

RESPONSIBLE SOURCING POLICY (RSP) – RETAIL PRODUCT PROCUREMENT



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breuninger

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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/Mediendaten-bank/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/Mediendaten-bank/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 OF ALL OUR BUSINESS PARTNERS IN THE FIELD OF EXTERNAL BRANDS AND BREUNINGER BRANDS

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. MANAGEMENT SYSTEM/RISK ASSESSMENT

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.

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 that they 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.

2. PRODUCT-SPECIFIC SUSTAINABILITY LABELLING

Sustainability is a key aspect of the business relationship between Breuninger and its suppliers. That is why the labelling and advertising of products as sustainable is of exceptional importance, along with their procurement.

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 them to be awarded by Breuninger. Evidence, e.g. in the form of transaction certificates (TCs), must be provided immediately on request by Breuninger.

3. MATERIAL-SPECIFIC/PROCESS-SPECIFIC REQUIREMENTS

Breuninger's business partners are required to make every effort to use only raw materials that come from risk-free supply chains. As part of this, human rights have to be upheld when sourcing raw materials.

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

Cotton

Breuninger encourages its suppliers to use certified organic cotton. In this case, it is important that the organic cotton has been certified by an independent third party. A transaction certificate (TC) must therefore 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 area), the business partner must inform Breuninger immediately. Breuninger makes the procurement of products dependent on relevant material certification being available.

Suppliers for Breuninger own brands must also follow the requirements set out under Point 5 in Section III.

Sandblasting

Sandblasting is still a widespread method used in the production of textiles or textile parts, although it poses serious health risks for workers. In view of the health risks, Breuninger has banned textiles and textile parts produced using sandblasting and does not accept them.

If a supplier cannot comply with this requirement, Breuninger must be informed immediately. In this case, Breuninger is entitled to cancel and/or rescind all orders. This does not prejudice the right to make further claims for damages.

Man-made cellulose fibres (MMCF)

Cellulose fibres should come from certified sustainably managed forests wherever possible. This is the only way to reliably halt deforestation and the negative impact that the sourcing of raw materials has on biodiversity. Evidence must be provided in this case too. Additional and further information can be found e.g. at www.canopyplanet.org/solutions/next-generation-solutions/next-generation-solutions-providers/

Petroleum-based fibres

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 use 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 fibres altogether. However, new fibres/virgin materials should be used as little as possible to minimise the negative impact. We also encourage the use of recycled or reprocessed fibres.

Chemical management

Materials in any product group can contain harmful substances and toxic chemicals. These have a negative impact on people and the planet during the production process and 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 because this will minimise the damage caused. In a Manufacturing Restricted Substances List (MRSLS), a company lists chemicals that are banned from use in the production process or that can only be used in line with strict limits. A Restricted Substances List (RSL), on the other hand, relates exclusively to the finished product and lists substances or groups of substances that are detectable in the finished product only to a limited extent or not at all. Breuninger encourages its business partners to go beyond the minimum legal requirements limiting the use of chemicals at their company by introducing appropriate chemical guidelines and to thus make their contribution to reducing the toxicological and ecotoxicological impact of chemicals (containing toxins harmful to people and the planet).

4. HAZARDOUS MATERIALS/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 goods are goods with dangerous properties. They can cause acute or chronic damage to health in humans and can be flammable, explosive or harmful to the environment.

Hazardous goods are understood to be substances and objects containing hazardous substances that, due to their nature, their properties or their condition, could cause hazards for public safety or order during their transportation.

It is important to observe the labelling, handling and the related statutory provisions relating to hazardous materials and goods in order to ensure safety and protection of the environment. We therefore attach particular importance to satisfying these requirements when working with substances of this type. Where their use is unavoidable, we train our employees appropriately in how to handle these substances and how to use them safely. Furthermore, we will oblige our suppliers in future to comply with relevant laws and standards as part of our general terms and conditions of purchase (EKB).

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

Breuninger recognises the impact of its business practices on human rights along its supply chains. For this reason the company pays close attention to business partners and suppliers for Breuninger brands that are manufactured largely in China, Turkey and other countries in Southern and Eastern Europe and South-east 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 along the entire supply chain as part of its strategic tracking and training system.

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

1. MONITORING AND BINDING NATURE OF ACCEPTED PRODUCTION SITES

For new suppliers to be accepted for integration into the production of Breuninger brand products, they must register all production sites used for this purpose.

Breuninger only works with suppliers that meet the requirements set out under Point 2 below (BSCI). All production sites used to produce Breuninger brand products must also achieve a BSCI A or B rating.

Breuninger can only accept a C rating on the basis of a temporary arrangement with existing suppliers where specific plans for improvement have been shown to be in place.

Breuninger must be informed immediately of any plans to change and/or extend registered production sites previously. Breuninger will check that the amfori criteria and additional internal requirements are being met on an ongoing basis, and reserves the right to prohibit the use of a site for the production of Breuninger brand products.

If production continues at a site that has not been accepted, Breuninger shall be entitled to cancel and/or rescind all orders. This does not prejudice the right to make further claims for damages.

2. BUSINESS SOCIAL COMPLIANCE INITIATIVE (BSCI)

Checks have been performed at the production sites of all Breuninger suppliers who produce Breuninger brand products using the amfori BSCI platform since 2011 to ensure that the current version of the amfori Code of Conduct is being observed. Since 2020, new business partners must 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 suppliers who continually strive for improvements on the basis of positive and open collaboration.

Business partners and suppliers that produce Breuninger brand products or parts of them must have a valid (social) audit:

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

The formal criteria for acceptance and the ratings accepted are set out in the following sections 2.1. and 2.2.

If the business partner and supplier have an alternative (social) audit that fulfills the same conditions as those mentioned above, this can be submitted to Breuninger for review and approval. Acceptance will be decided on a case-by-case basis.

Breuninger expects its business partners and suppliers to continually strive towards improving their working conditions as well as any audit results and internal and external results that might negatively impact the shape the business is in. Where necessary, all business partners and suppliers are expected to draw up remedial/corrective action plans – within a reasonable period of time of realising that action is required – and implement them on an ongoing basis. Breuninger can use progress reports (remediation plans on the amfori sustainability platform) to keep track of a supplier's performance.

2.1. amfori BSCI requirements

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

- Availability:
Report available on the BSCI database.
- Audit request: via the amfori sustainability platform only
- Validity:
1-2 years, depending on rating
- Ratings accepted:
A and B ratings for all suppliers. In exceptional cases, a C rating might be accepted where remediation plans are put in place. An A or B rating must be achieved at the next audit or sooner.

2.2. SAI SA8000 requirements

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

- Availability:
Report available in the public SA8000 directory and in 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 always adhere to the applicable environmental standards. They are also required to continually strive to minimise or avoid any negative impact on the environment.

The relevant processes and standards for waste management and the handling and disposal of chemicals and other hazardous substances must also be observed. The same applies to waste water management and emissions.



Every effort must be made to support environmentally and socially responsible production processes, with the aim of protecting and preserving natural habitats.

The amfori BEPI helps to improve environmental performance across global supply chains. Since 2023, Breuninger has been inviting all its partners who supply and produce products or parts for Breuninger brands to join the amfori BEPI. Upon accepting this invitation, partners have 8 weeks to complete their amfori profile.

4. CHEMICAL TESTING

Regular spot checks are performed on Breuninger brand products to rule out the presence of any forbidden and harmful substances as per the Breuninger Chemical Testing Policy. This is based on the statutory minimum requirements. Suppliers that produce Breuninger brand products or parts are bound by the Chemical Testing Policy.

5. ADDITIONAL REQUIREMENTS FOR RISK MATERIALS

Where raw materials (particularly cotton) that are procured or used for production are found to have an origin that is classifiable 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 relevant certification being available. In such cases the supplier/business partner must provide proof.

In cases of non-compliance, Breuninger shall be entitled to cancel and/or rescind all orders. This does not prejudice the right to make further claims for damages.

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).