

ESG-PROGRESS REPORT 2023



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WELCOME

We look back on 2023 with both relief and pride. Our business continued to grow, and with our diverse supply chain and an agile sourcing strategy, CBR proved again to be highly resilient. This combination enabled us to react to challenging situations, ensuring a reliable supply for our partners and customers.

Last year, we celebrated a big jubilee for our first brand – 40 years of Street One! And this year, we are marking the 35th anniversary of CECIL. We appreciate the long-standing trust and loyalty of our customers very much and want to continue this story of success with our new brand Street One Studio. With its focus on high quality, urban lifestyle, and trendy, eye-catching looks, Street One Studio addresses our customers' "younger sister".

All our teams are pursuing CBR's convincing path. As cross-functional responsibilities, the three sustainability areas - environmental, social, and governance (ESG) - are growing in importance and require permanent awareness. Last year, we focused on the reduction of our resource consumption and worked on foundational adjustments of our IT infrastructure.

Some changes are clearly visible from the outside, such as the adjustment of our packaging material; for all our products the polybags are now made of 100 percent recycled material. Many other changes were implemented behind the scenes: our suppliers' production facilities are now monitored with an extended social audit standard and preparations were made to provide our customers with product related information via QR code.

In our first sustainability report in 2023, we have introduced CBR and our business model in detail. Building on this, we now present key developments and ESG working areas in this progress report.

As a company, we are one step further in our quest for more sustainability and have initiated many processes to achieve this. Nevertheless, we still have many demanding years ahead of us. We are ready to address necessary changes and are determined to work continuously towards further improvements.



Jim Nowak & Christian Rudlof

OUR BUSINESS



3	Brands
23	Percent of articles with more sustainable material content
101	Own areas
271	Supplier audits
1,282	Employees
2015	Switch to green electricity
7,744	POS
33,648,034	Clothing items sold
670,975,000	Turnover in euros

OUR ACTIONS

MATERIAL

- › We increasingly use more sustainable materials and record the specific weight of all main material components in our articles.

HUMAN RIGHTS

- › We extended audit requirements for all production facilities in order to elevate the protection of workers and the environment.

CUSTOMER COMMUNICATION

- › For 2024, our products are equipped with QR codes to make relevant product-related information accessible to our customers. In future, sustainability-related information shall also be included.



CLIMATE PROTECTION

- › To be able to transport products manufactured in Asia by ship we extend our pre-order cycle.

IT-SUSTAINABILITY PROJECT

- › An interdisciplinary team is working on integrating ESG aspects into CBR's business and IT processes.

REPORTING

- › We have published our statement of principles and are preparing for future national and European reporting obligations. To this end, we are creating the infrastructure for reliable data and documentation processes.

ENVIRONMENTAL AND CLIMATE PROTECTION



WE SUPPORT THE GOALS of the Paris Climate Agreement and are working towards the reduction of CO₂ emissions and a responsible use of resources in all key areas of the company.

Climate Change

Our energy consumption is relatively low, both in Germany and at our other sites across Europe. We have been using renewable electricity for all our business premises in Germany since 2015. At the end of the reporting year, this encompasses three office buildings, ten showrooms, 23 outlets and 71 retail spaces.

In the reporting year, we implemented further energy efficiency measures and equipped the ceiling lighting with LEDs that use less energy. Our new web shops are also powered with 100 percent renewable electricity.

We incentivise our employees to travel to work on lower emission levels. For this, E-charging stations have been installed at the company's headquarters, which can be used at a favourable rate. CBR also supports the use of public transport, by subsidising the "Deutschlandticket".

Product

THE SELECTION OF MATERIALS for our products is of key importance to us. It is crucial for the comfort of our customers, the quality and durability of our products and the use of resources in their manufacture. We harmonise these diverse requirements in the best possible way through the following measures.

1. RESPONSIBLE PRODUCTION QUANTITIES

It can be reduced to a simple formula: The more produced, the more resources are consumed. To minimise environmental impact, it is therefore imperative to align the production quantity with market demand. The more precisely the demand for products can be predicted, the less surplus will be produced. CBR achieves this to a remarkable extent through demand-oriented production and short periods between the partners' order opportunities.

We do not do depot business and primarily have articles manufactured for our brands' collections that our partners have ordered in advance. Up to twelve times per year, they can adjust their purchasing quantities according to their needs. Additionally, our partners have the option of flexible and quick reorder so-called never-out-of-stock (NOS) articles. We buy these at our own risk and therefore order them carefully. There is a realistic sales expectation for every item manufactured for us. As a result, CBR largely avoids surpluses, which in the reporting year remained well under one percent of the total purchased quantities.



2. CLEAR PRODUCTION REQUIREMENTS

As we do not operate own production sites, we formulate clear requirements as well as material and quality specifications for all items that we have manufactured. We prohibit the use of certain materials, manufacturing processes or sourcing regions for environmental and animal welfare reasons. Our requirements are regularly reviewed and updated in line with global political developments, recognised studies and the goals of our partners and marketplaces.



3. MORE SUSTAINABLE MATERIALS

Generally speaking, more sustainable materials have a lower impact in specific ESG aspects than their conventional alternatives. For this, we are committed to increase both the proportion of more sustainable fibres per article and the total quantity of more sustainable articles.

We are continuously evaluating which standards can be accepted as proof of more sustainable material properties. We still refrain from using the Better Cotton Standard due to ongoing criticism and what we consider to be insufficient requirements. This is also in line with the expectations of many of our partners.

FURTHER RISING: The share of articles with more sustainable materials is steadily increasing and reached 23.4 percent in 2023. The trend varies between product groups and also fluctuates from collection to collection over the course of the year. Among other things, this is due to material availability at the production site, minimum purchase quantities, material preferences of the different target groups and the seasonality of material use.

4. MEASURABLE MATERIAL USAGE

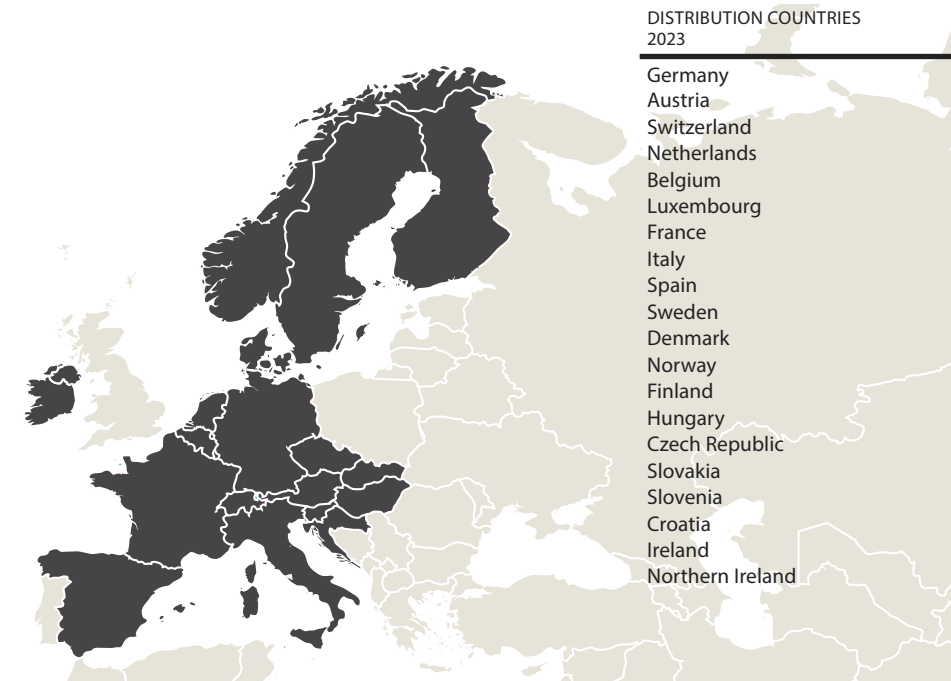
Due to the high variety in both quantities and material compositions of our brands' articles, a major challenge lies in the accurate recording and calculation of the total material usage. For this purpose, adjustments to our IT infrastructure as well as the implementation of a data submission process were completed in 2023. By starting material accounting in 2024, we have laid the ground to make reliable statements about the use of materials for all key components in the future.

Transport, Logistics and Packaging

OUR ARTICLES are manufactured in various countries around the world, however, with a dominant position of Turkey as production location. From there, our articles are transported by truck to the warehouses in Germany and then sent to our customers in different European countries. In 2023, the production of some product groups has been relocated back to Asia, mainly for quality reasons.

Transport

In order to reduce the carbon footprint of our products that are sourced from Asia, we have decided to extend the pre-order cycle and thereby allow longer and emission-reduced transportation via ship. In recent years, we had increasingly pre-marketed certain product groups outside of the general collection rhythm to have them shipped to Europe. Now we have decided to harmonise the order cycle again and prolong our pre-order period for all collection items in 2024 and 2025 from three to five months. This fundamental adjustment will require immense efforts in many departments of our company, as more collections will need to be developed simultaneously. However, we are convinced that this is a necessary adjustment and worth the effort.



Storage

As regards warehouse logistics, our two partners (Fiege and ITG) are also working on reducing their CO₂ emissions: they only use renewable electricity and installed both LEDs and photovoltaic systems on their buildings.

Packaging

Our products are packed in polybags individually or as batches in order to allow for a smooth handling in our logistics processes. Since we want to avoid the use of virgin material for our packaging, we have changed our requirements: As of 2023, this individual packaging may only consist of 100 percent recycled material.

SOCIAL



Own Workers

OUR TEAM IS THE FOUNDATION FOR OUR SUCCESS.

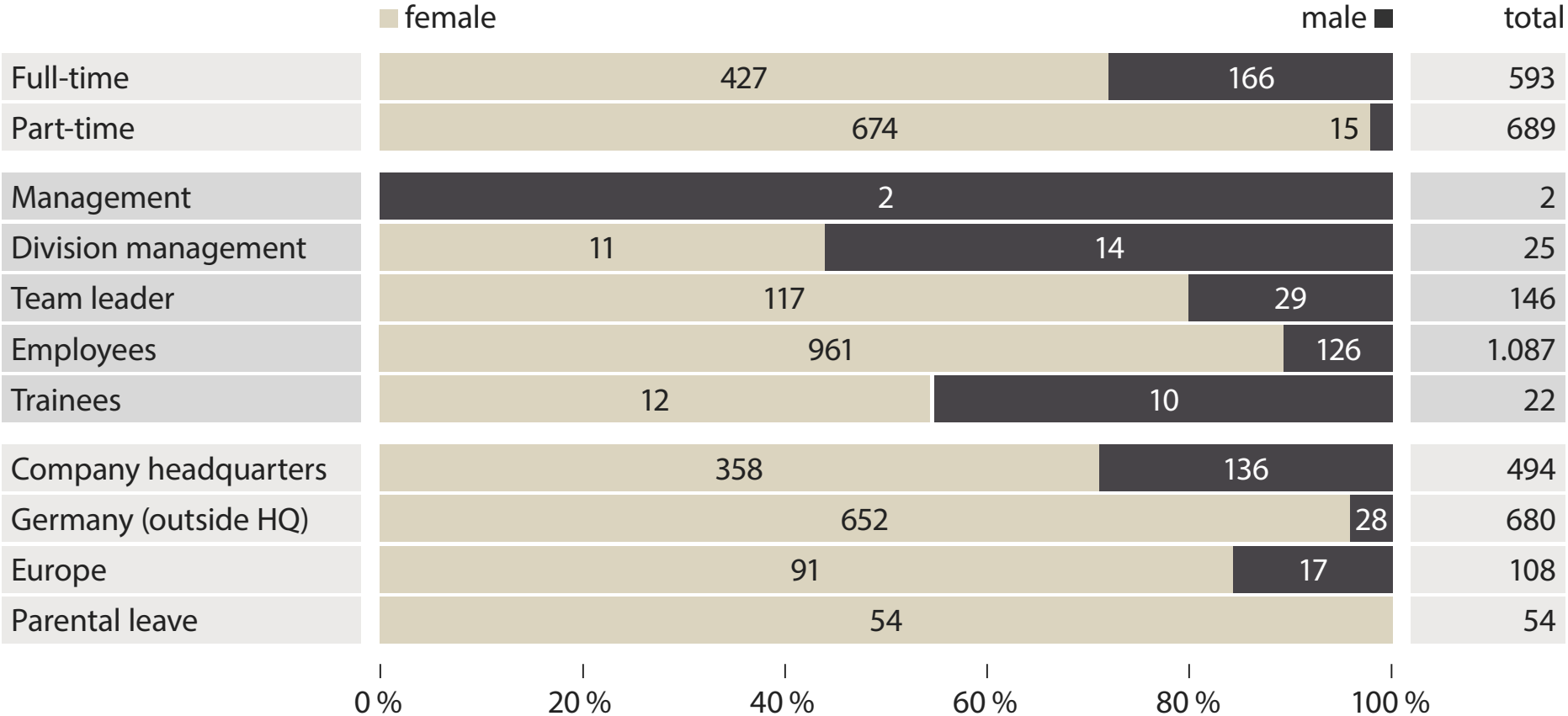
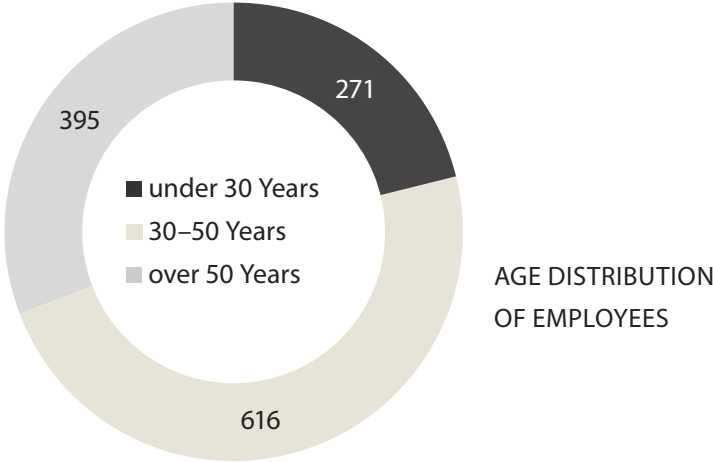
It is therefore the overarching ambition of our HR efforts to foster a creative, appreciative, and open working environment in which the best possible development of professional personality and individual performance can be achieved.

COME AS YOU ARE. We are committed to ensuring equal opportunities and value diversity. Everyone at CBR has the freedom to be themselves. Regardless of whether this relates to gender, nationality, sexual orientation, or religion. We do not tolerate any form of discrimination or inequality, but instead expect our employees to treat each other and all external partners with mutual respect.

MORE VISIBILITY: In 2023, the role of our HR department has expanded considerably. This is made visible to everyone by renaming it PEOPLE & CULTURE. With this, we want to emphasize the importance we attach to our colleagues and collaboration as a corporate culture.

Our Team in Figures

OUR TEAM IS GROWING. In 2023, a total of 1282 people worked for CBR: 181 men and 1101 women. The number of employees increased by 11.6 percent in the past year. The proportion of women remained the same compared to the previous year and was a solid share of 85 percent in 2023.





OUR COMMITMENT TO EDUCATION

CBR FOCUSES ON PROMOTING YOUNG TALENT.

For this, CBR has been working closely with educational institutions of all kinds for many years. We offer various information and discussion formats for schools, vocational colleges, and universities: on site at the facilities, at our headquarters and, of course, digitally.

The existing trainings and further education programs are well received: in 2023, 18 apprentices were employed at CBR in the fields of wholesale, foreign trade, and eCommerce as well as IT application development.

For the past two years, we have supported two students from our partner university Hochschule Niederrhein and financed their studies in fashion and design through the “Deutschlandstipendium” scholarship. In cooperation with partner universities we also offer the possibility of a dual study program. Students can complete a number of internships with CBR over the course of their degree.

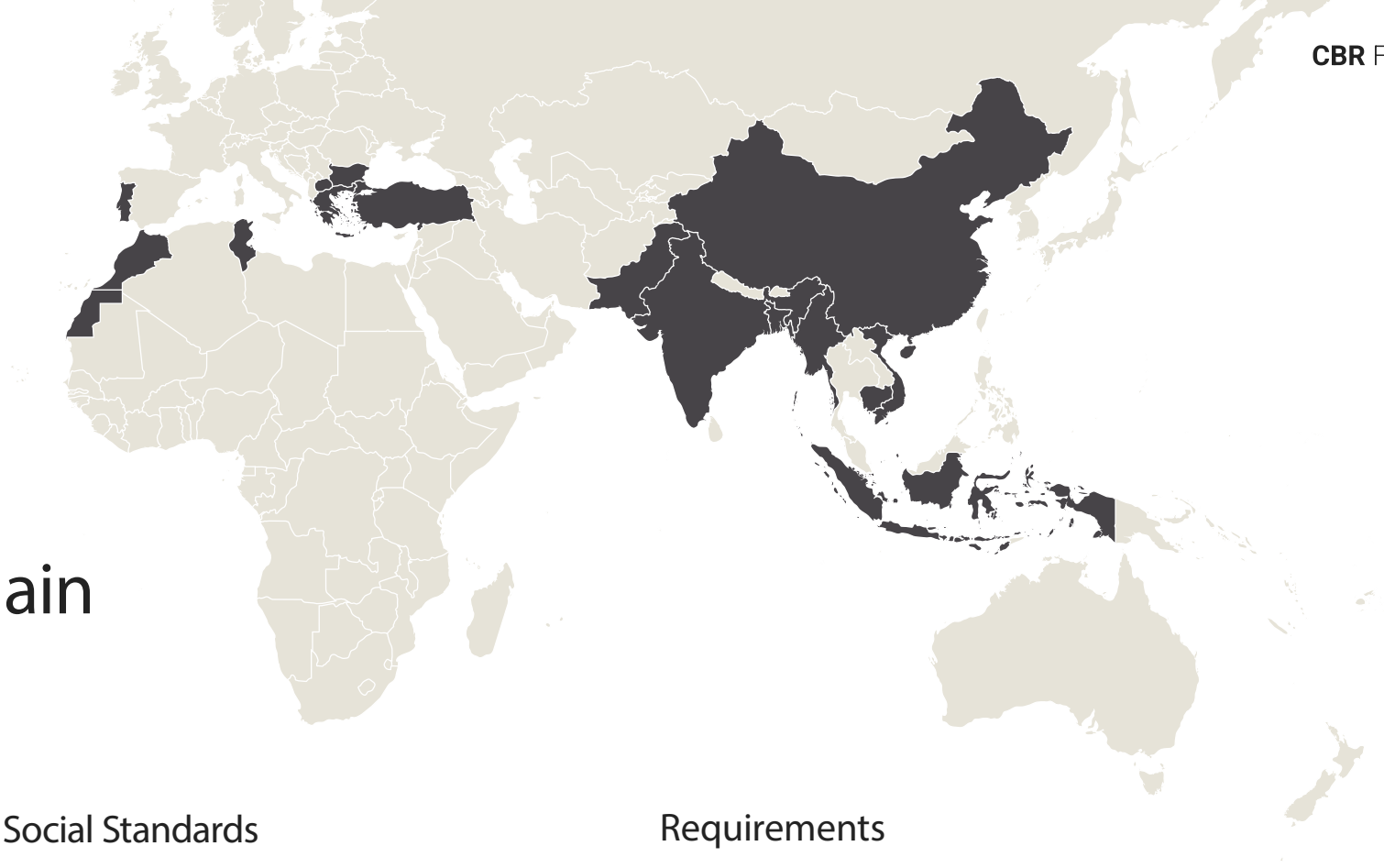
NEW TRAININGS: In 2023, we launched two additional trainee programs to promote young talent. Three young colleagues have already started their traineeship in the design department. Two more will follow in 2024 in our sales department.

We were able to strengthen our team at the company headquarters in Kirchhorst near Hanover, particularly in the areas of eCommerce and IT.

Following a previous Covid-related decline, we hired significantly more sales employees for our retail and outlet spaces. Overall, we are delighted to welcome 134 new team members.

The average age of CBR employees remains stable at 42 years. The average age distribution of employees has hardly changed compared to 2023, with almost half of our new employees coming from the two groups “under 30” and “over 50”. This demonstrates how diverse we are in terms of age.

Supply Chain



PRODUCTION COUNTRIES
2023

- Bangladesh
- Bulgaria
- China
- Greece
- India
- Indonesia
- Cambodia
- Macedonia
- Morocco
- Myanmar
- Pakistan
- Portugal
- Tunisia
- Turkey
- Vietnam

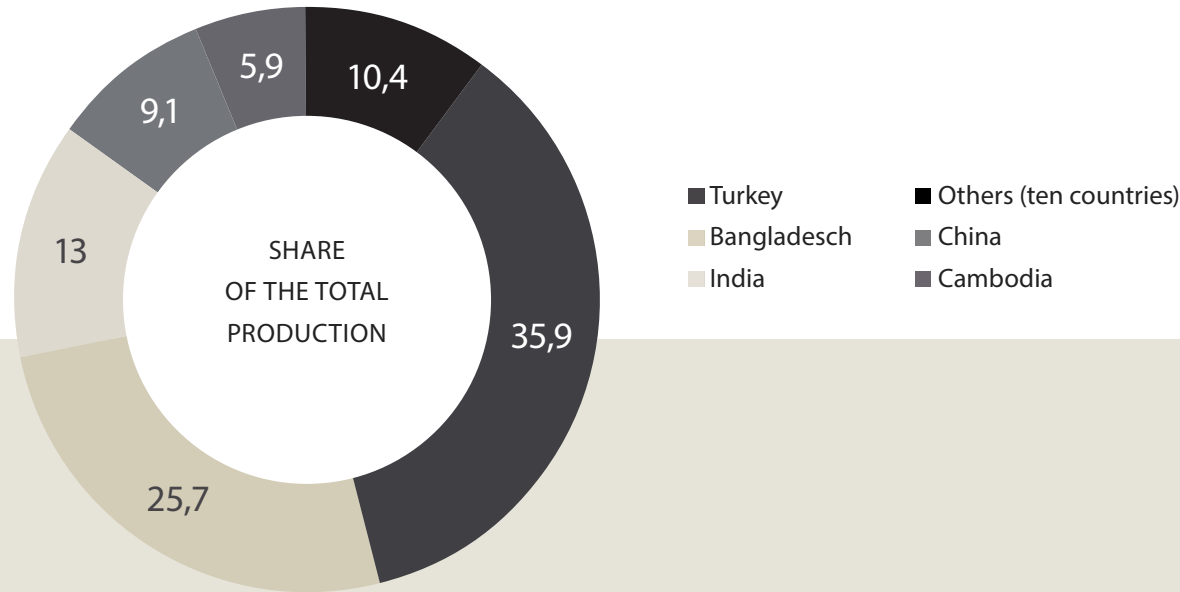
Human Rights and Social Standards

Globalised textile production predominantly takes place in countries where working conditions and social standards vary significantly from those in Europe. Particularly, upstream production stages are susceptible to violations of human and workers’ rights. We take these risks very seriously and routinely assess the overall situation in the production countries once a year. We entirely exclude some countries as production locations. At production sites with a higher risk, we intensify the frequency of audits and conduct extended employee surveys. We also monitor geopolitical changes or indications and immediately check whether our measures are sufficient and adjust them if necessary.

Requirements

Our Code of Conduct forms the basis of every collaboration with CBR. Our requirements are set out in more detail in our Social Compliance Manual (SCM). We expect our suppliers to strictly adhere to our standards and have this regularly checked by the internationally renowned audit service provider LRQA (formerly ELEVATE).

We are currently working on a special Supplier Code of Conduct and are expanding our SCM to include additional environmental requirements. Going forward, we will take a closer look at environmental protection aspects and encourage our suppliers to have ESG management systems in place.



Audits

All 248 production facilities, both of our suppliers and their subcontractors, are included in our audit program. The audits are only vaguely announced for a specific time frame and are carried out by alternating auditors.

As part of a strategic realignment, we switched to the ELEVATE Responsible Sourcing Assessment Standard (“ERSA”) at the beginning of 2023. This standard is updated regularly and we are currently working on additional requirements to address environmental and management issues more considerably. In order to relieve our suppliers and avoid unnecessary audits, we have also decided, following an equivalency assessment, to accept existing audit reports issued by reputable audit firms and prepared in accordance with comparable audit schemes under certain conditions.

In 2023, LRQA carried out 234 audits for us in accordance with the ERSA standard. Additionally, we also accepted the results of 37 equivalent audits.

In order to make use of our leverage for improvements at production sites, we segment our suppliers on an annual basis according to audit result, country risk, production volume and our production share of the factory’s total capacity. This enables us to work with our suppliers in a focused manner and to initiate improvement processes. In addition, we provide all suppliers with free online training on ESG topics via LRQA.

Isotopic Analyses

In certain geographical regions, there is an increased risk for forced labour in the cultivation and harvesting of cotton. We therefore prohibit our suppliers to source cotton from these regions. Since 2022, we have been monitoring compliance with our ban on a regular basis by using isotope analyses on selective samples. In 2023, 100 articles that met the requirements for this special check were tested.

Customers and End Consumers



TO PROTECT OUR CUSTOMERS, we have been taking extensive measures in the areas of textile ecology and product safety for many years. Besides that, we provide our customers with information on material composition and care instructions on the product and on the webshop.

QR Code

In order to make a broader range of product-related information accessible to our customers, we have initiated preparations for the introduction of a QR code in 2023. The label with the QR code is directly sewn into the article and initially serves to provide information on the material composition, care instructions and country references for certain production steps. Creating this digital and therefore more flexible technical tool for efficient information retrieval, paves the way towards bundling more additional ESG-related information and offering it directly to our customers.



CORPORATE GOVERNANCE



With our corporate governance structures, we strive for sustainable economic success based on responsible business conduct. This requires both the management of risks for our company as well as the reduction or avoidance of negative impacts of our business activities on people and the environment. During the reporting year, we have made considerable efforts to further integrate both in our organisational structure and existing workflows. In doing so, we pay close attention to efficient structures and processes, as we also consider this being a part of sustainable management.

Legal & Compliance

Due to numerous requirements from national and European legislators, ESG has turned into a significant compliance issue. Our CSR team is therefore promoting CBR's ESG-related initiatives in close collaboration with our Legal & Compliance team. In 2023, we focused on implementing measures related to the German Supply Chain Act (LkSG) and the Whistleblower Protec-

tion Act (HinSchG) and prepared for the Dutch Extended Producer Responsibility Act (UPV) and the French law on "combating waste and the circular economy" (known as the "Loi AGEC" or "Loi relative à la lutte contre le gaspillage et à l'économie circulaire"). The newly introduced QR code attached to our products provides mandatory legal information for each country and article, and fulfils the requirements of AGEC

This close cooperation between the two departments will continue in the upcoming years: together we will be working on the implementation of future legislation such as the EU Sustainability Reporting Directive (CSRD), the European Supply Chain Directive (CSDDD), the Ecodesign Directive and the amended European Product Safety Regulation (ProdSVO).

IT-Sustainability Project

A major component of our ESG-related initiatives is the enhancements of our IT systems. To this end, we launched a special IT-Sustainability Project in the reporting year. An interdisciplinary team works in close collaboration with the affected business departments on the integration of ESG requirements into the existing IT and business processes at the most suitable places, which is an immense task. The fact, that the exact European requirements remained vague for a long time and meanwhile uncoordinated national regulations came into force made it even more difficult.

The range of processes and systems affected can be well-illustrated with the requirements of French AGEC: for each item sold in France, information from the suppliers is needed about the countries in which the most important manufacturing processes (weaving or knitting, dyeing or printing, and assembly) took place. This information must be recorded correctly and processed in an efficient way to be finally communicated accurately via the QR code to our customers.

Reporting

The measures described above also serve as preparation for the future sustainability reporting required by the CSRD as part of the management report in the annual financial statement. For this, we need solid and auditable data, exceeding what we needed so far to monitor our business activities and to base strategic decisions upon.

In the reporting year, we therefore paid particular attention to the identification of additional data requirements and the preparation for systematic data collection. Regardless of whether this data is later aggregated in company reports or communicated as product-specific information, its stringent and uniform use must be ensured.

Anticipating the German Supply Chain Act (LkSG), we have prepared CBR's statement of principles and published it on our website. It includes a description of how we deal with the impacts of our business on people and the environment.

LOOKING AHEAD

For the textile industry the path to greater sustainability is not a sprint. It requires both perseverance and clear orientation. We are determined to consistently pursue our chosen course and continue to make all relevant business processes more sustainable:

- › By extending our pre-order cycle, we have initiated a major transformation. Over the next two years, its implementation will lead to considerable effort and additional workload for many teams. However, we are convinced that this step is the right one.
- › Introducing the QR code enables us to communicate more directly with our customers. We want to use this to continuously provide more information about our products, for example, the benefits of the more sustainable materials.
- › Step by step, we are replacing conventional materials with more sustainable alternatives and record the materials used for all key components of our articles. In the next step, we will set ourselves measurable substitution targets.
- › All upcoming changes in processes, and the definition of realistic measures and targets require reliable data. We are gearing our IT infrastructure and processes towards this and thus create the basis for a sound ESG reporting system and strategic decisions for greater sustainability.

The transition to a more resource-efficient economy remains a challenge for all companies worldwide. In alliance with our partners, we are dedicated to make our contribution towards both a more sustainable supply chain and more sustainable products, and further want to help in shaping the transformation with commitment and willingness to change.



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