

# POLICY STATEMENT ON THE OBSERVANCE OF HUMAN RIGHTS



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## PREAMBLE

Since 1881, Breuninger has been taking responsibility as part of society and actively helping 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), over 20 restaurants and bars, our own hairdressing salons and 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 work for Breuninger as it stands.

As a family-owned fashion and lifestyle business operating internationally, 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 engage continuously with 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 every step of the way – as reflected in our corporate philosophy, including trust, respect, tolerance, openness, responsibility, performance orientation and recognition.

## COMMITMENT TO HUMAN RIGHTS

We believe that human rights are inviolable and inalienable. They reflect the way in which we run our business and are key to the values that guide us. For us, it is clearly about more than just a duty to do our bit to help make the textile and consumer goods industry more sustainable by running our business responsibly. When it comes to social sustainability, we are committed to ensuring that human rights, social standards and employment laws are upheld and fair wages are paid. It is equally important to us that we take a proactive approach to protecting the environment and ensuring ethical business conduct all the way along the supply chain. We expect the same from our business partners too.

Many of the products we sell are produced in parts of Eastern Europe and Asia that are economically underdeveloped. In some of these regions, there is a greater risk that political and social mechanisms will not be in place to protect workers and the environment.

With that in mind, we are committed to upholding and protecting human rights in line with the following international standards and guidelines:

- United Nations (UN) Universal Declaration of Human Rights
- United Nations Guiding Principles on Business and Human Rights (UN-GP)
- International Labour Organisation (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 (OECD) Guidelines for Multi-national Enterprises

## RISK MANAGEMENT

Our core business is the sale of retail products, with a focus on textiles and leather goods. We predominantly sell items produced by other manufacturers (covering a broad spectrum, from big name brands to smaller labels). We also produce and sell textiles and leather goods under our own Breuninger brands. And we are committed to working directly with suppliers in Germany wherever possible to have the best chance of ensuring compliance with the comprehensive laws in place in Germany. Beyond the retail products we sell, over 90% of our suppliers

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for the products and services we rely on to operate our warehouses and online shop are based in Germany. Our restaurants, bars and confectioneries source much of their produce from suppliers local to them. This is our way of supporting local businesses and avoiding excessive supply chains requiring long distances to be covered.

We are well aware of the fact that there is a risk of breaches of human rights within the textile and leather industry because of its heavily global nature and international distribution of labour. This risk is greatest towards the start of the supply chain. The most likely potential breaches relate to working conditions, low pay, long working hours, child and forced labour, discrimination, restriction of the right to association, and a lack of occupational health and safety. With these risks in mind, we pay close attention to the business partners and suppliers for our Breuninger brands that are manufactured largely in China, Turkey and other countries in Southern and Eastern Europe and Southeast Asia. As a long-standing member of amfori, we use the sustainability platform in our efforts to improve social standards, working conditions and environmental protection across the entire supply chain as part of our strategic tracking and training system.

Under amfori BSCI (Business Social Compliance Initiative), the production sites for our Breuninger brands have been verified as complying with the amfori code of conduct since as early as 2011. 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 onboarded. As far as existing suppliers are concerned, we do accept C ratings (with an overall ranking of acceptable) but only when followed up with a detailed action plan setting out the specific improvements to be made in the short term. We refuse to do business with any suppliers who have been issued with a D or E rating (meaning an overall ranking of insufficient or unacceptable). We aim to build long-term partnerships, which requires our suppliers to continually strive for improvements and necessitates a positive and open collaboration. This involves Breuninger employees visiting the production sites for our Breuninger brands in person to perform audits and complete documentation in line with our Breuninger Social Audit Standards.

Going forward, we will be inviting the production sites for our Breuninger brands to amfori BEPI (Business Environmental Performance Initiative) so that their profiles can be completed with a quick turnaround. The idea behind BEPI is to improve sustainability all the way along the supply chain. This works by logging and analysing energy and water consumption, emissions, wastewater management, waste management and chemical handling, with a list of critical environmental issues being drawn up for every manufacturer.

We conduct regular spot checks on our Breuninger brands to rule out the presence of any forbidden and harmful substances that appear on the Breuninger Restricted Substances List (RSL). This is based on the legal requirements.

On the non-retail side of our business, the main risks associated with breaches of human rights and employment law relate to security, cleaning and HR services and construction. We keep these areas within Germany as far as possible because the risks are minimised by legal provisions and constitutional principles here. We make it clear in our contracts that we expect the law to be upheld, but we also perform random checks, sometimes with external support from audit companies.

On top of the efforts outlined above, we have also created our own rules and regulations, which our employees, business partners and suppliers are required to adhere to:

- The **Breuninger Corporate Philosophy** was developed with a great deal of support from our workforce as part of a process involving representatives from every part of the business. It outlines our self-image, our values and our expectations for the way colleagues should treat each other and our customers and partners.
- The **Breuninger Leadership Principles** explain how employees should be managed at Breuninger, outlining what is expected of managers and acting as a guide for those in management positions.

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- The **Breuninger Code of Conduct (CoC)** sets out expectations for our suppliers and business partners and requires that all products are manufactured in an ethical, socially responsible and environmentally conscious way. The CoC is an integral part of all our supplier contracts in the area of merchandise (external and own brands). The CoC will be firmly integrated into supplier contracts in the catering sector and in the area of non-merchandise goods (products and services) from 2025.
- Suppliers and business partners for Breuninger brands are bound by the **amfori BSCI Code of Conduct** and its terms of implementation, covering social standards, environmental protection and occupational health and safety.
- The **Breuninger Animal Welfare Policy** contains essential requirements for textile and non-textile items of animal origin being sold in Breuninger department stores or on the Breuninger online shop.
- The **Responsible Sourcing Policy** for the areas of merchandise (external and own brands), non-merchandise (products and services) and catering has been in force since 2024. The aim of this policy is to define the principles and requirements Breuninger wants to apply to its supply chains. It will provide a set of guidelines for external stakeholders and internal departments.

We are offering our support and encouraging our employees, business partners and suppliers to follow up on their duty of due diligence and avoid negative repercussions. Breaches are systematically investigated and may have legal consequences.

In the first quarter of 2023, an IT-based risk management tool was introduced to evaluate our suppliers. Risk screenings, performed on a regular basis or even before signing a supplier agreement, will give us even more control in ensuring that human rights are upheld and sustainability issues addressed. In the most extreme scenarios, this will lead us to stop working with certain suppliers or never start working with them in the first place.

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## PREVENTIVE ACTION

When selecting our business partners and suppliers, we have our sights set on fair and long-standing partnerships. Our commitment to supplier development means we communicate with our strategic suppliers on a regular basis. We believe in sharing knowledge as one key way of improving working conditions and in turn reducing the risk of human rights violations along the supply chain. We provide our own employees with regular training and make the most of our partnership with amfori to offer our suppliers and business partners opportunities to further their own training and development. We communicate with our competitors and get involved with industry initiatives and associations with a view to improving the human rights situation and working conditions in the long term all the way along our supply chain.

## COMPLAINTS PROCEDURE

Despite our best efforts to ensure that human rights are upheld all the way along the supply chains, there may still be breaches. With that in mind, a complaints procedure is an essential step that allows us to respond to any negative developments as soon as possible. Such a procedure is also a way for us to discover breaches and take action accordingly.

This is why we have introduced a channel that all our employees, business partners, suppliers and customers can use to report complaints and concerns relating to compliance (compliance-meldungen.e-breuninger.de/en). This channel is open to anyone – no matter what type of contractual or business relationship they have or do not have with Breuninger. A report can be made anonymously or submitted together with contact details.

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

We are working with membership organisations and associations to find a complaint procedure that can be rolled out for the whole of our industry.

## OUR BUSINESS POLICY

Profit and sustainable corporate success are a prerequisite for growth and development. To ensure long-term success in the market, we actively look for ways to become even better. We have a positive attitude towards change. We maintain fair, cooperative and long-term relationships with our suppliers and partners.

Our business policy is based on law-abiding behavior, the avoidance of conflicts of interest and the responsible handling of information.

We strive to contribute to the responsible use of our resources through sustainable business practices. In doing so, we want to help secure social and ecological framework conditions in a globalized textile market. This attitude influences our business decisions.

## STRUCTURE AND RESPONSIBILITIES

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The Breuninger Management Board is responsible for enforcing this Policy Statement on the Observance of Human Rights and ensuring compliance with it.

The ESG & Social Compliance department coordinates the strategic sustainability actions taken within the operational parts of the business.

The Corporate Governance Team monitors compliance with all regulatory requirements and is responsible for producing the Report on Human Rights Due Diligence.

The Breuninger buying departments turn their attention to the performance of human rights and environmental due diligence all the way along the supply and activity chains, with a further focus on monitoring suppliers and business partners.

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## FUTURE PLANS AND REPORTING

We support the United Nations Agenda 2030 for Sustainable Development (Sustainable Development Goals, SDG) and want to do our bit to help achieve the goals set out within it. We are fully aware that applying human rights due diligence to business processes and supply chains is an ongoing process. That is why we continually check our risk assessment and the action to be taken as a result, with a view to adapting our response to the circumstances as they change. From now on, we will issue a report on the performance of human rights due diligence once a year.

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