

# STATEMENT OF PRINCIPLES (GRUNDSATZERKLÄRUNG)

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# INTRODUCTION



CBR Fashion Group (CBR) is an international fashion company with a long history of success. For many years, we have taken responsibility beyond the boundaries of our own business sector. We consider it our duty to act responsibly towards the people in our global supply chain as well as the environment. To meet this ecological and social responsibility, we continually work on improving our processes and developing and implementing measures to reduce the risks associated with our business activities.

In this Statement of Principles, we explain how CBR fulfils its human rights and environmental due diligence obligations. It supplements our Code of Conduct/Supplier Code of Conduct, which has been in force for many years. In addition, our sustainability report provides a more detailed overview of the current developments in the financial year.

# OUR COMMITMENT

## WE RESPECT HUMAN RIGHTS AND ARE COMMITTED TO PROTECTING THE ENVIRONMENT!

Both within our own operations and with our suppliers, we are unequivocally committed to human rights and environmental protection. We have been obliging our own employees and direct suppliers to comply with our Code of Conduct for years. It takes into account the following international standards and guidelines:

- › Universal Declaration of Human Rights of the United Nations
- › United Nations Guiding Principles on Business and Human Rights
- › Conventions and recommendations of the International Labour Organization
- › Labor and social standards Principles of the United Nations Global Compact
- › United Nations Convention on the Rights of the Child
- › United Nations Convention on the Elimination of All Forms of Discrimination against Women
- › Guidelines of the Organization for Economic Cooperation and Development on responsible business conduct
- › Minamata Convention on Mercury
- › Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
- › Stockholm Convention on Persistent Organic Pollutants

# OUR RESPONSIBILITY

Responsibility for compliance with CBR's human rights and environmental due diligence obligations lies primarily with our management. Our management observes these in its decisions and demands the same from all employees and contractual partners.

All departments are tasked with fulfilling due diligence responsibilities in their operational activities. To this end, our own employees in Germany and Europe are familiar with the CBR Code of Conduct and comply with it. It can be viewed publicly in various languages on the CBR website ([www.cbr.de](http://www.cbr.de)).

Our measures to protect human rights and the environment are centrally managed and monitored by our Corporate Social Responsibility (CSR) department. The head of the CSR department is tasked with conducting a risk analysis at least once a year and ensuring that an appropriate risk management system is in place.

The management is regularly informed about the identified risks to people and the environment, as well as the measures taken to manage these risks.

# RISK ANALYSIS

We have been analysing the human rights and environmental risks associated with our business activities for many years. We monitor their development on an ongoing basis and adapt our risk assessment as necessary.

In our own operations, the human rights and environmental risks are low. This is due to the nature of our activities and the locations where we operate. CBR develops and distributes its high-quality fashion items exclusively in Europe. All operating sites are located in the European Union and Switzerland. More than 90% of employees are based in Germany.

We do not own any production facilities and all logistics services are provided by external contractors. Our own operating sites therefore pose hardly any risk to people or the environment. Additionally, since we comply with all applicable labour and environmental protection regulations, there are no significant risks to people or the environment within our own operations.

The primary human rights and environmental risks associated with our business activities are found in product manufacturing and logistics. We address the latter by using logistics services only from reputable providers based in the European Union. In contrast, the textile supply chains are fragmented and highly interlinked. The industry-specific risks associated with this also apply to our direct and indirect suppliers. We consider the most serious risks in the textile supply chains to be:

- › Child labor
- › Forced labor
- › Disregard for occupational safety
- › Inadequate wages and working hours
- › Discrimination and gender-based violence
- › The environmentally unsafe handling of chemicals

Our assessment is based on close collaboration with the renowned auditing service provider LRQA (formerly ELEVATE) and our own experiences gained from audits conducted since 2009. With the country risk assessment platform EiQ operated by LRQA, we can also identify and evaluate current developments worldwide at an early stage. In addition, we use publicly accessible sources from media outlets and independent organisations.

# PREVENTIVE AND REMEDIAL MEASURES

To minimise the negative impact of our business activities on people and the environment and to avoid human rights and environmental risks, CBR has implemented extensive prevention and remediation measures in key business processes.

We consider the most important preventive measures to be the clear communication of our expectations to our employees and product suppliers, and their incorporation into our contracts. Additionally, we provide our product suppliers with detailed explanations of our expectations in our Production Guide and Social Compliance Manual.

We offer all direct textile suppliers free access to LRQA's online training programme, which includes around 75 courses on various ESG topics. This enables factories to familiarise all relevant people with ESG issues and train them accordingly. If we identify weaknesses in specific areas with our suppliers, we require the relevant individuals to complete the appropriate online training.

We have compliance with our social and environmental standards audited by a third party. To this end, LRQA carries out semi-announced audits on our behalf at all production sites at risk-based intervals. The first audit takes place before the start of production. No factory produces items for CBR without a valid audit.

Unacceptable violations (zero-tolerance findings) must be immediately rectified and successful remediation must be confirmed with a follow-up audit by LRQA. In the case of less serious violations, the supplier must identify and implement corrective measures in the form of a Corrective Action Plan (CAP). CBR will endeavour to rectify any shortcomings rather than terminate the business relationship with the supplier concerned. Termination is the last resort if a supplier is not willing or able to work on improvements.

In our contracts, we also prohibit the use of certain materials or production methods throughout the entire supply chain based on human rights and environmental risks. We check compliance with these bans through random sampling, such as isotope analyses.

# GRIEVANCE MECHANISM

We take potential violations of laws and our standards as well as harm to people or the environment very seriously. Reports on risks or violations of human rights or environmental obligations can be submitted to us around the clock and in more than 70 languages via the CBR Fashion SpeakUp-Line using the web, app or telephone. The grievance procedure is designed to be easily accessible so that it can be used by everyone along the supply chain. It also enables anonymous complaints.

Our Code of Conduct and the reference to the CBR Fashion SpeakUp-Line are displayed in the respective national language and are clearly visible in production facilities. This is checked as part of the audits.

Our Legal and Compliance department confirms receipt of the reports and processes them in strict confidence. Information on the procedure is published in the 'Guidelines on the CBR Fashion Group Whistleblower System'. The effectiveness of the grievance procedure is reviewed once a year and on an ad hoc basis.

# REPORTING AND DOCUMENTATION

Based on Germany's Supply Chain Duty of Care Act, we have carried out and continuously document our risk analysis for our own business processes and for our direct and indirect suppliers. We review our risk management at least once a year and on an ad hoc basis. As part of this process, we assess the appropriateness and effectiveness of our preventive and corrective measures and adapt them if necessary.

Isernhagen, 20.12.2023

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