourced goods from Portugal and Tunisia in small quantities in the past two years.



Percentage of our procurement volume\*





As a full-service partner in the textile industry, we do everything we can to optimally fulfill the wishes of our customers. We are continually required to fulfill multiple and diverse customer requirements, which demand a wide range of textile products and specialized production partners in different sourcing markets. Each of these partnerships has its own challenges – a responsibility we are committed to. At the same time, we welcome initiatives for greater transparency in the textile supply chain, as we can only achieve sustainable improvements with all partners and tiers involved.

Hartmut Scholz Head of Sustainability / Bangladesh

India



China

## TRANSPARENCY & SUPPLY CHAINS

Understanding the operations within the supply chain, especially in the deeper levels or tiers, is a key element from a sustainability perspective. It is the first necessary step in identifying risks and taking responsibility.

As a general rule, we maintain business relationships exclusively with garment manufacturers that supply us with the finished garments. However, the supply chain of a garment starts much earlier and consists of various processes that do not always follow a linear path. Factories in the deeper supply chain include finishing facilities, laundries and dyeing mills, knitting and weaving mills, as well as spinning mills. However, the complex and dynamic structure of the supply chain, global interconnectivity, and the sole contractual relationship with garment manufacturers make it difficult to keep an overview and obtain information along the supply chain. To achieve transparency in the supply chain, we collect data of the upstream production sites (up to the spinning mill) by using an order-specific questionnaire and random checks that garment manufacturers complete. This allows us to have basic factory information for nearly all our products.

With supply chain transparency we gain insight into specific issues at different production stages. Therefore, we monitor the manufacturing process at the production stages that are accessible to us whenever possible. For many years, we have been on-site in our production countries, conducting factory inspections based on our social and environmental compliance requirements. This enables us to identify risks in these areas, and over the years, we have developed various tools for risk prevention and mitigation.



Transparency has always been crucial in our collaboration with partners. It can be achieved by building relationships with the deeper supply chain. A good business relationship is based on trust and requires time and mutual commitment to grow. Therefore, we continuously work to strengthen our cooperation through open communication with our partners.

Atiqur Rahman Task Force Manager Bangladesh





### SOCIAL RESPONSIBILITY

Change can only be achieved by including all stakeholders, which is why we have been actively involved in industry initiatives for many years. Since 2008, we have been an active member of the amfori Business Social Compliance Initiative (amfori BSCI), and since 2014, we have been a member of the Bangladesh Accord on Fire and Building Safety (Accord).

We believe it is particularly important to take action ourselves – going further than merely participating in these initiatives. Since 2006, we have had our own Social Compliance team, consisting of experts in Bangladesh, China, and Germany. Nearly all team members are trained SA8000 auditors with many years of external and internal auditing experience.

#### SOCIAL COMPLIANCE HANDBOOK

In 2024, we began updating our policies and consolidating them into a handbook along with other social compliance requirements.

In addition to the amfori BSCI Code of Conduct (CoC), the document includes information and guidelines related to the German Supply Chain Due Diligence Act "Lieferkettensorgfaltspflichtengesetz" (LkSG) and our grievance mechanism. Furthermore, the handbook outlines fundamental requirements for factory visits and audits, as well as transparency regulations.

The framework primarily consists of various policies, such as the prohibition of child labor and forced labor, anti-corruption measures, a ban on subcontracting in production, and the prohibition of sandblasting as a finishing process.

The Social Compliance Handbook is scheduled for completion in early 2025 and will serve as a single point of truth for our production facilities from that point onward.

#### International teams in social responsibility





the challenges.

Shadow Liu Senior Compliance Executive China



Certain violations related to working hours, wage payments, and occupational safety are recurring themes in garment factories. While changes in these areas are visible, they are unfortunately slow—partly due to structural challenges in China. This is why fundamental rules within our policies, along with regular audits, are so important. They help drive improvements in small steps, despite

#### **ONBOARDING & FACTORY POOL**

When a new factory is to be added to our factory pool, our country offices first review basic documents and, if the outcome is positive, conduct an initial internal audit on-site at the factory. If both internal and external audit results meet our requirements, the factory will be added to our pool (see diagram on the right).

The factory pool included 88 producers in 2023 (as of December 2023) but decreased to 77 facilities in 2024 (as of December 2024). Of these, 51 factories were in Bangladesh and 19 in China. The remaining factories were located in India (3) and Turkey (3), along with one facility in a non-risk country, Italy.

Our customers decide whether they want to use factories from this pool of approved factories to manufacture their products.

#### **INTERNAL SOCIAL AUDITS**

By conducting internal audits, our expert teams can inspect production facilities, assess compliance with social and safety standards on-site, define corrective actions, and support factories throughout the subsequent improvement process.

Almost all factories listed in our supplier pool are audited at least once a year, often multiple times, to ensure compliance with our labor and human rights standards. The number of visits primarily depends on the risk potential and order volume. One of the major challenges in audits remains the disclosure of factory data, such as production capacities, working hours, and wages. Our examination of raw data and server data from electronic time tracking systems goes far beyond the common market requirements and is a key pillar of our standards. In addition to factory visits conducted by our Social Compliance Team, our Task Force in Bangladesh, founded in 2013, operates exclusively with unannounced inspections. This Task Force conducts random checks on factories to ensure transparent supply chains and traceable material flows. Its main tasks include monitoring unauthorized subcontracting, reviewing capacity planning in production facilities, and tracking certified materials.



The diagram shows in simplified form the internal and external audit processes for checking and ensuring good working standards at the factories in our supplier pool In 2023, a total of 384 internal audits and factory visits were conducted in Bangladesh, China, India, and Turkey. For these monitoring activities, our team was present in factories for a total of 945 work-days. More than half of these work-days in 2023 were spent conducting internal audits of our pool factories, with 427 work-days dedicated to Bangladesh alone.

The results for 2024 show a similar trend: a total of 380 internal audits and factory visits were conducted in Bangladesh, China, India, and Turkey. The number of work-days remained at a similarly high level, with 925 recorded in 2024.

The intensity of our audits is reflected in the number of work-days. A high number of work-days means that factories are usually visited by teams, allowing each auditor to focus on a specific area of expertise (e.g., working hours or wages).

All corrective actions identified during audits are documented in a Corrective Action Plan (CAP). In follow-up audits, we assess the implementation of these measures on-site.

Güldenpfennig regularly organizes workshops on various sustainability topics to help supplier CR staff reach their full potential. The goal is to bring together compliance teams from our suppliers to learn together, solve problems, develop new concepts, and promote teamwork. The last workshop in October 2024 covered essential health and safety requirements as well as the latest update to Bangladesh's labor law.

#### Najmul Hasan Compliance Manager Bangladesh

#### LONG-TERM PARTNERSHIPS

Long-term partnerships are valuable for various reasons, including the implementation of social and environmental standards in the supply chain. Sustainability efforts require long-term processes that can only be realized by cooperation and trust. On this basis, we collaborate with factories over extended periods: In both 2023 and 2024, over 30% of our suppliers had been partners for more than 10 years. This share grew from 33% in 2023 to 36% in 2024.



#### Duration of partnerships with our suppliers in 2024



#### **AMFORI BSCI MEMBERSHIP & EXTERNAL SOCIAL AUDITS**

We have joined the amfori Business Social Compliance Initiative (amfori BSCI) in 2008 to ensure that our requirements regarding social and labor standards are met and continuously improved in the factories of our business partners.

Before we enter into a business relationship, manufacturers must sign the amfori BSCI Code of Conduct (CoC). The CoC includes provisions on labor standards, safety, and remuneration, as well as additional human rights and labor law requirements such as protection from discrimination and the right to freedom of association and collective bargaining. Similar principles and requirements are also upheld by Sedex and SA8000, whose CoCs and audits we also recognize.

To verify compliance with the Code of Conduct, accredited auditing firms regularly conduct audits in all garment factories, as merely signing the CoC is not sufficient. At the end of 2024, our supplier pool comprised 77 factories (2023: 88), with a valid external social audit available for all factories in risk countries (76) as of December 31, 2024. In 2024, a total of 65 external social audits were conducted. The number does not match the total number of pool factories because audits with a positive result remain valid for two years, meaning not all factories are audited annually.

The distribution of external social audits remained similar in 2023 and 2024, with amfori BSCI audits slightly increasing in proportion while Sedex audits declined slightly. Due to our membership, amfori BSCI audits continue to account for the largest share of external social audits. Additional audits conducted by our customers are not included in these figures. The results of the amfori BSCI audits remained relatively stable in 2023 and 2024, showing predominantly positive outcomes for most factories in our pool.

Overview of amfori BSCI results

International ACCC RD for Health and Safety in the Textile and Garment Industry









#### INTERNATIONAL ACCORD

The Bangladesh Accord on Fire and Building Safety was established in 2013 in response to the collapse of the Rana Plaza building in Dhaka. Since then, its goal has been to improve inadequate building and workplace safety in Bangladesh's textile factories. To achieve this, the Accord defines fire, building, and electrical safety standards, which are regularly inspected by specialized engineers.

Güldenpfennig signed this legally binding agreement between brands, retailers, trade unions, and NGOs at its inception and has committed to all subsequent agreements. Since May 2021, we have been part of the International Accord, which is still monitored from Amsterdam but implemented in Bangladesh by the RMG Sustainability Council (RSC). Despite some challenges in implementation, the Accord is undoubtedly one of the greatest success stories in the textile industry over the past decades. One of its key achievements is the grievance mechanism, available to all Accord factories, which is considered one of the best reporting systems in the textile industry. It enables workers to report safety and health hazards in the workplace.

At the end of 2023, Güldenpfennig had 80 active factory buildings listed under the Accord in Bangladesh and was designated as the lead brand for ensuring compliance in 29 of them. In 2024, both numbers declined, with 71 listed factory buildings remaining by year-end, of which we are the lead brand for 26. Our improvement rate remained steady at 94% in both 2023 and 2024, which is still above the Accord average (2024: 86%).

# CHEMICALS & THE ENVIRONMENT

To achieve the colors and functionalities we desire in textiles, a wide variety of dyes and chemicals are often used. For a long time, little consideration was given to human and environmental impacts, prompting Greenpeace to launch its Detox campaign in 2011. Since joining in 2015, we have developed a comprehensive set of tools to monitor and control the use of chemicals. Over time, customers have set individual priorities and requirements. We provide them with our tools and adjust them as needed to improve chemical management in wet production sites (WPS) according to their needs. Thus, the implementation of chemical and environmental management requirements varies depending on the individual customer.



#### WHITELIST OF APPROVED WET PRODUCTION SITES

All WPSs on our whitelist meet our chemical and environmental management requirements. To better support them and increase our influence on compliance by raising order volumes, we have significantly reduced the amount of production sites on our whitelist over the years. In 2023 and 2024, the whitelist included 87 factories from Bangladesh, China, and India, with Bangladesh accounting for the largest share (46 factories in 2024). The whitelist is updated annually.

To be added to our whitelist, a WPS must first submit its chemical inventory as well as various operational and safety documents. After reviewing these documents, we conduct an internal Chemical Management Audit (CMA). If the CMA results are satisfactory and the WPS maintains a digital chemical inventory, it is added to the whitelist, which is then shared with garment factories.

The whitelist serves as a recommendation, allowing factories to find suitable suppliers and ensuring our customers can place their orders with verified WPS. Depending on customer requirements, whitelist compliance may be mandatory for production. Thus, customer specifications play a crucial role in shaping chemical and environmental management in WPS.

## International Teams for chemicals & the environment







#### CHEMICAL MANAGEMENT AUDIT

Chemical Management Audits (CMAs) are a key part of the work of our expert teams in Bangladesh and China. CMAs thoroughly evaluate chemical and environmental management in wet production sites (WPS) and initiate individual improvement measures.

In 2023, our chemical & environmental compliance teams conducted 144 CMAs and factory visits in Bangladesh, China, and India. In 2024, the number increased to 192, with 155 of them taking place in Bangladesh alone. In both years, the primary focus was on conducting CMAs, inspecting and monitoring the Implementation of Chemical Inventory Lists (CIL – see next section) and CAP follow-ups.

The work-days indicate how many working days the auditors spent on the inspection of the factories. In the years 2023 and 2024, more than 30% of the work-days of our expert teams in Bangladesh and China were used for the implementation of the CMAs. Corresponding to the number of audits, the number of work-days for factory visits is highest in Bangladesh. In 2024, factory visits were carried out with 290 days, which corresponds to a share of 89% of the total work-days in Bangladesh, China and India (total: 326 work-days). In India we recorded the lowest number of audits and work-days, as we only work with a few WPSs there.



The opening meeting is attended by the Güldenpfennig audit team. the management of the WPS and other relevant employees of the factory.

WPS, e.g. the storage and

Interviews with WPS employees

are particularly important to

responsibilities and hierarchies

understand the processes,

Based on the information

Plan (CAP) is drawn up in

collected, a Corrective Action

which all non-conformities are

listed with correction deadlines.

within the companies.

labeling of chemicals.

#### Document checks verify that all documentation is present and correct. That includes legal permits, certifications or policies.

# Factory tour

Interviews

### CAP & Closing Meeting



After completion of the CMA, the WPS is required to implement the points specified in the CAP. Our team monitors their progress in a CAP

Our CMAs consist of six elements, which are described in the illustration

follow-up audit.



Chemical management audits and chemical inventory verification are essential for ensuring chemical safety and regulatory environmental compliance. By systematically evaluating our suppliers' chemical management practices, we can mitigate risks, enhance operational efficiency, and protect our environment in a sustainable way. Regular audits and accurate chemical inventory checks foster a culture of responsibility, ultimately leading to safer workplaces and sustainable practices that prioritize health and safety for all our stakeholders."

#### **Golam Shorower**

Team Lead Chemical & Environmental Compliance Bangladesh

#### CHEMICAL INVENTORY

Over recent years, the monitoring of chemicals used in wet processing has evolved. After joining the Detox campaign, compliance was initially monitored by wastewater testing, which was used for most WPSs until 2023. However, since 2022, the strategy has shifted to preventing hazardous substances at the beginning of production. Since then, we have gradually transitioned factories on our whitelist to digital chemical inventories (Chemical Inventory Lists, short: CILs), primarily using BVE3 and The BHive® platforms.





Due to the challenge of keeping all chemical data updated, our teams closely supported factories during the transition. In both 2023 and 2024, 44% of our factory visits focused on the transition to CILs. Compliance is continuously monitored through our CMAs.

#### **SUSTAINABLE MATERIALS**

We use a variety of more sustainable fibres and materials in our products, which, compared to their conventional counterparts, improve environmental friendliness, animal welfare, and/or social justice at various stages of production. Depending on the fibres or material, the focus may be on raw material cultivation and sourcing, animal husbandry, or the fibres production process itself.



#### SUSTAINABLE COTTON\*

In 2023 and 2024, we used over 8,300 metric tons (MT) of more sustainable cotton in our products. This included GOTS- and OCS-certified organic cotton, GOTS in-conversion cotton, CmiA-certified cotton, as well as recycled cotton and cotton certified by another industry standard.

Due to declining customer demand, the proportion of more sustainable cotton in our products decreased from 93% in 2023 to 87% in 2024. However, more sustainable cotton still makes up the vast majority compared to conventional cotton.

#### Use of cotton in 2024



More sustainable Conventional cotton cotton\*

\* Includes OCS and GOTS-certified cotton, CmiA cotton, and another industry standard.

#### GLOBAL ORGANIC TEXTILE STANDARD (GOTS)

As a globally recognized standard for textiles made from organically produced natural fibres (especially organic cotton), the Global Organic Textile Standard (GOTS) is one of the most important and well-known textile labels. The whole supply chain has to be certified for GOTS certification to be awarded. This creates transparency and credibility across the board. In 2024, we processed over 60 MT of GOTS-certified cotton in our products, totaling over 118 MT of GOTS-certified organic cotton over 2023 and 2024.

#### GOTS IN CONVERSION

The transition from conventional to organic farming takes three years, as the soil needs time to detoxify. Cotton grown during this transition period is not yet considered "fully organic" and is therefore labeled "cotton in conversion." In 2023, we used approximately 60 MT of GOTS In-Conversion-certified cotton in our products. However, it was not used in 2024.

#### **ORGANIC CONTENT STANDARD (OCS)**

Products certified to the Organic Content Standard (OCS) contain organically grown materials that have been independently verified at each stage of the supply chain, from the source to the final product.

In 2023, we used approximately 90 MT of OCS-certified cotton (both OCS Blended and OCS 100) in our products, while in 2024, we used 18 MT of OCS-certified cotton (OCS Blended).

#### COTTON MADE IN AFRICA® (CmiA)

The Cotton Made in Africa® (CmiA) standard promotes sustainable cotton farming in Africa by providing smallholder farmers with training on resource-efficient farming techniques and yield improvement. We source CmiA cotton via a mass balance system, meaning the initiative is supported even though the cotton itself is not necessarily physically present in the final product. In 2023, we used over 125 MT of CmiAcertified cotton, while in 2024, this figure was over 93 MT.











#### COMMITMENT TO IMPROVED ANIMAL WELFARE

#### **RESPONSIBLE DOWN STANDARD (RDS)**

The Responsible Down Standard (RDS) describes and (independently) certifies animal welfare practices in down and feather production and tracks the certified down and feathers from farm to final product.

In 2023, approximately 6 MT of RDS-certified down were used in our products, while in 2024, this number was around 4 MT.



#### **RESPONSIBLE WOOL STANDARD (RWS)**

The Responsible Wool Standard (RWS) verifies wool animal welfare and land management requirements and tracks it from farm to final product.

In 2023 and 2024, RWS-certified wool was occasionally used in our products.



#### FUR FREE RETAILER

In 2021, we joined the Fur Free Retailer program to publicly state that we do not use any animal fur in our products.



#### **REGENERATED & SYNTHETIC FIBRES**

In addition to natural fibres, our products also contain various regenerated and synthetic fibres (commonly referred to as Man-Made Fibres, MMF) whereby we use more sustainable alternatives for some of our products. While these fibres do not meet all criteria for fully sustainable materials, particularly in terms of environmental impact, they still offer a more sustainable option compared to conventional counterparts.

#### **REGENERATED FIBRES**

To produce resource-efficient fibres, the Austrian fibre manufacturer Lenzing AG prioritizes sustainable sourcing while minimizing water, chemical, and energy usage. In 2024, 28% (compared to 20% in 2023) of all regenerated fibres used in our products came from more sustainable sources. We incorporated the following branded fibres: TENCEL<sup>™</sup> Lyocell and Modal fibres are produced with at least 50% lower CO<sub>2</sub> emissions and water consumption compared to generic Lyocell and Modal fibres.<sup>1</sup> In 2023, we used over 50 MT of TENCEL<sup>™</sup> Lyocell fibres and over 50 MT of TENCEL<sup>™</sup> Lyocell fibres. In 2024, the share of TENCEL<sup>™</sup> Lyocell fibres increased to approximately 80 MT, while TENCEL<sup>™</sup> Modal fibres decreased to around 15 MT. TENCEL<sup>™</sup> is a trademark of Lenzing AG.

<sup>1</sup> Results are based on LCA standards (ISO 14040/44) and available via Higg MSI (Version 3.7).

LENZING<sup>™</sup> ECOVERO<sup>™</sup> fibres are certified with the EU Ecolabel for meeting high environmental standards throughout their lifecycle.<sup>2</sup> In 2023, we used over 20 MT of these branded fibres. In 2024, demand from our customers increased significantly, reaching over 90 MT. LENZING<sup>™</sup> and ECOVERO<sup>™</sup> are trademarks of Lenzing AG.

<sup>2</sup> EU Ecolabel for textile products (License No. AT/016/001).

#### Use of Man-Made Fibres



#### **RECYCLED POLYESTER**

Both the production and use of polyester products have significant environmental impacts. These range from the raw material crude oil to the release of microplastics when wearing and washing the items, as well as the poor biodegradability of the material in the environment. Nevertheless, synthetic fibres are very popular in the clothing industry due to their high functionality and attractive price. Since there are currently very few material alternatives, we still have a long way to go. A first step away from using conventional virgin polyester derived from crude oil is the transition to recycled materials. While this does not solve all environmental issues, it is important to start making changes until comprehensive solutions become available.

Since 2021, our share of conventional polyester has continuously decreased. In 2021, we almost exclusively used conventional polyester, but by 2023, we were able to reduce this share to approximately 74%, and in the following year, even to 69%. The use of GRS-certified polyester, in particular, has increased since 2022 and rose to over 30% in 2024. Additionally, in 2023, we incorporated nearly 58 MT of the branded fibre REPREVE®, produced by the U.S. manufacturer Unifi, Inc., into our products. This polyester is made from recycled materials, primarily plastic bottles, according to the manufacturer.



The Global Recycled Standard (GRS) verifies the percentage of recycled material and tracks it from the recycler to the final product.

In 2023, we processed over 700 MT of GRScertified polyester in our products, and by 2024, this figure had risen to over 1,100 MT.











We have established clear codes of conduct to ensure compliance with laws and to promote respectful interactions. However, violations such as fraud or bullying can still occur and cause harm. Therefore, since May 2022, we have implemented a reporting system, providing our employees with a secure and confidential chan-



#### BANGLADESH



122

employees

9

99%

permanent contracts

years of average job duration

years – the average age of

our employees

For decades, it has been important to me to personally oversee production in our sourcing countries. This aligns with Güldenpfennig's commitment to knowing its production facilities and being present on-site as often as possible. For this reason, we have maintained our own offices in Bangladesh and China, our key production countries, for many years. Our local employees work in the areas of merchandising, production, quality assurance, garment technology, and sustainability. This enables us to precisely meet customer requirements and ensure compliance with our standards throughout the production process.

Michael Reim Global Compliance Manager





#### **REGIONAL CLIMATE PROTECTION**

Peatlands are among the most effective carbon stores of all terrestrial habitats—but only as long as they remain untouched. In their intact state, they store carbon in the soil and prevent its release. However, in Germany, almost all peatland areas have been drained, primarily for agriculture and forestry, settlement construction, infrastructure development, and peat extraction. Nevertheless, these areas can be restored by rewetting and remaining intact peatlands can be actively protected.

For this reason, we have supported peatland conservation efforts with regional donations in 2023 and 2024. In both years, we contributed to the environmental organization BUND by purchasing shares in the Moorland® project. This initiative is dedicated to the renaturation and rewetting of a section of the Northern Wietingsmoor in the district of Diepholz. This project includes constructing dams and embankments and removing drainage systems to retain water in the area.

Our second donation has supported a project of the Nature and Biodiversity Conservation Union (NABU) of Lower Saxony since 2023. As we were particularly impressed with this initiative, we decided to continue our support in 2024. The NABU sheep farm in Stemshorn is located within an intact peatland area that is preserved as part of the project. Controlled grazing with sheep maintains the natural surface vegetation, contributing to the long-term protection of the peatland

More information about the NABU sheep farm project can be found here!



As a member of the Science Based Targets initiative (SBTi), we committed to science-based climate targets in 2022. Based on our baseline year 2019, this means we aim to reduce our Scope 1 and 2 emissions by at least 46% by 2030.





#### **CORPORATE CARBON FOOTPRINT (CCF)**

In 2023, our Corporate Carbon Footprint (CCF) for business activities in Quakenbrück amounted to 1,492.7 MT of  $CO_2e$ . In 2024, our CCF was 1,410.5 MT of  $CO_2e$ , with 410.2 MT of  $CO_2e$  accounted for by Scope 1 and 2 emissions.Scope 1 includes direct emissions, such as those from our company vehicle fleet and refrigerant emissions. Scope 2 covers emissions from purchased electricity and heating. Scope 3 includes 15 categories of upstream and downstream emissions, of which we currently calculate the following: business travel, employee commuting, fueland energy-related emissions (upstream emissions from electricity, fleet, and heating), waste from operations and its transportation for disposal. Additionally, our external

#### CORPORATE CARBON FOOTPRINT RESULTS IN METRIC TONS OF CO2e

Emission Sources	2022	2023	2024
Scope 1 & 2 (Direct Emissions)	562.3	394.5	410.2
Vehicle fleet	151.1	125.5	138.8
Refrigerant leaks	1.2	29.8	0
Purchased heating	149.5	138.3	167.7
Purchased electricity	260.5	100.9	103.7
Scope 3 (Indirect Emissions)	909.3	963.4	872.9
Business travel	333.3	458.1	450.8
Employee commuting	385.0	378.9	298.3
Fuel- and energy-related emissions	168.7	104.8	104.1
Waste from operations	18.0	17.6	15.9
Purchased goods and services <sup>1</sup>	4.15	3.9	3.8
SUM Emissions	1,471.6	1,357.9	1,283.2
TOTAL Emissions <sup>2</sup>	1,616.9	1,492.7	1,410.5

<sup>1</sup> Does not include our merchandise goods, but only the location-based areas of office paper, water, and external data center <sup>2</sup> Includes 10% safety margin

data center, office paper and water consumption are assigned to the purchased goods and services category. In 2024, we calculated our first Product Carbon Footprints (PCFs) for selected products. By using primary data, this enables us to gain a better understanding of product-related emissions across the lifecycle. These initial analyses are not yet included in our CCF but are planned for integration in the future. On the next page, we present our methodology and initial PCF results in more detail.

#### **PRODUCT CARBON FOOTPRINT (PCF)**

As described in the previous section, we have been calculating the Corporate Carbon Footprint (CCF) for our Quakenbrück headquarters for several years. This includes direct and indirect emissions from our business activities. However, it is important to note that product emissions have not yet been included in the CCF calculation. These indirect emissions occur throughout the entire value chain of a product—from raw material extraction and production to transportation and disposal.

#### CALCULATION

To gain an even more detailed understanding of our climate impact, we have expanded our calculations beyond the corporate balance sheet and have now, for the first time, calculated the Product Carbon Footprints (PCFs) for selected garments.

A PCF measures the total greenhouse gas emissions (expressed in  $CO_2$  equivalents) generated throughout a product's entire lifecycle. This includes raw material extraction, production, transportation as well as the end-of-life disposal.

These are the phases that a company can directly or indirectly influence through its decisions. However, one phase we cannot influence is the use phase of the garments. Therefore, this phase is not included in our calculations.

Below, we present two of the products we calculated, along with fact sheets that make their results more comparable.

#### **EVALUATION**

The calculations show that material sourcing and preprocessing (e.g., fabric and component production) account for around 80% of the total CO<sub>2</sub> footprint of both products. This corresponds to  $2.77 \text{ kg CO}_2\text{e}$  for the T-shirt and 4.06 kg CO<sub>2</sub>e for the rain pants. By contrast, distribution and storage - that is, transporting goods from Asia to Europe - only contribute 2% to 2.9% of emissions. Production emissions are slightly higher for the rain pants (10.10%) compared to the T-shirt (6.8%). This is due to the more complex manufacturing processes. The rain pants require additional processing, such as seam sealing using heat-applied tape for waterproofing and reflective prints, which are also heat-applied.

In contrast, the T-shirt requires fewer production steps,

#### **MEN'S T-SHIRT**

Ø Average weight:	150 g
Material composition:	Main fabric: 100% cotton Ribbed cuffs: 95% cotton, 5% elastane
Processing countries:	Raw materials: Brazil Fabric production: Bangladesh Manufacturing: Bangladesh
Components:	Main fabric, ribbed cuffs, print, sewn-in labels, sewing thread
$CO_2$ -Emissions:	3.39 kg CO <sub>2</sub> e



#### CHILDREN'S RAIN PANTS

Ø Average weight:	200 g
Material composition:	Main fabric: 100% polyest Lining fabric: 100% polyes
Processing countries:	Raw materials: China Fabric production: China Manufacturing: Bangladesh
Components:	Main fabric, lining fabric, s elastic band, snap buttons print, sewn-in labels, sewi
$CO_2$ -Emissions:	5.10 kg CO <sub>2</sub> e

					2.9%		1.0%
		81.7%			6.8%		7.5%
Material sourcing and pre-processing	Production	Transport and sto	orage Disposal	Ge	eneral emi	ssion	ns *

Material sourcing and pre-processing Production Tra

\* General emissions refer to emissions that cannot be directly assigned to a specific product but still occur, such as employee commuting.

as it only involves fabric cutting, printing with color pigments as well as sewing the pieces together. The weight of the outer fabric and the number of components in a product also influence its  $CO_2$  footprint authoritatively.

For example, the children's rain pants generate 5.10 kg  $CO_2e$  in total emissions—significantly more than the men's T-shirt at 3.39 kg  $CO_2e$ . The higher emissions are due to the heavier outer fabric which is provided with a PU coating for waterproofing. Additionally, the rain pants requires more individual components, making production more complex and resource-intensive.

ter with PU coating ster		1
h		
seam sealing tape, s, buckle, reflective ing thread		
		2.0% 0.9
79.5%		10.1% 7.5%
ansport und Lagerung	<ul> <li>Disposal</li> </ul>	General emissions *

#### PUBLISHING INFORMATION

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