



RESPONSIBLE SOURCING POLICY (RSP) – RETAIL PRODUCT PROCUREMENT

E. Breuninger GmbH & Co. // Date: MARCH 2023

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PREAMBLE

Since 1881, Breuninger has taken on its responsibility as part of the community and society and has actively helped to shape its environment. We set high standards in fashion, beauty, and lifestyle through our department stores in Germany and Luxembourg, our online shop available in many countries across Europe ([BREUNINGER.COM](https://www.breuninger.com)), our over 20 restaurants and bars, our own hairdressing salons, and the Breuninger confectioneries. On top of that, we are working hard on urban development, with projects including the Dorotheen Quartier in Stuttgart and plans for the Goldbach Quartier in Sindelfingen. More than 6,500 people with over 90 nationalities currently work at Breuninger.

As an internationally operating, family-owned fashion and lifestyle business, we are conscious of the impact of our actions on the wider world. In order to live up to our responsibility in this respect, we continuously address social and environmental issues and pay close attention to them when making business decisions. We are guided by the traditional values of a family-owned company, which are reflected in our corporate philosophy, such as trust, respect, tolerance, openness, responsibility, a focus on performance, and recognition.

We promote talented junior employees and top performers and offer opportunities for professional development and career progression.

The wellbeing of our employees is important to us: we ensure that working conditions are always favorable, and we support our employees in achieving a healthy work-life balance and managing their family responsibilities alongside their work. We pay fair wages and aim to build strong relationships with our employees.

At the start of 2022, Breuninger performed a systematic risk assessment on its own business practices in order to strategically address any negative subsidiary effects. Based on this, measures were put in place to eradicate potential risks, management processes were updated as required, and employees and business partners were briefed accordingly.

The purpose of this Breuninger Responsible Sourcing Policy (RSP) is to define the principles and requirements that Breuninger intends to apply to its supply chains. It applies to all direct business partners and their suppliers.

Breuninger expects its partners to perform a systematic risk assessment on their own business practices and to minimize any potentially negative subsidiary effects.

The documents referenced in the text that follows form an integral part of the Breuninger RSP.

SECTION I

OUR COMMITMENT TO SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Breuninger's commitment to sustainability is based on four areas of action:

- Breuninger and people
- Breuninger and materials
- Breuninger and the environment
- Breuninger and the community

Breuninger is a fair and reliable partner. It is socially engaged in community and addresses social and environmental issues with a strong sense of responsibility. Breuninger strives to work profitably in order to secure the ongoing success and development of the business.

1. COMMITMENT TO HUMAN RIGHTS

Breuninger believes that human rights are inviolable and inalienable; these rights are reflected in the way Breuninger runs its business and are a key element to the values that guide the company. Consequently, Breuninger goes beyond just its basic duty to help make the textile and consumer goods industry more sustainable by managing its business responsibly. When it comes to social sustainability, the company is committed to ensuring that human rights, social standards, and employment laws are upheld, and that fair wages are paid. It is equally important to Breuninger to adopt a proactive approach to protecting the environment and ensuring ethical business conduct along the entire supply chain. Breuninger expects the same approach from its business partners, as well.

Many of the products Breuninger sells are produced in regions of Eastern Europe and Asia that are economically underdeveloped. In some of these regions, there is a greater risk that any political and social mechanisms to protect workers and the environment will be absent.

With that in mind, Breuninger is committed to upholding and protecting human rights in line with the following internationally applicable standards and guidelines:

- United Nations (UN) Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights (UN-GP)
- International Labour Organization (ILO) Conventions and Recommendations on Labour and Social Standards
- United Nations Convention on the Elimination of All Forms of Discrimination Against Women (UN-CEDAW)
- United Nations Convention on the Rights of the Child (UN-CRC)
- Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises (OECD)

2. BREUNINGER CODE OF CONDUCT

Breuninger has its own Code of Conduct (CoC), which defines general, non-negotiable minimum standards relating to social, ecological and ethical aspects.

- Respect for human rights
- Prohibition of forced labor
- Prohibition of child labor
- Prohibition of discrimination
- Health and safety at work
- Fair working conditions
- Freedom of association
- Environmental protection
- Animal welfare

- Prohibition of corruption and preferential treatment
- Free competition
- Recognition

The current version of the Breuninger Code of Conduct can be accessed online here:

e-breuninger.de/code-of-conduct-en

The Code of Conduct must be followed by Breuninger and all its business partners. This applies to all business operations, including any external-facing activities. In particular, product designs and marketing materials must not include any content that contravenes the Code of Conduct due to it being discriminatory or potentially harmful to minors.

3. BREUNINGER ANIMAL WELFARE POLICY

Breuninger also takes its responsibility towards animals seriously. Together with its business partners, Breuninger is committed to ensuring that animals are treated with respect along the entire supply chain. Since its introduction in 2021, the Breuninger Animal Welfare Policy (AWP) has been an important tool in achieving this goal. The policy sets out mandatory requirements for all business partners to follow in regards to the welfare of animals during production, procurement, and supply of retail products.

In particular, the material-specific requirements in this policy define the conditions governing the use of materials of animal origin in products sold by Breuninger.

In addition to this policy, all animal welfare laws and regulations that apply locally must be upheld. Internationally recognized animal welfare standards must also be adhered to.

The current version of the Breuninger Animal Welfare Policy can be accessed online here:

<http://e-breuninger.de/animal-welfare-policy>

4. RISK MANAGEMENT / RISK ASSESSMENT

Breuninger's core business is the sale of merchandise, with a focus on textiles and leather goods. The company predominantly sells items produced by other manufacturers under their own brands (covering a broad spectrum from large, well-known brands to smaller labels, hereinafter referred to as 'external brands'). Breuninger also has textiles and leather goods produced that are sold under its own Breuninger brands (hereinafter referred to as 'Breuninger brands').

Breuninger is aware that the textile and leather industry is highly global in nature with an international distribution of labor and can be at risk of breaches to human rights, particularly during the first stages of the supply chain. The most likely potential breaches relate to working conditions, low pay, long working hours, child and forced labor, discrimination, restriction to the freedom of association, and a lack of occupational health and safety.

An IT-based risk management tool was introduced in the first quarter of 2023 in order to assess business partners on an ongoing basis and to ensure preventative action can be taken to minimize risks. Risk screenings, performed on a regular basis and even before finalizing a business partner agreement, give Breuninger even more control in ensuring that human rights are upheld, and sustainability issues are addressed. In the most extreme scenarios, this can lead to Breuninger ending a relationship with certain business partners or to decline working with them in the first place.

5. COMPLAINTS PROCEDURE

Setting up a complaints procedure is an essential step towards being able to identify any negative developments early on, expose risks, and take corrective action accordingly. This is why Breuninger has introduced a channel that all its employees, business partners, and customers can use to report complaints and concerns relating to compliance (compliance-meldungen.e-breuninger.de/en).

This channel is open to anyone – regardless of the type of contractual or business relationship they have or do not have with Breuninger. A report can be made anonymously or by providing contact details.

In addition, the Legal & Compliance Team are always on hand to help (email: compliance-meldungen@breuninger.de). All reports are taken seriously, addressed with due care and attention, and remain confidential at all times.

Through its membership within various organizations and associations, Breuninger is committed to finding an industry-wide solution for a complaints procedure.

SECTION II

OUR EXPECTATIONS FOR ALL BUSINESS PARTNERS (EXTERNAL AND BREUNINGER BRANDS)

In order to fulfil its own responsibility, Breuninger expects its business partners to meet the following requirements as a minimum.

1. MANAGEMENT SYSTEM/RISK ASSESSMENT

Breuninger expects its business partners to implement and maintain a management system that ensures compliance with applicable laws, international standards, and this policy. The approach for applying human rights due diligence should serve as a frame of reference. The main aspects to be considered include but are not limited to the following:

Strategy

Breuninger expects its business partners to develop a new or existing corporate strategy to ensure that the requirements of this policy can be met. It is expected that a continuous improvement process is maintained.

Policies

Business partners must ensure that the requirements set out in the Breuninger RSP are incorporated into their own internal policies.

Processes

Breuninger expects its business partners to implement processes for identifying the risks addressed in this policy. They are also required to develop processes for monitoring any risks identified on their own premises and along their supply chains.

Communication

Breuninger's business partners must ensure that they clearly and precisely brief their employees and other relevant stakeholders on the specific expectations and content included in the Breuninger RSP.

Training

Breuninger expects its business partners to run training programs to ensure that their managers and employees are aware of risks associated with their own business practices and are able to take the relevant preventative and/or corrective action. At a minimum, this training must cover the risks set out within this policy.

Complaints procedure

Breuninger obliges its business partners to give their employees and other stakeholders along their supply chains the opportunity to report complaints in the context of the workplace. Employees and stakeholders must be aware that they can report complaints confidentially, anonymously, and without any fear of retaliation. Business partners must also introduce a procedure for investigating and processing complaints made by employees and stakeholders.

Documentation and records

Breuninger's business partners are required to collect and securely store any company files and documents serving as proof of actions taken to minimize risks. This documentation must be submitted to Breuninger immediately upon request and to the extent required.

2. PRODUCT-SPECIFIC SUSTAINABILITY LABELING

Sustainability is an essential element of the relationship between Breuninger and its business Partners. In addition to the procurement of merchandise, the labelling and advertising of sustainable items is also of great importance.

Breuninger accepts sustainability seals and certificates as proof that sustainability standards are being upheld. Breuninger has a catalogue of criteria that includes all the certificates and seals it is currently accepting along with additional requirements for their recognition by Breuninger. Evidence (e.g., in the form of a transaction certificate or TC) must be provided immediately upon request by Breuninger.

3. MATERIAL-SPECIFIC/PROCESS-SPECIFIC REQUIREMENTS

Breuninger's business partners are required to make every effort to only use raw materials that originate from risk-free supply chains. As part of this, human rights must be upheld when sourcing raw materials. Breuninger requires its business partners to meet the following material-specific requirements and to tirelessly strive to improve their impact on the environment.

Cotton

Breuninger encourages its business partners to use certified organic cotton. It must also be ensured that the organic cotton has been certified by an independent third party. A transaction certificate (TC) must also be available as evidence.

If cotton that is being procured or used for production by a business partner has an origin that needs to be classed as critical (e.g., relevant media reporting, known human rights violations in the region), the business partner must inform Breuninger immediately. Breuninger makes the procurement of products dependent on relevant material certification being available.

Business partners for Breuninger own brands must also follow the requirements set out under Section III, point no. 5.

Sandblasting

Sandblasting is still a widely used method in textile production even though it poses serious health risks for workers. Based on the health risks, Breuninger has banned textiles and textile components produced using sandblasting and does not accept them.

If a business partner cannot comply with this requirement, they must inform Breuninger immediately. In this case, Breuninger is within its rights to cancel and/or rescind all orders. The right to make further claims for damages shall remain unaffected.

Man-made cellulose fibers (MMCF)

Where possible, cellulose fibers should come from certified sustainably managed forests. This is the only way to end deforestation and the negative impact that sourcing raw materials has on biodiversity. Evidence must be provided in this case as well. Further information can be found here:

<https://canopyplanet.org/solutions/next-generation-solutions/next-generation-solutions-providers>

Petroleum-based fibers

Synthetic polymers are derived from the non-renewable resources petroleum oil and natural gas in a process that causes high CO₂ emissions. Their production and usage also have damaging effects on the environment and people's health. Due to specific material properties, it is not possible to avoid using petroleum-based fibers altogether. However, virgin materials should be used as little as possible to minimize the negative impact. We also encourage the use of recycled or reprocessed fibers.

Chemical management

Materials in any product group can contain harmful substances and toxic chemicals. They have a negative impact on people and the planet during the production process and during use. The limits set out in the REACH (Registration, Authorisation and Restriction of Chemicals) directive have applied to importers and manufacturers of clothes, shoes, and other textiles since 2007, especially if they are importing into the EU. Ideally, measures should be put in place that go further than the minimum legal requirements as this will minimize any damage caused. A Manufacturing Restricted Substances List (MRSL) is a list of chemicals that are banned from use in the production process or that can only be used in line with strict limits. Meanwhile, a Restricted Substances List (RSL) relates exclusively to the final product and includes substances or groups of substances that are restricted or banned in the final product. Breuninger encourages its business partners to go beyond just the minimum legal requirements in limiting the use of chemicals at their company by introducing appropriate chemical guidelines and thereby contributing to reducing the toxicological and ecotoxicological (containing toxins harmful to people and the planet) impact of chemicals.

SECTION III

PRINCIPLES AND SPECIFIC REQUIREMENTS FOR BUSINESS PARTNERS IN RELATION TO BREUNINGER BRANDS (BREUNINGER OWN BRANDS)

Breuninger is aware of the impact its business activities have on human rights along its supply chains. With that in mind, the company pays close attention to its business partners for Breuninger brands that are manufactured mainly in China, Turkey, and other countries in Southern and Eastern Europe and Southeast Asia.

As a long-standing member of amfori, Breuninger uses the sustainability platform in its efforts to improve social standards, working conditions, and environmental protection across the entire supply chain as part of its strategic tracking and training system.

Breuninger expects its business partners to extend the amfori BSCI Code of Conduct along the supply chain, with the aim of ensuring that all business partners along the Breuninger supply chain are familiar with this Code of Conduct and comply with the requirements set out within it.

1. MONITORING AND COMMITMENT FROM ACCEPTED PRODUCTION SITES

When new business partners are selected to participate in the production of Breuninger brand products, they must provide a list of all the production sites they will be using.

Breuninger only works with business partners who meet the requirements set out under point no. 2 below (BSCI). All production sites being used to produce Breuninger brand products must also achieve a BSCI A or B rating. Breuninger can only accept a temporary C rating with long-standing business partners who can demonstrate specific plans for improvement.

Breuninger must be informed immediately of any plans to change and/or extend production sites previously listed. Breuninger will verify that the amfori criteria and additional internal requirements are being met on an ongoing basis and reserves the right to refuse the use of a site for the production of Breuninger brand products. If production continues at a site that has not been accepted, Breuninger is within its rights to cancel and/or rescind all orders. The right to make further claims for damages shall remain unaffected.

2. BUSINESS SOCIAL COMPLIANCE INITIATIVE (BSCI)

Since 2011, in accordance with the amfori BSCI platform, checks have been performed on the production sites of all Breuninger business partners who produce Breuninger brand products to ensure compliance with the current version of the amfori Code of Conduct. Since 2020, new business partners have had to demonstrate a BSCI A or B rating (meaning an overall ranking of excellent or good) before being accepted. Breuninger aims to build long-term partnerships with business partners who continually strive for improvements on the basis of positive and open collaboration.

Business partners who produce Breuninger brand products or components of them must have a valid (social) audit.

As it stands, Breuninger accepts the following audit/certifications:

- amfori BSCI audit (only available to business partners who are amfori BSCI members)
- SAI SA8000 certification

The formal criteria for acceptance and the ratings accepted are described under points 2.1. and 2.2. below. Breuninger expects its business partners to continually strive towards improving their working conditions as well as any audit results and internal and external findings that might negatively impact the state of the business. Where required, all business partners are expected to prepare remedial/corrective action plans – within a reasonable period of time after becoming aware of an issue – and to implement them consistently. Breuninger can use progress reports (remediation plans on the amfori sustainability platform) to keep track of a business partner's ongoing performance.

2.1. amfori BSCI requirements

Business partners of Breuninger brand products must meet the following formal criteria for the amfori BSCI audit:

Availability:

Report available on the BSCI database

Audit request:

Only via the amfori sustainability platform

Validity:

1–2 years depending on the rating

Ratings accepted:

A and B ratings for all business partners. In exceptional cases, a C rating might be accepted where remediation plans are put in place. An A or B rating must be achieved when the next audit is due or earlier.

2.2. SAI SA8000 requirements

Business partners of Breuninger brand products must meet the following formal criteria for SAI SA8000 certification:

Availability:

Report available in the public SA8000 directory and on the BSCI database

Validity:

3 years

Ratings accepted:

Automatic A rating

3. BUSINESS ENVIRONMENTAL PERFORMANCE INITIATIVE (BEPI)

Breuninger is committed to protecting nature and the environment. Its business partners must adhere to the applicable environmental standards. They are also required to continually strive to avoid and minimize any negative impact on the environment. The relevant procedures and standards for waste management and handling and disposing of chemicals and other hazardous substances must also be observed. The same applies for wastewater treatment and emissions.

Every effort must be made to support environmentally and socially responsible production processes, with special consideration given towards protecting and preserving natural resources.

The amfori BEPI improves sustainability efforts across global supply chains. Starting in 2023, Breuninger will invite all its partners who supply and produce products or components for Breuninger brands to join the amfori BEPI. Upon receiving this invitation, business partners will have eight weeks to complete their amfori profile.

4. CHEMICAL TESTING

Regular checks are performed on Breuninger brand products to rule out the presence of any prohibited or harmful substances as per the Breuninger Chemical Testing Policy. This policy is based on the OEKO-TEX Standard 100, which requires even lower limits than required by law on many harmful substances. Business partners who produce Breuninger brand products or components obliged to comply with the Chemical Testing Policy.

5. ADDITIONAL REQUIREMENTS FOR RISK MATERIALS

If raw materials (particularly cotton) that are procured or used for production have an origin that is classified as critical (e.g. relevant media reporting, known human right violations in the area), Breuninger must be informed immediately. In this case, Breuninger reserves the right to make the procurement of products dependent on the availability of relevant certification. The business partner must provide proof in this respect.

In cases of non-compliance, Breuninger is within its right to cancel and/or rescind all orders. The right to make further claims for damages shall remain unaffected.

SECTION IV INFORMATION AND DISCLOSURE OBLIGATIONS, LEGAL CONSEQUENCES, AND THE RIGHT TO MAKE AMENDMENTS

1. CLARIFICATION AND CORRECTIVE MEASURES

If a business partner suspects that there has been a breach of the requirements set out in this RSP involving their own company or one of their business partners, they must seek to clarify the situation immediately and inform Breuninger of the cause, the action that has been taken, and the outcome. If the suspicion is confirmed, the business partner must take corrective action and also take immediate steps internally to prevent any future violations. Breuninger is entitled to request information at any point.

2. ADDITIONAL CLARIFICATION AND CORRECTIVE MEASURES AND THE RIGHT TO AUDIT SUPPLIERS OF BREUNINGER BRANDS

Breuninger reserves the right to conduct its own audits on contractual partners and production sites during visits which may be announced or unannounced. These audits will ensure that the requirements of this RSP are being upheld and any related measures are being implemented with a goal to prevent risks from arising along the supply chains.

Furthermore, Breuninger reserves the right to define and implement additional corrective and/or preventative measures if any anomalies are flagged or if a particularly high risk has been identified during a previous risk assessment. Breuninger will allow sufficient time for these corrective measures and provide support as required.

For this purpose, the business partner must provide Breuninger, or a third party commissioned by Breuninger, with access as required and within reason. The business partner must also make any files or other documentation available where required as evidence. A specific deadline can be agreed upon in this case.

3. ASSURANCE OF ACCURACY OF PRODUCT-RELATED INFORMATION

The party disclosing information acknowledges that Breuninger will use any information disclosed exclusively for the purposes of performing an internal sustainability evaluation and the corresponding advertising and labelling of products (in particular for awarding sustainability seals that indicate Breuninger has deemed a product to be sustainable). Access to this information will only be granted to employees of Breuninger and companies affiliated with Breuninger within the meaning of Sections 15 ff. of the German Stock Corporation Act (AktG) who require access to the information to this end.

The party disclosing the information provides assurance that the information is correct and indemnifies Breuninger against any claims made as a result of incorrect information having been provided.

4. TERMINATION OF CONTRACTUAL RELATIONSHIP

In the event of a serious breach of the requirements set out in this RSP or in the event that the business partner does not comply with the aforementioned obligations within a reasonable period of time or to a reasonable extent, Breuninger is entitled to terminate existing contracts and terminate the business relationship with immediate effect. The right to make any claims for damages shall remain unaffected.

5. RESERVATION OF THE RIGHT OF MODIFICATION

Breuninger will continuously review its own expectations in order to be able to respond to any newly emerging risks and any measures that become necessary. On that basis, Breuninger reserves the right to update this policy at any time. Breuninger will inform its business partners whenever changes are made. Changes will be deemed to have been accepted by business partners if they have not objected in writing within eight weeks of receiving the information (written objections can be submitted electronically).

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