

Sustainability Report: MBA-Solutions 2024

The MBA-Solutions GmbH is pleased to present the Sustainability Report for the year 2024. Our company is committed to promoting sustainable practices and fulfilling our environmental and social responsibilities. This report provides an overview of our efforts and progress in the areas of Social, Environmental, and Corporate Governance (ESG). This year, we have made significant progress, particularly in the area of due diligence in our supply chain, which is the main focus of this sustainability report.

Our Commitments:

- We commit to adhering to the international agreements and frameworks of the OECD, the United Nations, the International Labour Organization (ILO), etc.
- We are dedicated to ensuring living wages for the workers of our suppliers. We aim to achieve living wages for suppliers by 2030, where this is not already the case. Most suppliers already pay their employees living wages or wages that are close to a living wage.
- We have also committed to establishing a grievance mechanism in our supply chain through three methods: internal, external, and an additional grievance mechanism from MBA-Solutions. Each of our suppliers already has its grievance mechanism, and we ensure that our mechanism is effective. At the same time, we are in contact with our suppliers to ensure that there is a third or external grievance mechanism in their factories.
- Our goal is also to increase the share of sustainable materials and production. We strive to increase the share of sustainable production to at least 10% of total production by using recycled polyester and organic cotton.
- We have banned subcontracting in our supply chain. Additionally, we take care of vulnerable groups such as pregnant mothers, people with disabilities, and those with a migration background.

Our Partners:

MBA-Solutions GmbH works with various suppliers and partners worldwide. Our main supplier country is Bangladesh, followed by China and Turkey. With strong and reliable suppliers, it is becoming increasingly easier for us to implement due diligence issues.

In Bangladesh, our suppliers are located in Dhaka and Gazipur; in China, our main suppliers are in the provinces of Zhejiang, Jiangsu, and Fujian; and in Turkey, they are in Istanbul.

Due Diligence Measures Based on Risk Analysis:

- Based on our risk analysis, we have identified the following three risks: A) Global political changes and an increase in disputes, B) Price and time pressure from customers, C) High overtime.
- We have little influence on political issues, but we have taken some measures regarding price and time pressure and high overtime, such as encouraging customers in various ways, intensive pre-planning in production, and buffer time in lead time.

- We strive to ensure the right of workers to file complaints. We pressure our suppliers to establish an effective internal and third-party/external mechanism. Additionally, we implement our grievance mechanism in the production facilities of our suppliers.
- Ensuring living wages in our supply chain is our top priority: We collect payrolls from our suppliers and conduct a gap analysis between living wages and actual wages paid. We have set our strategy here and already created an incentive policy for suppliers if they introduce living wages according to our strategy.
- Communication is an important tool for us in implementing due diligence. We currently communicate directly with the workers, the so-called "rights holders." We learn about their challenges and their satisfaction with their work. We communicate in their language with the help of translators.
- Increasing awareness of due diligence among suppliers is also one of our main tasks, as the awareness of due diligence in the global supply chain is far less pronounced than in Germany. We encourage our suppliers to integrate due diligence into their business and explain the benefits it can bring.
- We travel to the supplier countries and check on-site how we can better implement our strategies.

Learning Experiences and Challenges:

We have made good progress and faced challenges in our supply chain so far. In Bangladesh, a functioning grievance mechanism has already been established. Every factory we work with has its functioning grievance mechanism, and one of them has an external grievance mechanism.

Another positive experience was how satisfied the workers in our production facilities are. We surveyed a number of workers about their satisfaction and well-being at the workplace. Everyone is satisfied with their work.

We want to ensure a functioning grievance mechanism system. This can be ensured in three ways: through an internal factory mechanism, an external mechanism, and an MBA-Solutions mechanism, or through an appropriate combination of these methods. In Bangladesh, our supplier maintains a logbook for received complaints and takes necessary actions, which are simultaneously documented and traceable. MBA-Solutions has monitored this mechanism by reviewing the logbook and verifying the actions taken by the factory. According to our review, all complaints received by the factory management have been resolved.

Of course, there are challenges as well. We need to work more in the area of due diligence. Especially outside Germany and Europe, awareness of due diligence is not as pronounced as in Europe. We need to draw the attention of our suppliers' top management to due diligence. That is why we are traveling around the world and will continue to do so. Through open communication and dialogue, we can better understand each other and implement due diligence.

Becoming a Climate-Neutral Company:

Not only in our supply chain but also in our own company, we address sustainability issues.

With the construction of our new company building at Gierlichsstraße 26, 53804 Troisdorf, we have taken the opportunity and made a big step towards becoming a "sustainable company."

In early 2020, we were able to move into our new office building with an attached warehouse.

- The building is heated by an energy-saving heat pump.
- Controlled ventilation brings additional reduction in energy consumption.
- The windows and insulation are optimally designed for energy efficiency.
- On May 1, 2021, our 99.66KwP solar system went online. With this and the 2 x 10KW storage units, we supply our company with almost self-sufficient electricity (36,000KwH per year).
- The building lighting is exclusively energy-saving LED lamps.
- Motion detectors are installed for the lighting of the outdoor areas, stairwells, and toilets to reduce electricity consumption.
- Additionally, we offer our employees the opportunity to contribute to "climate neutrality" in their mobility with our e-charging stations.

Living Sustainability:

In our daily work and environment, prudent and environmentally friendly behavior is quite normal:

- Proper waste separation is implemented in the offices, warehouse, and kitchen by all employees.
- To avoid unnecessary waste from drinking bottles, the CUBE from Quooker is available for all employees and visitors. Here, you can choose between still water, sparkling water, or boiling water from the tap.
- Employees are provided with a job ticket upon request and as needed, promoting the use of public transportation.
- Business trips are made by train whenever possible instead of by plane.

Sustainability in Clothing Production:

Our goal is to avoid or minimize the negative impact of our business activities on people and the environment. As a clothing manufacturer, it is imperative to actively address and build sustainability.

- In 2019, we began the GOTS certification and have since also been certified to OEKO-TEX Standard 100. We also work exclusively with certified facilities. A significant portion of our total orders is certified to OEKO-TEX Made In Green. We are currently in the process of certification for the GREEN BUTTON 2.0.
- The importance of sustainable products in the company quickly took off and should not only be part of daily business. Therefore, from June 2021, a separate "Sustainability" department was created and has been continuously expanded since then. From March 2024, we have hired a Sustainability Manager who is exclusively responsible for sustainability issues so that we can optimally focus on sustainability topics.
- We work exclusively with certified facilities and are also a member of amfori.
- From May 2024, we are a member of the Textile Alliance. We are already a member of amfori BSCI.

Goals for 2024:

- Completion of the certification for the Green Button 2.0
- Process control based on specification and verification documents in all areas of procurement and production (continuous process)
- Further promotional measures for our grievance management with all producers and suppliers (continuous process)
- Better production planning (volume forecast/design provision) to reduce overtime in productions.
- Wage monitoring of productions on-site using gap analyses (continuous process)

Troisdorf, 19.06.2024 Management Jochen Pütz-Kurth