

RESPONSIBLE SOURCING POLICY (RSP) – GASTRONOMY



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TABLE OF CONTENT



Preamble	3
Section I	4
Our commitment to social and environmental responsibility	
1. Commitment to human rights	4
2. Breuninger Code of Conduct	5
3. Breuninger Animal Welfare Policy	5
4. Risk management / Risk assessment	6
5. Complaints procedure	6
Section II	7
Our expectations of all business partners (external and Breuninger brands)	
1. Industry specific regulations and delimitations - gastronomy	7
2. Management system / Risk assessment	7
3. Material-specific requirements	8
Section III	12
Information and disclosure obligations, legal consequences, and the right to make amendments	
1. Clarification and corrective measures	12
2. Additional clarification and corrective measures and the right to audit suppliers of Breuninger brands	12
3. Assurance of accuracy of product-related information	12
4. Termination of contractual relationship	13
5. Reservation of the right of Modification	13



Since 1881, Breuninger has been taking responsibility as a member of society and actively contributing to shaping its environment. We set high standards in fashion, beauty and lifestyle with 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 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 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 – as reflected in our corporate philosophy, such as trust, respect, tolerance, openness, responsibility, a focus on performance and recognition. We nurture talented junior employees and top performers, and offer opportunities for professional development and career progression. We create good working conditions. The well-being of our employees is important to us. We support our employees in achieving a healthy work-life balance. 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 with a view to strategically tackling any negative knock-on effects. On the basis of that risk assessment, measures were put in place to eradicate potential risks, management processes were updated as required, and employees, business partners, and suppliers were briefed accordingly.

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

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



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 environment
- Breuninger and community

Breuninger is a fair and reliable partner. The company is socially engaged in its immediate surroundings and addresses social and environmental questions with a strong sense of responsibility. Breuninger strives to work profitably to secure the ongoing success and growth of the business.

1. COMMITMENT TO HUMAN RIGHTS

Breuninger believes that human rights are inviolable and inalienable. They reflect the way in which Breuninger runs its business and are key to the values guiding the company. For Breuninger, this clearly means more than just the duty of playing a part in making the textile and consumer goods industry 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 fair wages are paid. It is equally important to Breuninger that it adopts 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, too.

Many of the products Breuninger sells 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 this 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 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 Multinational Enterprises



2. BREUNINGER CODE OF CONDUCT

Breuninger has its own Code of Conduct (CoC), which sets out general, non-negotiable minimum standards relating to social, ecological and ethical issues:

- Respect for human rights
- Prohibition of forced labour
- Prohibition of child labour
- 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 at www.e-breuninger.de/fileadmin/Mediendatenbank/NEUE%20CP/Unternehmen/Nachhaltigkeit/2022_Breuninger_Code_of_Conduct_EN.pdf. The Code of Conduct is a mandatory guideline for Breuninger and all its business partners. This applies to all business operations, including any outward-facing activities. In particular, product designs and marketing materials must not include any content that contravenes the Code of Conduct because it is discriminatory or potentially damaging to minors.

3. BREUNINGER ANIMAL WELFARE POLICY

Breuninger is conscious of its responsibility not only to humans, but also to animals. In partnership with its business partners and suppliers, Breuninger is committed to ensuring that animals are treated with respect along its supply chains. The Breuninger Animal Welfare Policy (AWP) has been an important tool in achieving this ever since it was introduced in 2021. The policy sets out mandatory requirements for all business partners to follow in relation to the production, procurement, and supply of retail products in the name of animal welfare.

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. All animal welfare laws and regulations that apply locally must be upheld in addition to this policy. Internationally recognised animal welfare standards must also be adhered to.

The current version of the Breuninger Animal Welfare Policy is available at: www.e-breuninger.de/fileadmin/Mediendatenbank/NEUE%20CP/Unternehmen/Nachhaltigkeit/2023_Breuninger_Animal_Welfare_Policy.pdf.

4. RISK MANAGEMENT/RISK ASSESSMENT

Breuninger's core business is the sale of retail products, with a focus on textiles and leather goods. The company predominantly sells items produced by other manufacturers under their brands (covering a broad spectrum from big name 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 there is a risk of breaches of human rights within the textile and leather industry due to its highly global nature and international distribution of labour. This risk is greatest in the early stages 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.

An IT-based risk management tool was introduced in the first quarter of 2023 so that suppliers can be assessed on an ongoing basis and preventative action can be taken to minimise risks. Risk screenings, performed on a regular basis and even before signing a supplier 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 Breuninger to stop working with certain suppliers or not to work with them in the first place.

5. COMPLAINTS PROCEDURE

Setting up a complaints procedure is an essential step making it possible to identify any negative developments at an early stage, expose risks, and take corrective action accordingly.

This is why Breuninger has introduced a channel that all its 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.

Parallel to this, it is also possible to contact the Legal & Compliance Team at any time (by e-mail to compliance-meldungen@breuninger.de). All reports are taken seriously and addressed with due care and attention. They remain confidential at all times.

Breuninger is committed to working with membership organisations and associations to find a complaints procedure that can be rolled out for the whole industry.

OUR EXPECTATIONS FOR ALL OUR BUSINESS PARTNERS IN THE FIELD OF GASTRONOMY

In order to live up to its own responsibility, Breuninger expects its business partners to meet the requirements set out below as a minimum.

1. INDUSTRY-SPECIFIC REGULATIONS AND DELIMITATIONS – GASTRONOMY

The following sections of Section II are devoted to the topic of gastronomy in Food & Beverage and in non-food areas.

Solely the regulations, resolutions and measures of the Gastronomy department of the company, together with the Confectionery sub-department, are included here. All regulations of this RSP are directed exclusively to this department.

For all other procurement channels of Breuninger, we refer to the relevant RSP of the procurement department for retail goods and of Corporate Procurement with Goods Not For Resale (GNFR) and Construction and Operation (BuB).

In order to live up to our own responsibility, we expects our business partners to meet the requirements set out below as a minimum.

2. MANAGEMENT SYSTEM/RISK ASSESSMENT

Breuninger expects its business partners to introduce and maintain a management system that ensures compliance with applicable laws, international standards, and this policy. The approach for applying human rights due diligence serves as a reference framework. 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. This presupposes the establishment of a continuous improvement process.

Policies

Business partners must make sure 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 make sure to clearly brief their employees and other relevant stakeholders on the specific expectations and content covered in the Breuninger RSP.

Training

Breuninger expects its business partners to run training programmes so they can be sure that their managers and other staff members are aware of risks associated with their own business practices

and are able to take the relevant preventative and/or corrective action. This training must cover the risks set out in this policy as a minimum

Complaints procedure

Breuninger obliges its business partners to give their employees and other stakeholders along their supply chains the opportunity to report complaints in a work context. Employees and stakeholders need to know that they can report complaints confidentially, anonymously, and without any fear of reprisals. 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 collate and securely store any company files and documents serving as proof of actions taken to minimise risks. This documentation must be submitted to Breuninger immediately upon request and to the required extent.

3. MATERIAL-SPECIFIC REQUIREMENTS

Breuninger's business partners are required to use, where possible, only raw materials, products and foodstuffs that come from risk-free supply chains. As part of this, human rights and ecological responsibility must be upheld when sourcing and manufacturing.

Breuninger requires its business partners to meet the following requirements for specific materials and tirelessly strive to improve their impact on the environment.

3.1 MATERIAL-SPECIFIC REQUIREMENTS FOR THE FOOD & BEVERAGE DEPARTMENT

Products from organic and regional cultivation

Wherever possible, the products processed within Breuninger Gastronomy must come from regional and seasonal cultivation.

Animal welfare

For Breuninger, animal welfare and the treating of animals with respect in connection with the production of goods is of fundamental importance. To contribute to an improvement of animal welfare, our business partners are therefore urged to accept the challenges thus posed and to optimise these continuously. Particular focus is placed here on considerations such as regional procurement, respect for husbandry methods, use of natural animal feeds and the optimal age of animals at slaughter.

Fish, shellfish and crustaceans

As a rule, fish, shellfish and crustaceans are procured with ASC, MSC and ATC certification in order to contribute to positive tendencies in the environmental, economic and social impacts in the respective supply chains.

To achieve these objectives, our business partners are requested to comply with the core labour standards of the International Labour Organization in order to ensure our compliance with human rights and with the social and labour protection standards within the supply chain. Reference is also made to the principles of animal welfare stated above, with which our business partners must comply.



Meat products

Breuninger is aware of the challenges faced within the supply chains and in the production of meat products. It is therefore essential that both Breuninger Gastronomy and relevant business partners assume responsibility for the social, environmental and economic factors involved. Our business partners are therefore requested to comply with the core labour standards of the International Labour Organization in order to ensure compliance with human rights and with the social and labour protection standards within the supply chain. The principles of animal welfare stated above must be complied with.

Dairy products

As far as possible, dairy products are procured regionally. An exception to this is products that can only be offered under their name on condition that they are produced in the respective region. Here again, focus must be placed on the social, environmental and economic aspects. Our expectations of our business partners are here directed in particular to the above-stated principles of animal welfare and to the responsibility of ensuring fair remuneration.

Palm oil and palm oil kernel products

The Gastronomy department is aware of the social, environmental and economic challenges faced in relation to palm oil and palm oil kernel products. It upholds the objective of cooperating to assure constant positive developments within the supply chains and in manufacturing. For this reason, no use is generally made of palm oil as a raw material. The department is also striving to reduce its use of palm oil and palm oil kernel products and to ensure that it is not used in new products.

Coffee

In collaboration with our business partners we seek to contribute to an improvement in the social, environmental and economic conditions in coffee-producing countries. We aim to convert all coffee products that are processed within Breuninger Gastronomy to 100% certified products by 2026. The certification includes Fairtrade, Rainforest Alliance/UTZ1 and the EU organic logo.

Cocoa products

To promote a more sustainable cocoa supply chain, all cocoa products that are processed within Breuninger Gastronomy or Confectionery will be converted to 100% certified cocoa by 2028.

Our business partners are obliged to continually improve transparency and traceability in their supply chains.

Tea products

Breuninger places high value on cooperating with established business partners that are committed to engaging responsibly in the environmental challenges faced by the producing countries of tea products and in the supply chain overall. A basic precondition for cooperation is therefore that our business partners strive to continuously improve the transparency and traceability of their supply chains and to contribute to optimising the social, environmental and economic conditions in the producing countries.

Fruit and vegetables

The sourcing of regionally-produced fruit and vegetables and cooperation with regional business partners is of fundamental importance for Breuninger Gastronomy. For this reason, the food and beverages offered are regularly adapted to match seasonal availability as far as is possible.

Business partners are expected to act responsibly towards the social, environmental and economic challenges within the supply chains.

Beverages

Together with our business partners, Breuninger Gastronomy seeks to exert a positive influence on the environmental factors relevant to the field of beverages, and for this reason beverages are procured reasonably wherever feasible. To ensure a positive influence on the ecological footprint or indeed on the overall energy management within the supply chains, the department has set itself the objective of encouraging procurement in larger containers, the services of beverages 'by the glass' in its gastronomical outlets and our reference to our packaging materials principles (pages 10/14; 3.2 Material-specific requirements in non-food areas).

3.2 MATERIAL-SPECIFIC REQUIREMENTS FOR NON-FOOD AREAS

Packaging materials

Since January 2023 Breuninger Gastronomy has offered both a reusable deposit system and more sustainable single-use packaging for all takeaway food and beverage sales, so offering customers flexible options to suit their individual needs. Where there is the option to use recyclable packaging materials with a proportion of recycled material instead of the use of plastic, the department has committed itself to selecting the more environmentally friendly variant. Optimisations extending to more environmentally friendly packaging underline our commitment to environmentally friendly business practice and contribute to resource conservation and a reduction of our ecological footprint.

Ongoing development towards more sustainable packaging options is a high priority for Breuninger in its cooperation with its business partners. Particular emphasis is being placed on recyclable materials with a proportion of recycled material. Reusable solutions and the reduction and possibly the elimination of packaging materials are all expected of our business partners. With circular solutions there is the possibility of creating raw materials that can be re-used instead of waste.

Hazardous goods

Hazardous materials and hazardous goods are terms that relate to materials or substances that, on account of their properties, can pose potential risks to health, safety or the environment. Hazardous materials can have toxic, corrosive or inflammable properties or pose health-threatening challenges in other ways. Particular precautionary measures must be put in place for the storage, handling and disposal of such materials. Particular safety requirements are always necessary for hazardous goods, since these materials can, due to their nature, quantity or packaging, pose a risk to persons, property or the environment.

The labelling, handling and the related statutory provisions relating to hazardous materials and goods are of immense significance in ensuring safety and protection of the environment.

Breuninger attaches the greatest importance to compliance with these requirements in the handling of hazardous goods and materials. Where the use of such materials is unavoidable, employees are appropriately trained, in order that the correct handling and use of the materials can be assured.

Responsible handling, together with compliance with the requirements that Breuninger Gastronomy imposes on itself, are both equally expected of our business partners.

Paper products

Paper products within Breuninger Gastronomy are in most cases obtained from regional business partners. Cooperation with printing shops within Germany is of high importance here. The necessary raw materials are procured from business partners within the European area.



Cleaning of work clothing

In the Gastronomy department, clothing, hand towels and other items are washed and rented through a textiles services provider. To minimise transport activity, we have moved to a chain company that consolidates the various different sites and so keeps transport journeys to a minimum. In addition, Breuninger places high value on cooperating exclusively with certified business partners. The relevant certifications are to DIN EN ISO 9001, 14001 and 50001 and the EcoVadis Gold medal. Used items in good condition should be hired out or sold by the provider by means of a used-goods warehouse. Used items in poor condition should be disposed of sustainably and correctly or re-used for alternative purposes.

Hygiene and cleaning agents

Cleaning agents should be used as economically as possible without jeopardising cleanliness or hygiene. Only the amount of cleaning agent is used that is necessary to complete the cleaning cycles in all Breuninger premises. By such controlled use of cleaning agents, not only is the CO2 footprint minimised, but the company's resources are also conserved.

In cooperation with the building cleaning service provider, new cleaning methods are being tested that enable us to dispense with cleaning agents.

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).