BESTSELLER

ENVIRONMENTAL MANAGEMENT REQUIREMENTS

Responsible Sourcing
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BESTSELLER®

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As part of our commitment to be a responsible global fashion company, we are focused on minimising our environmental impact across every part of our value chain.

Our supply chain environmental requirements are designed to support compliance, enable continuous improvement, and drive long-term sustainability in partnership with our suppliers. Our manufacturing partners must understand and demonstrate adherence to these environmental requirements.

1. APPROACH

Our environmental requirements have been shaped by four key principles:

1. **Risk-Based Approach:** We conduct risk assessments in our sourcing countries to identify and address the most pressing environmental challenges specific to those regions. While our requirements are tailored to local contexts, we also strive for consistency to ensure our supply chain meets internationally expected standards.
2. **Legislative Compliance:** Our environmental requirements are aligned with legislation and regulations in our sourcing regions and in the markets where we sell our products.
3. **Benchmarking:** We regularly benchmark our environmental practices by using standardised assessment tools and industry frameworks such as Higg FEM (Facility Environmental Module) and the Science Based Targets initiative (SBTi).
4. **Alignment with Company Strategy:** Our supply chain environmental requirements align with BESTSELLER's broader sustainability ambitions, ensuring our efforts are embedded in the core business strategy and contribute to long-term value creation.

2. SCOPE AND STRUCTURE

Our supply chain is where we have the greatest environmental impact, which makes strong cooperation with suppliers essential to achieving our sustainability goals. Together, we must reduce the use of water, energy, and chemicals, while minimising waste and improving environmental performance across our manufacturing sites.

This manual outlines BESTSELLER's requirements and expectations for managing chemical use and environmental impacts within our supply chain. These requirements apply to all factories working with BESTSELLER and form the foundation of the supplier Environmental Rating system, which feeds into the Supplier Sustainability Evaluation, which plays a key role in our sourcing decisions, as we use it to recognise and reward environmental leadership.

These requirements apply to all suppliers, but we take a risk-based approach, conducting enhanced due diligence on those with a higher potential for environmental impact.

Our requirements cover the following environmental impact areas:

- Environmental Management Systems (EMS)
- Air Emissions
- Greenhouse Gas (GHG) Emissions
- Water Management
- Wastewater Treatment
- Chemical Management
- Waste Management

3. IMPLEMENTATION AND SUPPLIER RESPONSIBILITY

BESTSELLER expects all suppliers to integrate these requirements into their internal procedures and ensure that they are enforced throughout their own supply chains. This shared commitment is essential to delivering measurable environmental progress and supporting a more sustainable textile industry.

4. SUPPLY CHAIN ROLES & TERMINOLOGY

To ensure clear communication and accurate application of requirements, we categorise supply chain actors by function:

- **Garment suppliers**: facilities that assemble finished garments
- **Material suppliers**: facilities that produce textiles or other input materials
- **Integrated facilities**: sites performing both garment assembly and material production
- **Trim and accessories suppliers**: suppliers of additions to textiles and shoes, such as buttons, zippers and others. These facilities are subject to the same environmental requirements as garment manufacturers

5. FACILITY CLASSIFICATION

The level of environmental due diligence depends on the facility's level of risk and impact, and different chemical and environmental requirements are applied according to a facility's classification. We classify facilities into two main categories:

Low Impact
Facilities that meet all the following criteria:

- Maximum of 250 workers
- Use of no more than five chemicals in production
- Daily industrial wastewater generated of 15 cubic meters or less

High Impact
Facilities exceeding the above thresholds. BESTSELLER works closely with our key high impact suppliers to identify opportunities for innovation and improvement. This includes:

- Reducing chemical use
- Improving energy efficiency
- Enhancing waste and water management
- Developing sustainability action plans with measurable goals

If the profile of the facility changes, such as an increase in workforce, new production processes, additional chemical use, or any other relevant operational changes, the facility is required to notify BESTSELLER. Such changes may affect the facility's classification and, consequently, the level of environmental due diligence required. Failure to communicate significant changes may lead to incorrect classification and non-compliance with BESTSELLER's requirements.

6. ENVIRONMENTAL PERFORMANCE REQUIREMENTS

Each of the following sections outlines requirements for facilities producing for BESTSELLER.

The requirements are divided into three groups:

- Basic: minimum requirements applicable to all facilities, irrespective of classification or risk level.
- Advanced: additional requirements applicable to high impact facilities, building on the basic requirements.
- Best Practice: expectations that we encourage suppliers to adopt to support long-term environmental sustainability.

These requirements also serve as the environmental entry criteria during the onboarding process. All facilities must meet the Basic requirements as a condition for approval. High-impact facilities may be required to demonstrate compliance with relevant Advanced requirements during onboarding, depending on their risk profile and impact classification. Compliance with applicable requirements must be maintained throughout the business relationship.

In addition to other requirements related to high-risk regions and more specific topics.

6.1. Legal Compliance

Basic Requirements
All factories manufacturing BESTSELLER products must comply with applicable environmental and chemical legislation in their jurisdiction. This includes holding valid:

- Permits
- Authorizations

- Licenses
- Registrations
- Certificates
- Contracts for waste/effluent treatment
- Other local compliance documentation and testing

BESTSELLER's regional teams monitor legal compliance across all environmental impact areas, including:

- Water use
- Water discharge
- Wastewater treatment
- Chemical use and management
- Air emissions
- Solid waste discharge (hazardous/ non-hazardous)
- Regional and local requirements

6.2. Supply Chain Transparency & Industry Tools

We require full transparency across our supply chain to identify and address environmental risks and ensure responsible sourcing at every level. Suppliers who do not provide adequate supply chain information may see their performance affected within BESTSELLER's internal rating system, potentially impacting our collaboration.

Basic Requirements

- Share environmental performance information about their respective supply chain with BESTSELLER
- Ensure policies and expectations cascade to subcontractors and upstream partners
- Engage in collaborative initiatives that support responsible environmental management

Specific Requirements

6.2.1. Higg Facility Environmental Module (FEM)

We use Higg FEM, a Higg Index tool that measures and quantifies the environmental sustainability impacts of manufacturing facilities, as part of its evaluation of factories' environmental performance. All high impact factories must adopt Higg FEM, which assesses seven key areas:

- Environmental Management Systems
- Water use
- Wastewater
- Chemical use
- Waste management
- Energy use
- Greenhouse gas emissions

To ensure data quality and maintain a consistent focus on accurate reporting, BESTSELLER may, in certain cases, require the use of a preferred verifying body for the Higg FEM assessment. While a supplier's final Higg FEM score is relevant, we place greater importance on the accuracy and validity of the data. A reliable dataset provides a strong foundation for identifying improvement areas and tracking environmental performance over time.

6.2.2. Resource Tracking Information System - RTIS (Bangladesh, Pakistan and India)

RTIS is a standardised platform designed to collect, manage, and analyse facility-level data related to resource consumption and environmental outputs.
Suppliers who use RTIS must report verified data on key environmental metrics, including:
• Energy consumption
• Water withdrawal and discharge
• Waste generation and treatment
• Greenhouse gas emissions

RTIS enables the aggregation and comparability of resource data across facilities, supporting improved visibility into environmental impacts and performance trends.

6.2.3. IPE Green Supply Chain Map (China)

BESTSELLER supports environmental transparency in China by participating in the Institute of Public & Environmental Affairs (IPE)'s Green Supply Chain Map (GSCM). This public platform tracks the environmental performance of suppliers.

Suppliers in China with significant environmental impacts must annually disclose their carbon data and Pollutant Release and Transfer Register (PRTR), including:

- Energy consumption
- Wastewater test results
- Air emissions
- Waste generation and disposal

GSCM provides valuable insights into the environmental footprint of our suppliers and enables stakeholders to monitor progress in reducing pollution over time.

6.2.4. BHive – Digital Chemical Disclosure

BHive is a digital platform for managing chemical data across the supply chain. It provides accurate, centralised chemical information and supports supplier transparency.

While BHIVE is preferred, alternative platforms such as BV3 or Excel-based reporting will also be accepted. The goal is to streamline chemical reporting and align with industry best practices.

6.2.5. Leather Working Group (LWG)

Although leather represents a small share of our material use, its environmental impact, especially in tanning, is significant. Hence, BESTSELLER requires all leather processing facilities, tanneries, leather agents and traders to:

- Have, and maintain, an LWG GOLD rating to remain in our supply chain. Those failing to meet this requirement will be offboarded
- Share their LWG Scorecard via the LWG website
- Provide their full audit report upon request
- Allow BESTSELLER teams to attend future LWG audits as observers, if requested
- If an LWG certificate is due to expire within 3 months, proof of renewal must be submitted before onboarding is confirmed
- Existing SILVER-certified tanneries must transition to GOLD certification by their next LWG audit

As active LWG members, BESTSELLER is committed to traceability, deforestation prevention, and responsible chemical management in leather sourcing.

6.3. Environmental Management Systems (EMS)

An Environmental Management System (EMS) enables facilities to track, manage, and reduce their environmental impact over time. We require all factories to implement an effective EMS aligned with their impact level:

Basic Requirements

- Ensure your EMS supports compliance with all environmental laws and permits.
- Identify significant environmental impacts and comply with legal requirements (e.g, Environmental Impact Assessments)
- Appoint staff responsible for environmental and chemical management and equip them with sufficient resources and training

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Advanced Requirements

In addition to the basic requirements, high impact facilities must:

- Have a documented environmental policy and define a medium and long-term environmental strategy (3+ years)
- Maintain all factory equipment to minimise emissions to air, optimise energy and water efficiency, and reduce other environmental impacts
- Conduct annual EMS reviews and update action plans

Best Practices

- ISO 14001 certification
- Support for environmental conservation/biodiversity projects, e.g. tree planting, wetland restoration, or biodiversity protection
- Sharing best practices with peers

- Maintain an open dialogue with local communities to understand and address environmental concerns that may arise from your operations
- Participation in local or regional initiatives that bring together factories, authorities, and community groups to tackle environmental challenges collectively

6.4. Energy Use & Greenhouse Gas (GHG) Emissions

Energy production and consumption are major drivers of greenhouse gas (GHG) emissions, and BESTSELLER is committed to minimising its climate impact across its entire value chain.

Scope 3 emissions represent the largest share of BESTSELLER's total climate footprint; thus, supplier action is critical to achieving our goal of reducing these emissions. All factories must work to reduce GHG emissions by improving energy efficiency and transitioning away from fossil fuels. While renewable energy certificates (RECs) or carbon offsets may be used as a last resort, we prioritise energy efficiency and increased use of renewable energy as our primary strategies.

Basic Requirements

- **Energy source identification**
  Identify all energy sources used by the facility and document corresponding consumption (e.g. electricity, natural gas, diesel, etc)
- **Accurate energy consumption tracking**
  Maintain reliable systems for recording annual energy consumption, using meter readings, billing records, or both. Records must be kept for at least one year
- **Monitor steam leakages**
  Factories should also maintain steam traps and ensure insulation of steam and condensate pipelines
- **Baseline and normalisation**
  Establish a baseline for energy use and work towards expressing GHG emissions in normalised terms (e.g. per piece or per kilogram of material produced) to enable year-over-year comparison
- **Data accuracy**
  Ensure internal consistency and accuracy of energy data through cross-checks or internal validation. While third-party verification is not required, reliable data is essential

Specific Requirements - Energy Sources

Each of the following energy sources is set to phase out as follows:

A) Coal – Phase out by 2028

- **Garment and Trims & Accessories (T&A) Facilities**
  BESTSELLER does not onboard any new garment or T&A suppliers that use coal-fired boilers on site as a direct energy source. This policy has been in effect since

2023. We expect all such facilities to integrate cleaner technologies and alternative energy sources.

- **Subcontractors**
  This requirement also applies to all subcontracted processes, including washing, dyeing, footwear, and accessories production.

- **Material and Vertically Integrated Facilities**
  Transitioning away from coal-fired boilers in fabric mills and integrated facilities can require substantial investment. Therefore, in exceptional cases only, we allow for flexibility during onboarding, provided the supplier presents a credible phase-out plan, including:
  - Defined milestones and timelines
  - Specific actions for reducing coal dependency
  - Transparency in progress tracking and reporting

BESTSELLER will regularly monitor progress. If there is no meaningful improvement or delays occur, the supplier's eligibility will be reassessed.

B) Fabric or Production Waste Incineration – Phase out by 2028
The use of leftover textiles or production waste as a fuel source contributes to air pollution and undermines circularity efforts. We will not onboard suppliers that incinerate fabric and production waste, even where local laws permit this practice.

For existing facilities, they must implement a formal policy prohibiting the incineration of fabric waste. By 2028, we will no longer accept this practice. Suppliers that continue fabric incineration beyond this date will be subject to offboarding.

We prioritise collaboration with factories that:
- Recycle or repurpose production waste
- Implement circular strategies for fabric leftovers

C) Wood As an Energy Source – Progressive Phase-out
Wood is widely used in the industry as a replacement for coal or other higher-emission energy sources. However, wood combustion still generates GHG emissions. As part of our broader decarbonisation scope 3 emissions reduction roadmap, we are committed to reducing the carbon footprint of our supply chain. This includes transitioning away from wood as an energy source and replacing it with lower-emission and cleaner energy alternatives where feasible.

As wood remains an essential energy source in some sourcing countries, where replacement options and full phase-out are not yet foreseeable, the transition will be staged according to local feasibility. In countries where viable alternatives are available, suppliers will be expected to work toward full phase-out. In other contexts, a gradual and context-sensitive reduction pathway will apply, with progress monitored regularly and full phase-out possibilities reassessed as conditions evolve.

Suppliers are expected to progressively reduce reliance on wood and demonstrate measurable improvements over time (e.g. phasing out forest wood). During the transition period, wood use will only be accepted if the supplier provides valid proof of a sustainable and legal source. Accepted certifications include FSC, PEFC, SFI, Rainforest Alliance, or documentation from national authorities or licensed traders.

Progress will be monitored continuously, and requirements may be strengthened as viable alternatives become more accessible within sourcing regions.

Advanced Requirements

In addition to the basic requirements and the abovementioned specific requirements, high impact facilities must:

- **Normalised reduction targets**
  Set measurable energy reduction targets linked to production units (e.g. "Reduce energy consumption per unit by X% by Year")
- **Targeting major energy sources**
  Identify and prioritise energy sources that contribute at least 80% of total usage for reduction efforts
- **Demonstrable reductions**
  Show measurable improvements against a defined baseline (e.g. "In 2024, our energy use was 250 MJ/unit—an 18% reduction from our 2022 baseline of 305 MJ/unit")

Progress will be monitored via the Higg FEM. Demonstrated improvement may influence future sourcing decisions.

Best Practices

BESTSELLER strongly encourages factories to adopt forward-looking strategies that go beyond compliance:

- **Heat recovery systems**
  Recover heat from production processes, wastewater treatment, hot air or hot water
- **Renewable energy and relevant certifications**
  Use of solar, wind, or certified renewable electricity (e.g. iREC), or hold relevant certification (e.g. LEED)
- **Energy Management Plan and System Improvement**
- Maintain an energy management plan or strategy to define energy objectives and targets, and implement an energy performance improvement system
- **Collaborative research and innovation**
  Partner with experts or research institutions to test and scale solutions that reduce emissions
- **Supply chain optimisation**
  Explore emissions reduction opportunities beyond the factory, such as improving logistics, optimising transport modes, or consolidating shipments

6.5. Wastewater

Proper treatment and responsible disposal of generated wastewater are critical to reducing the environmental impact of textile production. Untreated discharge can pose serious risks to ecosystems and communities, which is why we enforce wastewater requirements for all factories, regardless of their impact classification.

Wastewater Requirements

- Facilities must accurately track their generated and discharged wastewater
- Facilities must have a functioning system in place to accurately measure wastewater volumes and confirm that all industrial wastewater is properly treated prior to discharge
- All industrial wastewater must be treated onsite or sent to an approved external treatment facility. And factories must have a backup plan in case of an emergency wastewater situation
- Treatment processes must use a combination of physical, chemical, and/or biological methods to remove pollutants before discharge
- There must be no uncontrolled discharge of untreated wastewater under any circumstances.
- Facilities must comply with:
    - National and regional regulations
    - The ZDHC Wastewater Guidelines for quality standards
- Wastewater discharged must be tested by an accredited third-party lab, in line with local regulatory requirements
- Factories must report any exceedances of permitted limits or ZDHC wastewater parameters from the most recent test. Any nonconformities will be addressed through agreed CAPARs
- If using an off-site treatment facility, the factory must share corresponding test results with BESTSELLER
- For any facility with wet processing operations, an Effluent Treatment Plant (ETP) is mandatory:
    - On-site ETPs must comply with all local regulations and environmental standards, and have sufficient capacity to treat the factory's entire generated wastewater
    - Off-site ETPs must be verified with documentation confirming legal operation and environmental compliance

BESTSELLER reserves the right to assess wastewater systems at any time, through internal or third-party audits.

Uncontrolled discharge of untreated wastewater, as well as severe non-compliances with legal limits or testing requirements, are considered zero-tolerance violations.

Best Practices

We encourage the following leading practices:

- Zero Liquid Discharge (ZLD) systems that recover water and concentrate pollutants for safe disposal
- Use of low-impact dyes and eco-friendly chemicals to reduce water contamination
- Implementation of customised water strategies based on the unique setup of each facility
- Reuse more than 30% of treated wastewater

Specific Requirements - Wastewater Reuse and Recycling

Facilities located in water-stressed regions are expected to increase the reuse and recycling of treated wastewater. All facilities should:

- Comply with local regulations on water reuse
- Aim to maximise recycled water use where feasible

6.5.1. Regional Requirements

Due to heightened environmental risk and weaker regulatory enforcement in certain countries, BESTSELLER implements a more rigorous wastewater assessment process for facilities based in countries such as Bangladesh, Pakistan, Cambodia and Myanmar.

Please refer to the annex for high-risk regions-specific requirements.

6.6. Chemical Management

Responsible chemical management is critical to protecting worker health, product safety, and the environment. It is a core part of BESTSELLER's sustainability work and central to our ambition of eliminating hazardous substances from our supply chain.

BESTSELLER aligns with recognised industry initiatives, including the AFIRM Group and the ZDHC Foundation, and integrates global standards such as the ZDHC Manufacturing Restricted Substances List (MRSL), Bluesign, GOTS, and Oeko-Tex.

Our chemical management approach is structured in two parts; Product Chemical Testing Programme and Manufacturing Chemical Management:

6.6.1. Product Chemical Testing Programme

All manufacturers must follow and commit to the latest versions of BESTSELLER's RSL and associated testing protocols. Suppliers that are unable to meet chemical restrictions will be placed under observation and subject to intensified testing.

Where global contracts are in place with approved fabric or trim suppliers, those suppliers take responsibility for RSL compliance. In such cases, garment manufacturers are exempt from duplicate testing.

Specific Product Requirements – Water-Based Polyurethane (PU)
To reduce the use of solvents in production, BESTSELLER is transitioning to water-based or solvent-free PU for key product categories.

Where a facility handles both solvent-based and water-based PU production, BESTSELLER products must be produced at least 100 metres away from solvent-based processes to avoid contamination.

6.6.2. Manufacturing Chemical Management

Chemical use in textile production poses significant risks if not carefully managed. We expect full transparency and robust chemical control from all suppliers.

Basic Requirements

- **Policies and compliance commitments**
  Document a chemical management policy that outlines internal roles and responsibilities, compliance commitments and clear goals
- **Procurement and selection**
  Prioritise the procurement of chemicals that are compliant with the ZDHC MRSL or approved under recognised certification schemes such as Bluesign, GOTS, or OEKO-TEX Eco Passport, where feasible. Maintain purchase records
- **Chemical inventory management**
  Maintain a detailed Chemical Inventory List (CIL) that is regularly updated to cover all chemicals used in production over the last 12 months. The CIL should include essential information such as the chemical name, manufacturer name, purpose of use, Safety Data Sheet (SDS), and hazard information. Evidence of MRSL compliance must be available for all chemicals listed
- **Safe handling, storage and use**
  Implement procedures to ensure safe chemical storage, transport, and use, including proper labelling, segregation, and ventilation
- **Traceability and quality assurance**
  Verify incoming chemicals for quality and consistency with purchase specifications. Factories must maintain a total traceability system for any chemicals from input to output
- **Employee training and safety**
  Ensure all workers who handle or come into contact with chemicals are trained on responsible management practices, including safe handling, hazard awareness, emergency response, and local regulations
- **Machinery & personal protective equipment PPE**
  Ensure high-risk machinery is operated by trained, certified personnel and provide all workers with and enforce personal protective equipment (PPE) use with clear local-language signage. Maintain valid inspections and permits
- **High-risk chemical processes**
  No high-risk chemical processes must be used for BESTSELLER production, including chrome mordant dyeing, PFAS water repellent, fabric chlorinated bleaching (except for wool - not including denim finishing), PVC print and solvent coating

Advanced Requirements

In addition to the basic requirements, high impact factories must adopt a more systematic and preventive approach:

- **Integrated chemical management system (CMS)**
  Develop a formal CMS aligned with industry best practices, with defined responsibilities and a commitment to continual improvement
- **Chemical inventory disclosure**
  Use BHIVE or other accepted platforms for chemical data tracking and management
- **Chemical approval and substitution**
  Assess and approve all new chemicals before use. Phase out hazardous substances and substitute with safer alternatives where possible
- **Quality and traceability controls**
  Implement procedures to test, trace, and verify all incoming chemical batches. Conduct supplier audits or inspections where appropriate
- **pH indicators**
  Factories must have pH indicators available on-site. Facilities performing washing processes must monitor bath and rinse water pH using test strips or meters and keep records
- **Emergency response plan (ERP)**
  Develop and maintain a written ERP covering chemical spills and incidents. Ensure it is accessible to workers, reviewed regularly, and includes regular emergency drills

Best Practices

- **Supplier engagement**
  Engage chemical suppliers and producers to align with ZDHC and other recognised standards
- **Innovation and collaboration**
  Participate in pilot projects or industry collaborations aimed at phasing out hazardous chemicals and improving practices through innovation
- **Apply chemical-saving technologies**
  Reuse of liquid alkaline, DMFa, or solvent-free technology, etc

6.6.3. Chemical Test-Free Requirements

Chemical-Test Free materials suppliers are subject to a dedicated onboarding process. Once approved, these facilities are visited at a minimum of every 18 months and are subject to continuous random sample testing for compliance with BESTSELLER's Restricted Substances List (RSL). The materials produced by these suppliers that pass our testing are not subject to testing later in the supply chain, hence the "Chemical-Test-Free" term.

The following are the specific requirements for these suppliers:

- Maintain an up-to-date Chemical Inventory List (CIL) managed by BHive of BVE3

- The chemicals used in textile production must be compliant with the ZDHC MRSL Compliance must be demonstrated through third-party certifications (e.g. Bluesign, OEKO-TEX Eco Passport)
- Facilities should have traceability documents to track orders from raw material to final products, retained for ten years
- Internal or third-party chemical testing must be conducted on high-risk raw materials (e.g. metal, recycled wool), and quarterly tests on final products
- The facility must demonstrate in-house capability for basic chemical testing (e.g. pH, nickel swap tests)

6.7. Water

BESTSELLER expects all factories to implement sound water management practices, including accurate tracking, compliance with legal requirements, and reduction of water consumption over time.
Responsible water use is essential in textile production, particularly in wet processes that consume large volumes of water. Facilities are expected to have a clear understanding of their water footprint and demonstrate control over their water consumption.

Basic Requirements

All factories must meet the following minimum requirements:

- **Valid permits**
  Hold all necessary permits and licences for water withdrawal, particularly for groundwater extraction, in line with national and regional legislation
- **Water withdrawal tracking**
  Monitor the quantity of water withdrawn from all sources, including:
  - Municipal or city water supply
  - Groundwater wells
  - Surface waters (rivers, lakes, streams)
  - Rainwater harvesting
  - Condensate or steam from external systems
- **Water usage tracking from input to output**
  Measure water usage, and where applicable, reuse and recycling through dependable methods, such as:
  - Meter readings from calibrated equipment
  - Utility billing records for purchased water
- **Monitoring water leakages**
  Factories should conduct routine inspections for leaks and improve oversight of the water used in cleaning operations

Advanced Requirements

In addition to the basic requirements, high impact facilities are expected to:

- **Verified baseline data**
  Establish accurate baseline water consumption data, verified through the Higg Facility Environmental Module (FEM) or other industry-aligned platforms

- **Process-level monitoring**
  Track water use by process or machine to identify inefficiencies and target improvement opportunities
- **Reduction targets**
  Set and implement measurable goals for reducing overall water withdrawals, benchmarked against the baseline

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Specific Requirements - Key Water-Intensive Facilities

BESTSELLER has identified a group of key suppliers with high water consumption through wet processing. These facilities account for a significant share of the overall water footprint in our supply chain and are expected to:

> Achieve a minimum of 20% recycled water use by 2027. This target applies to the facility's total water balance. BESTSELLER will provide support to these facilities where possible, recognising the investments required to achieve substantial water reuse.

These factories must implement a water efficiency plan that includes:

- Specific and measurable reduction targets
- Assigned responsibilities
- SMART goals and regular management reviews
- Evidence of progress toward targets

Best Practices

All facilities are encouraged to pursue leading water efficiency and reuse practices, such as:

- Installing Zero Liquid Discharge (ZLD) systems to recycle water and minimise discharge
- Collecting and reusing condensate, cooling water, or process/rinse water (at least 30% reuse recommended)
- Applying water saving technologies (e.g. more than 50% of exhaust dyeing machines with low liquor ratio <7, Water-free dyeing (CO2), Dope dyeing, etc.)
- Implementing water reuse, water recycling, and rainwater harvesting practices

Additional requirements apply based on local water scarcity or production processes, as determined by BESTSELLER's regional teams.

6.8. Waste

Effective waste management is essential to protect the environment and ensure the sustainable use of resources. All factories must comply with national and local waste management legislation and implement practices that reduce their environmental impact, as well as the following requirements:

Basic Requirements

- **Valid permits and licences**
  Use of licensed and authorised waste collectors, transporters, and disposal facilities, and holding of all necessary contracts, permits, or manifests
- **Waste stream identification**
  Identify and categorise all hazardous and non-hazardous waste streams generated by the facility
- **Waste volume tracking and reporting**
  Maintain accurate records of the quantities and disposal methods for all waste streams (hazardous and non-hazardous). Tracing waste to the final treatment or disposal method
- **Waste handling, storage and disposal**
  Implement safe and appropriate handling, storage, labelling, transportation, segregation, and disposal procedures of all waste, and train workers in proper handling procedures to prevent environmental contamination, workplace risks and accidents
- **No open burning or dumping**
  Prohibit open burning or dumping of waste on site

Severe non-compliances with solid waste disposal limits and legislation are considered zero-tolerance violations.

Advanced Requirements

High impact facilities are expected to implement more proactive and strategic approaches to waste management. In addition to the basic requirements, they must:

- **Set waste reduction targets and track progress**
  Establish measurable, time-bound targets to reduce total waste and improve waste diversion (e.g. increased recycling or reuse rates), tracking progress over time. For example:
  "In 2024, the facility generated 2.1 kg of domestic waste per unit of production, a 15% reduction from the 2022 baseline."
- **Develop an action plan**
  Outline clear strategies for meeting waste reduction goals. Plans should identify priority waste streams and define improvement measures

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Best Practices

BESTSELLER strongly encourages factories to adopt innovative waste and circularity practices, such as:

- **Achieving high diversion rates**
  Set targets to divert 90% or more of total waste from landfill or incineration (without energy recovery), and avoid where better alternatives exist
- **Upcycling waste**
  Convert production waste into higher-value materials or products. This could include mechanical or chemical recycling technologies that regenerate fibres into new yarns or textiles

- **Participating in closed-loop systems**
  Collaborate with local or international partners to reintegrate waste materials into production
- **Reducing overproduction**
  Align production volumes more closely with demand to minimise unsold inventory and associated waste

6.9. Air Emissions

Minimising air emissions is essential to protect air quality, mitigate climate change, and reduce health risks for workers and local communities. All factories working with BESTSELLER must identify, monitor, and manage sources of air emissions related to their operations.

Basic Requirements

- **Emission source identification**
  Identify all significant sources of air emissions generated by the facility. These may include:
  - Boilers
  - Generators
  - Industrial ovens (for drying or curing)
  - Air conditioning and refrigeration units
  - Production processes involving adhesives or solvents (e.g. fabric coating), including all associated stack emission points, vents, and potential fugitive emissions
- **Regulatory compliance**
  Comply with all applicable national and regional regulations related to air emissions, ensuring required permits are in place and regularly updated. Air emissions from production and operation processes must be regularly tested as per legal requirements.
- **Proper management practices**
  Implement procedures to minimise emissions and maintain safe air quality. These should include:
  - Routine equipment maintenance to ensure clean and efficient operation
  - Proper ventilation in areas using volatile substances
  - Use of low-VOC (volatile organic compound) materials wherever feasible

Advanced Requirements

In addition to the basic requirements, high impact facilities must demonstrate a more structured and measurable approach to managing and reducing emissions:

- **Quantified emissions tracking**
  Measure and document the volume and type of emissions from key operations (e.g. fuel combustion, cooling systems, and production processes)

- **Process emissions monitoring**
  Track emissions from specific production activities, such as solvent-based coating or chemical finishing
- **Inventory of control devices**
  Maintain a list of equipment and systems in place to reduce or filter emissions (e.g. scrubbers, catalytic converters, filters, or thermal oxidisers)
- **Reduction targets and action plan**
  Set measurable targets for air emissions reduction and develop a time-bound action plan to meet those goals

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Best Practices

BESTSELLER encourages factories to adopt the following best practices for a better air emissions management:

- **Achieve advanced performance**
  Track and reduce emissions of key pollutants, including nitrogen oxides (NO_x), sulphur oxides (SO_x), and particulate matter (PM), where applicable
- **Modernise equipment**
  Invest in newer, more energy-efficient machinery with lower emissions profiles
- **Adopt ZDHC standards**
  Align facility practices with the ZDHC Air Emissions guidance and participate in related industry initiatives or pilots

Facilities are encouraged to reference the ZDHC Air Emissions Position Paper for guidance on responsible air emissions management across the textile, apparel, leather, and footwear sectors.

The Environmental Management Requirements are reviewed on an ongoing basis. They align with BESTSELLER's Supplier Code of Conduct, national and international legislation and reflect the interests of our suppliers, their communities, and BESTSELLER's final customers.

ANNEX. REGIONAL WASTEWATER REQUIREMENTS: HIGH RISK REGIONS

BESTSELLER applies specific, non-negotiable requirements for all wet-processing facilities in high-risk regions. These requirements form part of the environmental requirements for supplier onboarding and continued operation in these countries.

Wastewater Management Requirements

All wet-processing facilities must:

- Establish a verified baseline for water and wastewater flows
- Conduct a water and wastewater mass balance assessment
- Track and document wastewater quantity and quality (generated and discharged)
- Maintain annual discharge monitoring records for both industrial and domestic wastewater
- Identify all discharge points and ensure full control over untreated releases
- Establish backup procedures in case of system failure
- Document any reuse, recycling, or reclamation of industrial wastewater
- Provide complete documentation upon request and allow site inspections by BESTSELLER or appointed assessors

Measurement and Data Integrity Guidance

- Where domestic wastewater meters are not available, discharge must be estimated based on water usage
- Submetering is required across key production areas
- Flow meter readings must align with internal records and utility invoices
- Wet-processing liquor ratios must be verified via recipe cards
- Portable ultrasonic flow meters may be used during spot checks
- Water balance must demonstrate <15% variation to account for measurement loss or leaks

Facilities must track:

- Total water input (groundwater, surface water, supplied water)
- Total output (treated discharge, reuse, losses, evaporation)

Wastewater Treatment Process Expectations

Required treatment by facility type:

Treatment Type	Garment Dyeing / Denim Washing	Integrated Wet Process	Sweater Washing
Physico-Chemical			✓
Bio-Chemical	✓	✓	
Biological (Preferred)	✓	✓	

- Fully biological treatment systems are preferred and must be implemented where feasible
- Where biochemical systems are used, the biological stage must be fully functional

- For integrated wet-processing facilities, a fully biological treatment system is strongly preferred

Effluent Treatment Plant (ETP) Performance and Evaluation

ETPs must be:

- Fully functional and operated in line with design specifications
- Cost-effective, regularly maintained, and continuously monitored
- Compliant with all applicable legal and regional requirements, including sludge handling and disposal

BESTSELLER will conduct regular ETP assessments, either directly or through approved third parties. Where deficiencies are identified:

- The facility must develop and implement a corrective action plan
- BESTSELLER will follow up until the ETP is restored to full and effective operation

ETP Evaluation Criteria

ETP assessments include:

- Design and Capacity
    - Treatment capacity and pollution load
    - Flow diagrams and Hydraulic Retention Time (HRT)
    - Backup and contingency plans
- Operational Control
    - Monitoring of key parameters (e.g., pH, DO, TDS, MLSS, SVI, F/M ratio)
- Sludge Management
- Quantity generated
    - Dewatering processes
    - Disposal methods and quality testing
- Team Competency
    - Operator training, qualifications, and experience

Abbreviations:

HRT = Hydraulic Retention Time
SOR = Surface Overflow Rate
DO = Dissolved Oxygen
MLSS = Mixed Liquor Suspended Solids
MLVSS = Mixed Liquor Volatile Suspended Solids
F/M = Food to Mass Ratio
SVI = Sludge Volume Index

ETP Performance Rating Matrix

Design	Operation	Sludge	Team	Rating
Yes	Yes	Yes	Yes	Green
Yes	Partial	Partial	Partial	Yellow
Yes	No	No	Partial / None	Grey
No	No	No	Partial / None	Red

Facilities rated Grey or Red will not be approved for onboarding until all deficiencies are corrected and re-verified.

Audit and Verification

- All ETPs must be audited prior to onboarding
- ETP audits may be conducted by BESTSELLER or approved service providers

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