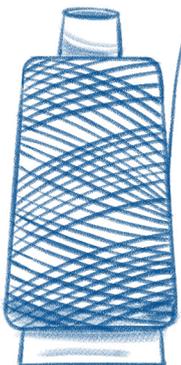


Dibella Sustainability Report



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About this report

Since 1986, Dibella has been a trusted partner for textile services across Europe, providing durable and high-performance textiles for the hospitality, gastronomy and healthcare sectors.

For the past 13 years, we have published in-depth reports on our sustainability initiatives.

Our focus is on steps towards long-term sustainability, and we regularly assess our progress.

We comply with – and often outperform – the standards set in regulations such as the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, short: LkSG) and the Corporate Sustainability Due Diligence Directive (CSDDD). These regulations are a clear signal that, sooner or later, we will all be called upon to engage in ‘responsible action’. While this may result in additional bureaucracy – or, framed more positively, a greater ‘compliance effort’ – we’ve risen to the challenge and are refining our digital systems to better track key performance indicators. In 2023, we achieved a major milestone with Green Button 2.0 certification, and we successfully completed our first monitoring check in summer 2024.

In the pages ahead, we outline key reporting indicators and explore what they reveal about our performance. For more detailed information about our efforts, visit our website [dibellatextiles.com](https://www.dibellatextiles.com). We’ve included direct links to the relevant sections in this document.

Letter from the CEOs

The commitment to sustainability demonstrated by the entire Dibella team – driven in particular by Ralf Hellmann – proves that sustainability and social responsibility can go hand in hand with economic success. As announced in 2022, Ralf Hellmann officially passed the baton as CEO to Carsten Ridder and Stefan Tenbusch, who had already been leading the company alongside him. Ralf Hellmann now serves as an advisor within the company. His leadership in defining our ‘vision and mission’ will continue to guide us, and the sense of responsibility he instilled remains a core value for the management team.

Those bold enough to look beyond the immediate horizon and challenge established habits will

understand that not all goals can be achieved quickly. At times, it’s necessary to pause and focus our attention on specific challenges. A case in point is our work to calculate our CO₂ emissions. The data collection process is complex, and we are still missing some of the key figures needed to accurately calculate our corporate carbon footprint for 2023. Ultimately, we aim to deliver detailed calculations for all our products, including recyclability assessments.

We continue to work closely with our customers, suppliers and service providers to develop sustainable solutions that are environmentally friendly, socially just and economically viable.

Warmly,

Carsten Ridder (CEO)

Stefan Tenbusch (CEO)



**‘The world is changed by
your example, not by your
opinion.’**

Paulo Coelho

Company profile at a glance

Facts and figures for the reporting period
1 January 2023 – 31 July 2024

Address

Dibella b.v., Hamelandroute 90,
NL- 7121 JC, Aalten, Netherlands

dibellatextiles.com

Year established

1986

Industries served

HORECA (hotels, restaurants,
catering); healthcare (nursing
homes, hospitals)

Equity capital

€7.707 million, a portion of
which is held by executive
employees

Number of business locations

One business location in Aalten

Product range

Bed linen, towelling, table linen =
100% flat linen

Ownership structure

The company is owned by nine
private individuals from the
local area. Executive employees
hold 37.5% of the company's
shares.

Markets served

Germany, Austria, Switzerland,
Benelux, France, Poland, Czech
Republic, Scandinavia

Main purchasers of our products

Textile services (approx. 95%)

Organisation size

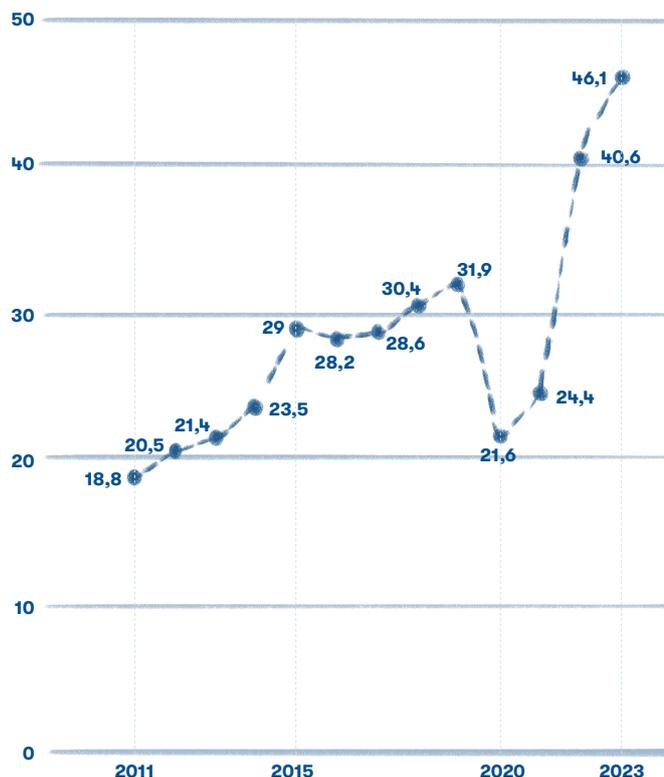
Number of employees: Dibella
b.v. has a team of 35 perma-
nent employees. We maintain
a trusting, collaborative and
friendly working relationship
with our German sales com-
pany, Dibella GmbH, and with
our external business partners,
representatives, service pro-
viders, etc. This means that, in
total, approximately 100 people
are actively working on behalf
of Dibella.

In 2021, we also co-founded
Green Workwear with Harald
Reisinger. Dibella manages pur-
chasing, technical leadership,
logistics, marketing and com-
munications for the company.
Harald Reisinger oversees its
internal and external sales.

Financial performance

All financial statements are
published annually and are
publicly accessible in the rele-
vant registers.

Company profile
– Dibella by the
numbers



Annual revenue
(in million euros)

Net revenue/sales:

2023 revenue:
€46.1 million,

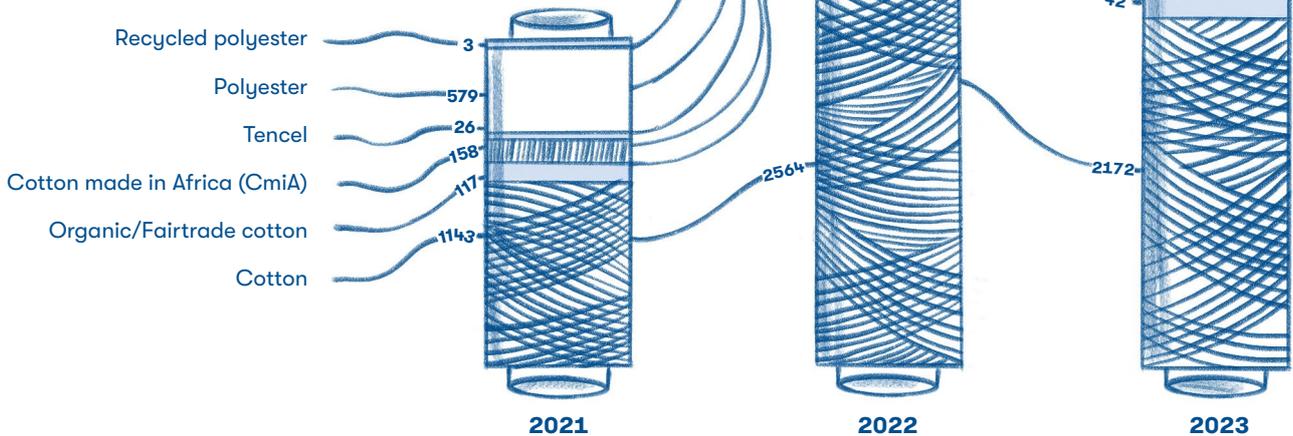
2022 revenue:
€40.6 million.

Material usage

We understand the needs of textile service companies and offer durable textiles primarily made from a cotton-polyester blend. Our products are available in a variety of materials and blends to suit different needs. Typically, we use 100% cotton or blends of 80/20% and 50/50% cotton/polyester.



Below are the total quantities, in tonnes (t), used in the years 2021, 2022 and 2023.



Corporate objective

We want to increase the use of sustainable materials. We will explore this topic further in the following analysis.

* Licensed total quantity for 2022 = 200 t, of which 65 t were shipped across calendar years and recorded in the CmiA-Scot system in the following year.

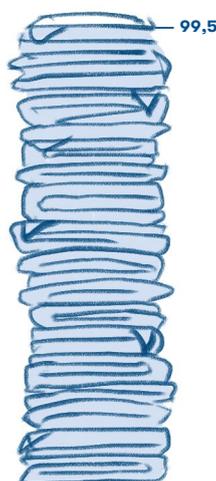
** Licensed total quantity for 2023 = 300 t, of which 56 t were shipped across calendar years and recorded in the CmiA-Scot system in the following year.

We saw a significant increase in total material usage (by product weight) from 2,301 tonnes in 2021 to 4,249 tonnes in 2022 – an increase of approximately 84%. We attribute this significant rise to a rebound in business activity following the more subdued years of the COVID-19 pandemic. This rebound has continued into 2023, as reflected in the total material usage.

The increase in sustainable fibres was lower than our targets for 2022 and 2023. We define sustainable fibres as cotton that meets the criteria for GOTS, OCS or CmiA certification. We recognise potential risks associated with conventional cotton farming.



Green Button
Proportion of products meeting certification standards (in percent)

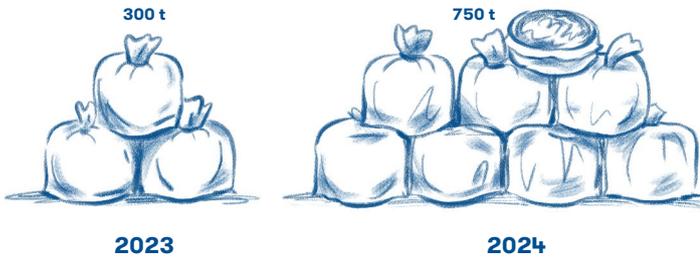


2023

A large percentage of our customers preferred our standard range, which is certified with the OEKO-TEX® MADE IN GREEN label. While this range meets the highest industry standards, it still relies on conventional cotton fibres. To resolve this issue, we incorporated Cotton made in Africa (CmiA) into our supply chain using a mass-balance system. Under this system, suppliers replace a designated amount of conventional cotton with CmiA-certified fibres, as outlined in an annual contract. The cotton is sourced from farming communities in Africa that are affiliated with the Hamburg-based Aid by Trade Foundation (AbTF). Established by the AbTF in 2005, the CmiA initiative is an internationally recognised standard for sustainably produced cotton from Africa. It links small-scale African farmers to global textile supply chains and promotes sustainable cotton production. Its mission

is to protect the environment and improve living standards for nearly one million farmers and their families, as well as for workers in ginning factories. Learn more at cottonmadeinafrica.org/en.

Quantity of CmiA raw fibres
Per year



The mass-balance system streamlines the integration of raw cotton into suppliers’ production processes and delivers meaningful benefits to African farmers. By covering all licensing costs, Dibella ensures that customers bear no additional expenses. Our goal is to promote awareness of sustainable raw cotton production by emphasising its broader advantages, not just its costs. Bespoke

marketing materials are available upon request to showcase the environmental and social benefits of sustainable fibres. Additionally, we launched four WASH (Water, Sanitation and Hygiene) projects for African cotton farmers in partnership with the Aid by Trade Foundation. For more details, see page 11 of this report.

The GOTS- and Fairtrade-certified products in our range reflect the highest level of sustainability and allow our company and our customers to deliver the greatest impact. These products account for 10% of our revenue. In discussions with our customers, we learned that, while there is interest in sustainable materials, these are uncertain times, marked by rising energy and labour costs. Our second impact study, now in progress, is collecting new data on our Chetna Organic and Fairtrade supply chain in India. As part of this process, we work directly with farmers and participate in the annual harvest of organic Fairtrade cotton. Our goal is to collect data and insights that will enable us to showcase the value of our most sustainable practices to our customers. The study is extensive and long-term, and its results will be released upon completion.

Dibella in 140 seconds.
Watch our short video now:
<https://vimeo.com/957548560?share=copy>



‘Dibella_Image_EN_2024’
on Vimeo

Learn more about our certified supply chains and sustainable practices in our short video, ‘Dibella in 140 Seconds’.

Our certifications

As in previous reporting periods, we have continued to apply a strict certification system to ensure credibility and transparency in our supply chain. Our portfolio includes only certifications that meet our high standards for sustainable value creation. For detailed and up-to-date information about our certifications and their impact, visit our website: dibellatextiles.com.

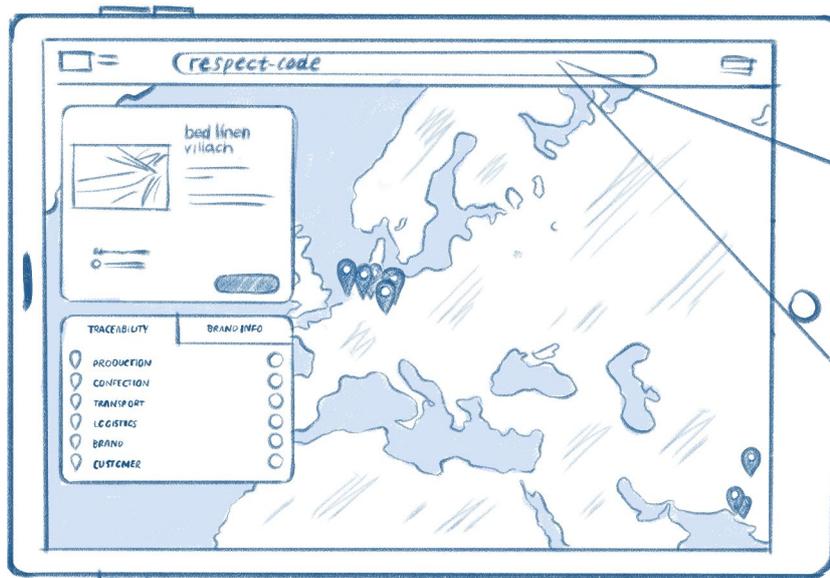
Since early 2016, we have demonstrated our commitment to the highest quality standards and environmental impact assessments through ISO 9001 (Quality) and ISO 14001 (Environmental) certifications. Our re-certification audit was successfully completed in December 2023 at our headquarter.

Digitalisation

The 'respect-code' was created to integrate traceability and transparency into the supply chain. The code makes it possible to track and communicate the origin and production process of goods. By scanning a QR code or clicking a link, customers (or hotel guests) can follow the product's entire journey through the supply chain, starting with production. The names of all companies in the supply chain are provided, along with a brief overview of their role. This ensures maximum transparency.

How does the 'respect-code' work?

Each product is assigned a unique 'respect-code' – a combination of numbers and letters that identifies the specific item. This code offers full visibility of every stage of the product's journey, from production to delivery. It provides the names and addresses of the companies involved, as well as photos and details of any certifications associated with the individual stages.



Wondering how it works? Scan the QR code below to view the complete supply chain of our 'Villach' bed linen.

As part of the European Green Deal, which aims to create a sustainable and climate-neutral continent, a new regulation will soon require all textiles sold in the EU to include a digital product passport (DPP). We are currently developing an updated version of the 'respect-code' to meet these new requirements. Stay up to date at:

dibellatextiles.com/value-chain

To document and enhance our internal processes, we continue to use the Q.wiki management system by Modell Aachen. This interactive tool serves as an excellent basis for our daily operations. Over time, we have transitioned from server-based workflows to Office 365. First introduced in 2022, Office 365 has proven highly effective in simplifying cross-departmental collaboration. Combined with MS Teams as our internal communication platform, it facilitates seamless and efficient teamwork across departments.

Since 2022, we have collaborated with the Westphalian University of Applied Sciences (Bocholt campus) on a digital research project. In 2023,

this partnership led to a successful collaboration with a participating student who founded an IT startup company after graduation. Through workshops, we identified the need for improved digital tracking of annual material usage. This inspired the development of a bespoke tool for Dibella that enables suppliers to track their material usage for our orders throughout the year. The tool allows us to generate detailed evaluations of raw materials almost instantly, providing valuable insights year-round. In addition, engaging with young people on sustainability topics has been both personally rewarding and beneficial to us as a local employer. Working with the academic community has introduced fresh perspectives and brought us closer to achieving our goals.

Since autumn 2023, we have partnered with Sustained, a startup currently piloting an AI-based tool for sustainability reporting. Early results have been promising, and we look forward to continuing this collaboration.

Our approach to ESG



Environmental



Social



Governance

Environmental

The ongoing climate crisis, characterised by heatwaves and heavy rainfall, poses a growing threat to our planet, particularly in the regions where we operate. We are actively working to lower CO₂ emissions, which are an inevitable byproduct of our textile production. We start at the raw material level by increasing the use of GOTS-certified cotton and expanding the integration of CmiA-certified cotton into our supply chain through the mass-balance system. We also place a strong emphasis on choosing

production partners with vertical operations, which consolidate as many stages of production as possible. This cuts down on unnecessary transport and reduces the carbon footprint of our products.

In 2023, we prepared another Corporate Carbon Footprint report, which is included in this document.

Unfortunately, we weren't able to fully capture all the data, especially regarding transport logistics. However, we've identified this as an area for improvement and are already working on a solution.

To further reduce our CO₂ emissions, we've set the following strategic targets (base year 2020, target year 2030):

Target

Reduction of company-related CO₂ emissions in regards to revenue

Our operational measures

Raw material usage

- Increase the use of organic cotton to 20% of production by 2030.
- Increase the use of sustainable cotton (e.g. GOTS, Fairtrade, CmiA) to 70% of production by 2030.

Business travel

- Wherever possible, Dibella employees use public transport for business trips.
- We aim to keep flights to a minimum. Air travel is sometimes unavoidable, however, as it's important for us to maintain personal contact at production sites.

Fleet management

- All newly purchased company vehicles are electric or hybrid models.
- We participate in the JobRad Bike leasing programme.
- We actively support staff carpooling.

Energy consumption

- We prioritise energy efficiency when purchasing new equipment.
- We use 'green electricity' in our operations. (For further detail, see our press release: dibella.de/2022/07/29/dibella-steht-auf-der-sonnenseite)

Offsetting our CO₂ emissions in the ecosystem: Dibella Forest

We offset part of our CO₂ emissions through Dibella's own forest, which is located in Tamil Nadu, India, near our production site. This reforestation project, established in 2018, plays a key role in supporting the region's ecosystem. We visit the Dibella Forest during our annual business trips.

Since the start of the project, roughly 4,300 trees have been planted in Dibella Forest. This initiative is ongoing and open to participation. Dibella coordinates the tree planting and provides regular progress reports.

Number of trees in Dibella Forest ... and a surprise visit that left a lasting impression



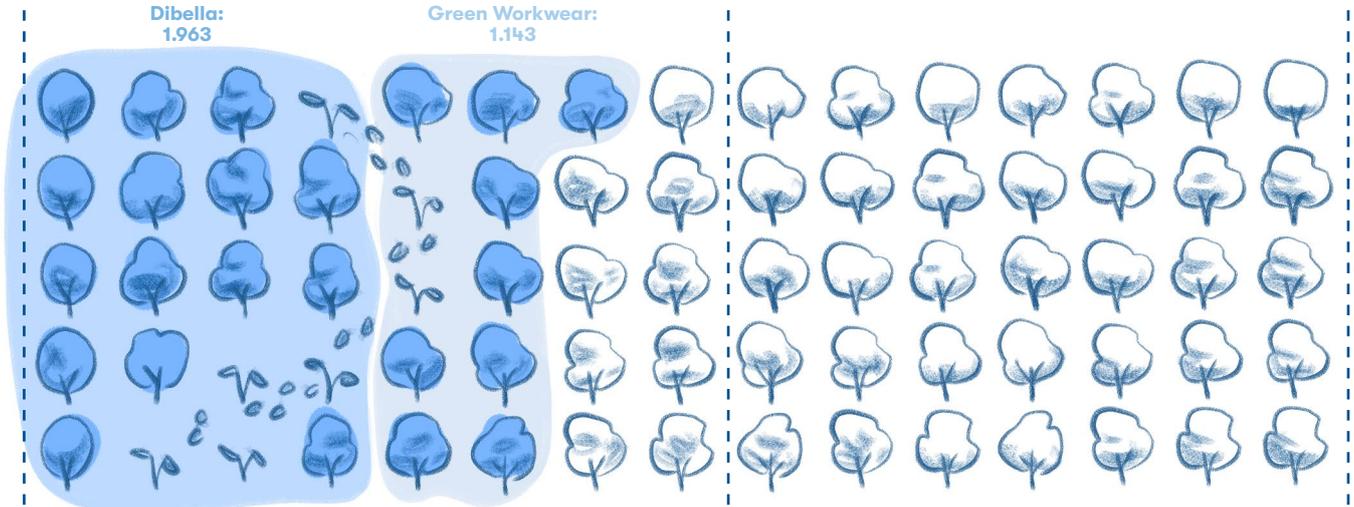
Current stock:
3,106

Dibella:
1,963

Green Workwear:
1,143

Target by end of 2024:
4,000

Target by end of 2027:
up to 7,000



Recently, the forest lost around 700 trees as a result of two events: elephants passed through searching for water, and the region experienced heavy rainfall. Replanting initiatives are already underway. To prevent

further tree loss, we've removed a water pump that had been attracting elephants. From now on, new saplings will be watered as needed using a water truck.

Circular economy – CIBUTEX (Circular Business Textiles)

As one of the five founding members of CIBUTEX, we are committed to reintroducing post-consumer textiles from businesses into the textile production process to support a more sustainable supply chain. CIBUTEX works towards its goal – 'from textile to textile' – by partnering with selected recyclers, who use a variety of recycling technologies. By upcycling B2B post-consumer textiles and reintegrating them into production, we aim to decrease raw material usage and reduce the ecological footprint of the textile supply chain.

For 2024, CIBUTEX has set a target to recycle 1,000,000 kg of discarded B2B textiles. By the end of July 2024, around 20 members had joined the cooperative.

In a recent pilot project, we developed kitchen towels containing 10% recycled material, sourced from our own post-consumer bed linen. Washing tests are currently underway with some of our laundry partners.

➤ [CIBUTEX.eco](https://www.cibutex.eco)

Social

Implementation: creating a positive work environment at Dibella

Our employees are our top priority. To support their physical and mental well-being, we not only follow our health and safety guidelines but also place great emphasis on fostering a positive work environment. Employees and managers maintain ongoing dia-

logue through regular one-on-one conversations (Miteinandergespräche), where they discuss concerns, wishes and goals and develop collaborative action plans.

During the reporting period, we cultivated a positive workplace by maintaining or introducing the following measures:

Monday meetings: Every Monday at 8.30 AM, employees meet with members of other departments to discuss current topics, share ideas for improvement, and address other important issues. Departments participate on a rotating basis.

Mobile office: Every employee receives a laptop and additional equipment, such as a third monitor, keyboard and mouse. Employees have the flexibility to work remotely for up to 40% of their working hours.

Participation in the JobRad Bike Programme: Currently, nine employees are making use of this bike leasing.

Professional instructors lead Yoga and Pilates sessions once a week.

Employees have access to complimentary water, tea and coffee. Each week, we also organise a fruit and vegetable day as well as a cake day.

We offered every employee the option of a height-adjustable desk to support ergonomic working. A total of 15 new desks were installed, giving every office access to a standing desk.



Dibella's approach to supplier grievance management

We take responsibility for the people involved in the production of our textiles. This means we work exclusively with suppliers who can demonstrate a commitment to our high standards in human rights, environmental protection and health. In addition to recognised certifications, we place great value on direct communication with our suppliers. After all, to address an issue effectively, we first need to understand 'where the shoe pinches'.

As part of this approach, we place great importance on providing employees with a direct way to share any concerns they may have.

Visit our website for detailed information on the Dibella complaint procedure and process.

dibellatextiles.com/complaint-management

One complaint received in 2022/2023:

In 2022, during a visit to a Pakistani supplier's workshop, employees raised a concern about uncomfortable chairs in the sewing hall. In discussions with the 80 employees affected by the issue, it was agreed to provide a selection of alternative chairs for testing. After the trial period, the employees chose a model with a padded backrest.

They were satisfied with the solution and provided positive feedback.

Two complaints received in 2024:

In spring 2024, we received a complaint by email from two former employees of a supplier. The employees told us that they had been dismissed because of reduced capacities. At the same time, new staff would have been recruited. Dibella arranged a mediation meeting with the supplier. One employee attended the meeting, one did not. One employee accepted a new position in another company and thanked us for our support. One employee did not provide any further feedback despite repeated contact from us.

GoodTextiles Foundation

Dibella operates based on the ‘precautionary’ principle. In 2023 and 2024, we initiated and funded projects through the GoodTextiles Foundation, a non-profit organisation established by Dibella, to promote socially and environmentally positive outcomes.

Learn more about our projects:
goodtextiles.org

Project in the Supply Chain 2023

Name: School library in Tamil Nadu, India

Description: The GoodTextiles Foundation set up a school library at a primary school in Tamil Nadu, India, giving children unrestricted access to a wider range of books. The foundation donated EUR 3,900 to the project. This amount includes a EUR 1,425 contribution from Dibella that was funded through the greenhouse gas premium.



Timeframe: September – November 2023

GoodTextiles Foundation: EUR 3,900

Project in the Supply Chain 2023/2024

Name: WASH Project Burkina Faso

Cotton made in Africa (CmiA)
Community Cooperation Programme

Description: For the third time, the GoodTextiles Foundation teamed up with Cotton made in Africa (CmiA) on a WASH (Water, Sanitation, Hygiene) community project. Working with the CmiA-certified cotton company Sofitex, the partners installed hand-operated pumps in two villages in Burkina Faso to improve access to drinking water. They also provided training to the villagers on water management, with a focus on disease prevention, hygiene and health-care.



Timeframe: October 2023 – April 2024

GoodTextiles Foundation: approx. EUR 17,000

Project in the Supply Chain 2023/2024

Name: Bio-Sand-Waterfilters - Uganda

Cotton made in Africa (CmiA)
Community Cooperation Programme

Description: The GoodTextiles Foundation partnered with Cotton made in Africa and MMP Agro on a project to improve access to clean drinking water in Uganda. Bio-sand filters were installed to purify water from existing sources. Local farmers and craftsmen received training in the use of the filters and the construction of new ones.



Timeframe: October 2023 – May 2024

GoodTextiles Foundation: EUR 17,100



The group works alongside cotton farmers to harvest cotton in a field in India.



The warm welcome from local primary school children left a lasting impression on our CEO, Carsten Ridder.

Business trips to India

Every November, during the harvest season, Dibella offers its customers a trip to India, where they can experience the entire textile journey – from fibre cultivation to final production. How many people know how cotton plants grow, what a fibre capsule feels like, when and how it’s harvested, or what happens to it before it becomes hotel bedding? Dibella makes the entire process tangible during these trips. Interested individuals are welcome to join the trip. Participants are responsible for covering their own expenses.



Modern, large-scale spinning machines process the cotton into yarn.



Decorated cows received by farmers through the 'One Cow for Every Farmer' project.

Here are a few highlights from our trips in 2022 and 2023

Project in the Supply Chain 2022: Business trip to India in November 2022

As part of our commitment to transparency in the supply chain, we ensure full visibility for our customers and stakeholders. After nearly two years of virtual communication with our suppliers via MS Teams, email, and phone due to COVID-19, we were finally able to resume in-person visits to production facilities. This also allowed us to restart our business trips to India, where participants had the opportunity to visit the Chetna Organic Fairtrade farmers and observe the next stages of the production process. Highlights from the trip were posted on LinkedIn, Instagram, and the website of the GoodTextiles Foundation, a non-profit organisation founded by Dibella. [↘ goodtextiles.org](https://goodtextiles.org)

Participants: 12 people (customers, representatives, certification issuers, a videographer, and Dibella's CEO and purchasing manager)

Itinerary/Programme: Telangana

Working with Chetna farmers to harvest Dibella's organic Fairtrade cotton.

Touring the village school.

Checking in on the 50 cows provided through the 'One Cow for Every Farmer' project, then visiting the training centre for Chetna farmers and meeting those involved in the successful project in Aliguda Village.

[↘ goodtextiles.org/projects/one-cow-for-every-farmer](https://goodtextiles.org/projects/one-cow-for-every-farmer)

From fibre to fine hotel bedding: touring our GOTS- and Fairtrade-certified production facility in Coimbatore (ginning, spinning, weaving, finishing and tailoring).

Visiting a Hindu temple complex: those who understand and appreciate the culture of their partners can communicate on equal terms.

Travelling to Dibella Forest to plant additional saplings.

For a detailed report on our trip to India in 2022, visit our website: [↘ https://www.dibellatextiles.com/value-chain/dibella-india-trip-2022/](https://www.dibellatextiles.com/value-chain/dibella-india-trip-2022/)

Reflections from Carsten Ridder, CEO of Dibella, one week after returning to Germany:

'One of the highlights of the trip was witnessing the excitement, joy and satisfaction of the schoolchildren. We were greeted very warmly and invited to join in the dancing and festivities. We weren't just spectators – we were fully immersed in the experience. The trip was incredibly insightful and challenging, but also deeply emotional for all of us. I hope we can all carry something from these experiences into our daily lives, taking time to pause and reflect on our actions now and then.'

Project in the Supply Chain 2023: Business trip to India in November 2023

Our business trips to India, which were paused during the pandemic, resumed in 2022 and continued in 2023, maintaining the format used in previous years. A major highlight this year was the opening of a school library at a primary school in Tamil Nadu. The GoodTextiles Foundation contributed to the project, in part through a donation from Dibella that was funded through the greenhouse gas premium.

Participants: 10 people (customers, representatives and members of Dibella's purchasing and management teams)

Itinerary/Programme: Telangana

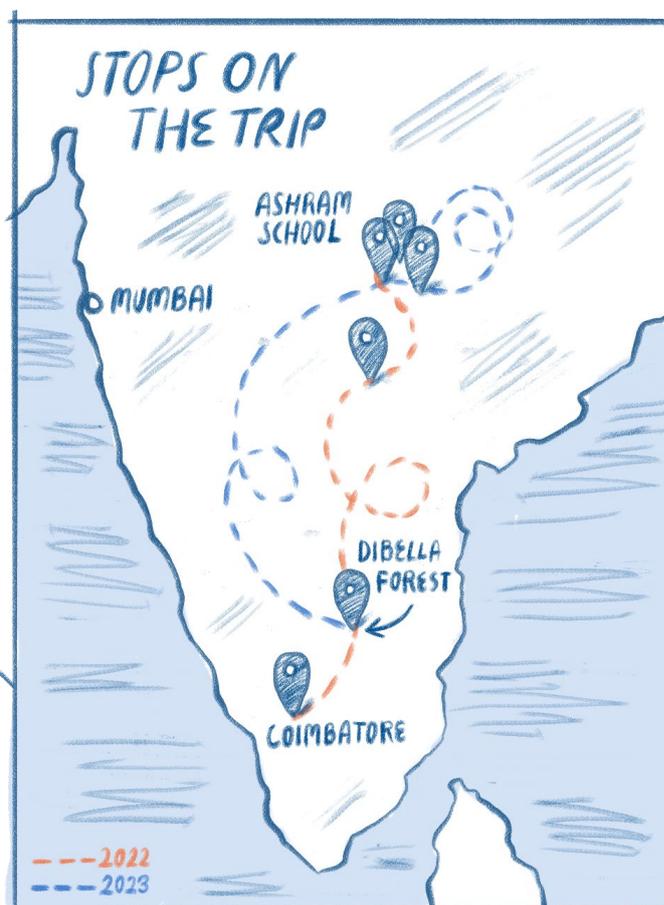
Visiting the Ashram High School for Girls in the village of Rasimetta, Telangana. Dibella had partnered with Fairtrade International and Coapcl to renovate 37 toilets at the school as part of a GoodTextiles Foundation initiative.

Harvesting organic Fairtrade cotton in the fields.

Visiting the village of Shekuguda, home to cotton farmers and their families.

Touring facilities across the supply chain, including facilities for ginning, spinning, weaving, dyeing and sewing.

Visiting Dibella Forest.



Governance

The traditional supply chains in the textile industry are rife with social injustices and environmental damage:

- In India, children spend hours pollinating hybrid cotton plants by hand.
- In China, Uyghurs are forced to work on cotton farms.
- In Bangladesh, poorly maintained steam boilers cause explosions in garment factories.
- Pesticides on cotton farms degrade the soil, and synthetic fertilisers worsen the damage.

The list of human rights abuses, unsafe working conditions, and environmental destruction in the textile and garment industry is long—and the burden falls on the most vulnerable in the supply chain.

Exploitation? No thanks!

Years ago, Dibella took the decision to step away from exploitative practices in Asia's textile and garment industries. Since then, we've been steadily transitioning to fibres and textiles produced in facilities that meet the highest sustainability standards.



Our approach to supplier selection

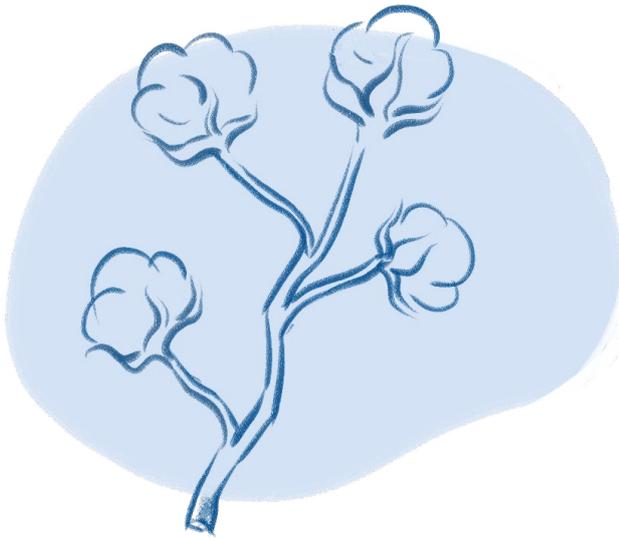
To do business with us, suppliers must disclose their supply chains and have at least one valid certification confirming their compliance with social and environmental standards. We prioritise OEKO-TEX® STeP-certified suppliers that are vertically integrated, meaning they bring as many processes as possible under one roof (i.e. spinning, weaving, dyeing and sewing). This allows us to collaborate with a carefully chosen group of suppliers. Our goal is to cultivate long-term relationships built on mutual trust. In concrete terms, 97% of our total revenue in 2023 came from just nine strategic suppliers. These suppliers have acquired OEKO-TEX® STeP and/or GOTS certification and comply with the criteria for other high standards, such as Fairtrade, OCS, GRS and RCS. We have maintained longstanding relationships with eight of our suppliers. All Dibella suppliers are required to sign our anti-corruption principles and supplier agreements, which explicitly prohibit child and forced labour.

Certifications to high standards are a reliable way to assess whether suppliers share our values, but they aren't the only factor we consider. Maintaining direct communication with our production partners is just as important to us, which is why we regularly visit them on-site. Our suppliers are

located in Pakistan (Karachi and Faisalabad), India (Tamil Nadu and Mumbai), China (Jiangsu), Turkey (Denizli) and Czechia (Jilemnice and Děčín, Ústecký kraj). Our purchasing manager and textile engineer are also present at the production facilities. They work closely with suppliers to identify adjustments that can make technology more environmentally friendly and, when requested, assist in implementing these changes directly at the production sites. They work closely with suppliers to identify opportunities for making technologies more environmentally friendly and, when requested, assist with implementing these changes in the facilities. It's important to us to build strong personal relationships – not just with management teams, but also with the workers on-site. At the same time, we recognise that language barriers can sometimes make communication challenging. To gain a more comprehensive understanding of our partners, we've developed the 'Suppliers CSR Checklist Visit Report'. The checklist covers topics like workplace safety, health and environmental factors and is used to document our visits. We are mindful, however, that this checklist reflects our subjective impressions and that there is always room for improvement.

CSR risk management

Despite our commitment to these values, we also recognise the challenges within our supply chain, which we address through a CSR risk analysis on an annual and ad-hoc basis. This assessment, which was introduced in 2019, identifies human rights and environmental risks across the textile supply chain and assesses how effective our measures have been in mitigating – or ideally eliminating – these risks.

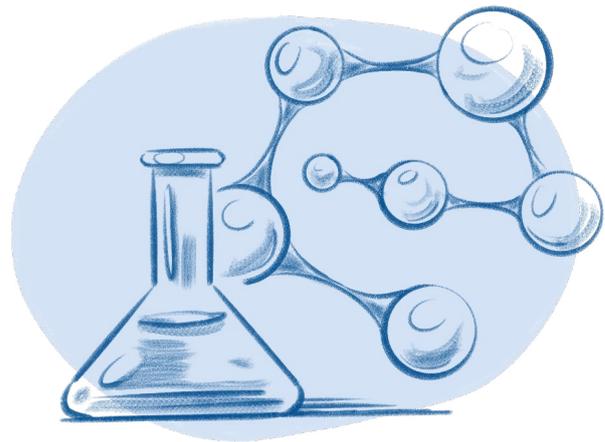


Sourcing cotton

The cultivation of conventional cotton is often associated with a lack of social protections for cotton farmers. Pesticides and herbicides pose significant environmental risks. For many years, Dibella has offered products made from cotton that is both organic (certified by the Global Organic Textile Standard – GOTS) and Fairtrade-certified. We are also steadily expanding the use of fibres from Cotton made in Africa (CmiA) through the mass-balance system. By 2024, 750 tonnes of this sustainable raw material will be integrated into our supply chain.

The five core risks outlined below are prioritised according to their severity (how serious is the risk?), scope (how many people are affected?), and remediation (how difficult is it to resolve if the risk occurs?).

To learn more about the risks and measures we've identified, visit our website [dibellatextiles.com/challenges](https://www.dibellatextiles.com/challenges) or contact us directly.



Chemical management

In many countries in the Global South, wastewater from dyeing factories is often released untreated into rivers and re-enters the water cycle. These chemical residues can damage the environment and disrupt the ecological balance. Dibella works closely with strategic suppliers who are certified to OEKO-TEX® MADE IN GREEN and/or GOTS standards. Both certifications confirm that our suppliers meet rigorous chemical management standards. To comply, textiles must be certified to OEKO-TEX® Standard 100, and production facilities must be certified to the OEKO-TEX® Sustainable Textile Production (STeP) standard. STeP certification also ensures a high level of transparency, as it allows production sites and countries to be traced through a product ID.



Living wages

In many textile-producing countries, workers often earn less than a living wage. To address this, we gathered wage and salary data from our production partners and conducted a wage gap analysis. Dibella is committed to ensuring fair wages across our supply chain, though we acknowledge there is still work to be done. As part of this initiative, we have provided financial support through a wage inflation compensation project with a supplier in Pakistan. Learn more at dibellatextiles.com/2024/07/26/help-against-inflation-dibella-supports-team-in-pakistan. Additionally, we offer our customers a range of GOTS-Fairtrade-certified products that meet fair pricing standards.



Child labour

In many low-income families, children often work on cotton farms or in textile factories to contribute to their household income. We believe that access to quality education is crucial in empowering children to lead independent lives. Through the GoodTextiles Foundation (GTF), founded by Dibella, we've launched our own school projects in India: goodtextiles.org/projects-1/school-projects-for-children. These initiatives are open for external participation, which gives others the opportunity to get involved.



CO₂-emissions

The natural cotton fibres we use are primarily cultivated and processed in Asia. As textile production is energy-intensive, it contributes to CO₂ emissions. Reducing these emissions is a key priority for us. We work with vertically integrated suppliers who bring multiple production steps under one roof, helping to minimise transport distances. These suppliers are certified to OEKO-TEX® MADE IN GREEN standards and are required to adhere to emission limits to reduce their carbon footprint. Dibella also calculates its Corporate Carbon Footprint and offsets a portion of its emissions through Dibella Forest in India. Learn more at dibellatextiles.com/sustainability/dibella-forest.

We have already taken effective steps to manage each of these risks.

We have established relationships with our partners across the supply chain. We comply with – and often outperform – the requirements of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, short: LkSG) and are already fully prepared for the relevant EU regulations.

Outlook

Behind the facts, figures and stories shared in this report lie examples of good practice, both large and small: touching stories of people we've had the privilege to meet in India and Pakistan. Within the supply chain, we serve as the link between textile workers and customers, and we take the needs of all our stakeholders seriously. We are all acutely aware of the environmental challenges facing our planet, the struggles of people living in crisis regions, and the obstacles we encounter as professionals within global supply chains. Both here and abroad, people want environmental protection and respectful working conditions. While new regulations may introduce additional bureaucracy, we also see them as an opportunity. When we first embarked on this journey towards sustainability, we were often asked why we were so committed to fair and eco-friendly business practices, what purpose it all served, and whether our vision could actually bring about change. Having witnessed inhumane working conditions and environmental damage in supply chains, we knew that turning a blind eye was not an option. In the coming year, we will continue to dedicate our passion, time and financial resources to this cause – because we believe in building a better textile industry for today, tomorrow and beyond.

If you have any questions about this report or would like more detailed information, please feel free to contact:

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