

BEELINE ON SUSTAINABILITY

2017



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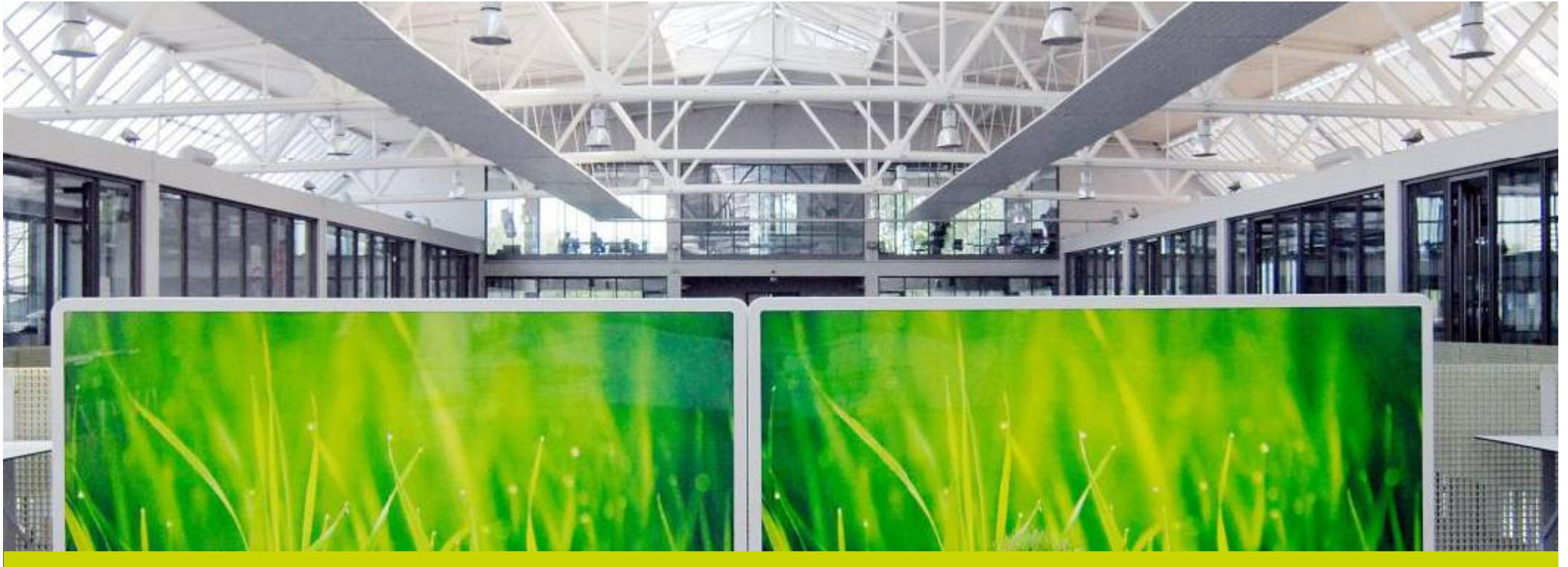
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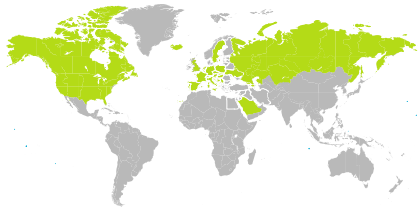
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1 | BEELINE

FACTS & FIGURES 2017



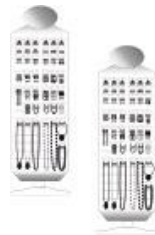
Active in 60 countries
4.521 employees worldwide
of which
635 worked for the beeline GmbH and
3.886 worked for one of the
31 daughter companies worldwide

92% women (4.154)
8% men (367)

76% with permanent contracts; all others with
fixed-term contracts

58% of the women and
92% of the men work full time

(all numbers based on our SAP;
might include wrong entries: the definition of
"full-time" in the USA is 30+h/week plus –
in Germany this would be 39+h/week)



23.050 POS

22.032 Concessions
367 Stores
651 Wholesale
and E-Commerce

30.000 different styles

101.210.500 shipped items
in 2017

580 Mio € gross sales in 2017



Established in 1990 by
Ulrich Beckmann (owner)

Board of Directors:
Ulrich Beckmann
Frank Beckmann
Hinrich Tode
Jean-Valery Duprez

Headquarters:
ISC
(beeline International Service Center)
Gruenstr. 1
51063 Cologne

Logistic centers:
BLC
(beeline Logistic Center)
Dillenburg Str. 76
51105 Cologne

beeline Logistic Center
North America
(beeline Import&Services LLC)
4294 Swinnea Rd
Memphis TN 38118 US



Average duration of key partnerships >10 years

71 producing partners
from China, India, Thailand and Vietnam

Total number of employees
of our partners in Asia:
11.046

52% women (5.793)
48% men (5.159)

65% with permanent contracts

43% of the workers are locals;
4% are homeworkers;
no childworkers

Temporary workers:
213

(values based on the "2017 beeline supplier questionnaire"
with 84% participation;
information checked through auditors)

OUR WAY

Success is born from visions which become goals, and from people who are ready to dedicate their passion and stay committed to achieving these. People like us here at beeline – a globally acting company where creative minds, strategists and doers, make a shared mission come alive:

WE OFFER BEAUTIFUL, FASHIONABLE ACCESSORIES FOR EVERYONE AT AFFORDABLE PRICES.

We want to achieve our goals in the best possible way so for us at beeline, corporate responsibility is more than just a trendy topic; it is an integral element of our corporate culture. We feel a great obligation toward society and the environment, and we have developed a code of conduct within the company that applies to us and our partners. We are pleased to introduce to you the steps we have taken along the way to becoming a more sustainable company.

There are three areas that, when balanced, define sustainability: ecology, economy, and social matters. All three are closely related, of course. Still, each area has its own requirements:

- In economic terms, beeline builds on its close partnership with manufacturers and sales partners and on respectful and appropriate dealings with each other – we want our business to be a win for all concerned. This will help to ensure that our business model is a lasting one.
- With regard to social responsibility, our goal is to employ as many people involved in producing and selling our products as possible on reasonable terms. Our Code of Conduct serves as the standard for our working relationships with suppliers and clarifies our positions on ethically and morally appropriate labor conditions (including prohibition of child labor and forced labor; the full CoC is available on our company website and may be found at the end of this document as well).



Foto: Aliko Panousi

- Our initiative regarding environmental impact is – in addition to the obligatory specifications regarding product safety – currently focusing on emissions of greenhouse gases (CO₂), since we deem climate change as one of the biggest challenges of our time. At the same time, we have also introduced a program to monitor waste management at our suppliers' end, which will now allow us to exert our influence. Our next focus will be on reducing water consumption.

Our perspective for the next 3-5 years regarding social and ecologic topics are:

- Working further towards the beginning of the value-chain getting access to 3rd tier supplier data (raw material) to enable our CoC to be relevant for more and more workers along our value chain.
- Establishing mechanisms that promote eco-friendly products in our range by means of communication B2B and B2C as well as enabling our buying departments to judge the eco-profile of items they buy.

Ulrich Beckmann
Founder & CEO

OUR VALUES

Our values are an integral part of our success. They give each employee orientation and are also a promise to our business partners.

PASSION

We love our business – and we love fashion. Each and every one of us invests heart and soul in our work, to move things forward.

RESPONSIBILITY

We make our decisions based on sustainability and social responsibility. We think and act in a target-oriented and cost-conscious way.

TRANSPARENCY

We strive towards open communication among ourselves and with all relevant interfaces and enable easy access to the information required.

QUALITY

Our actions and our constant pursuit of improvement are geared toward the long-term satisfaction of our customer and partners. Our products fill the mandatory quality standards (EU and US standards) and are regularly tested by independent laboratories.

TEAM SPIRIT

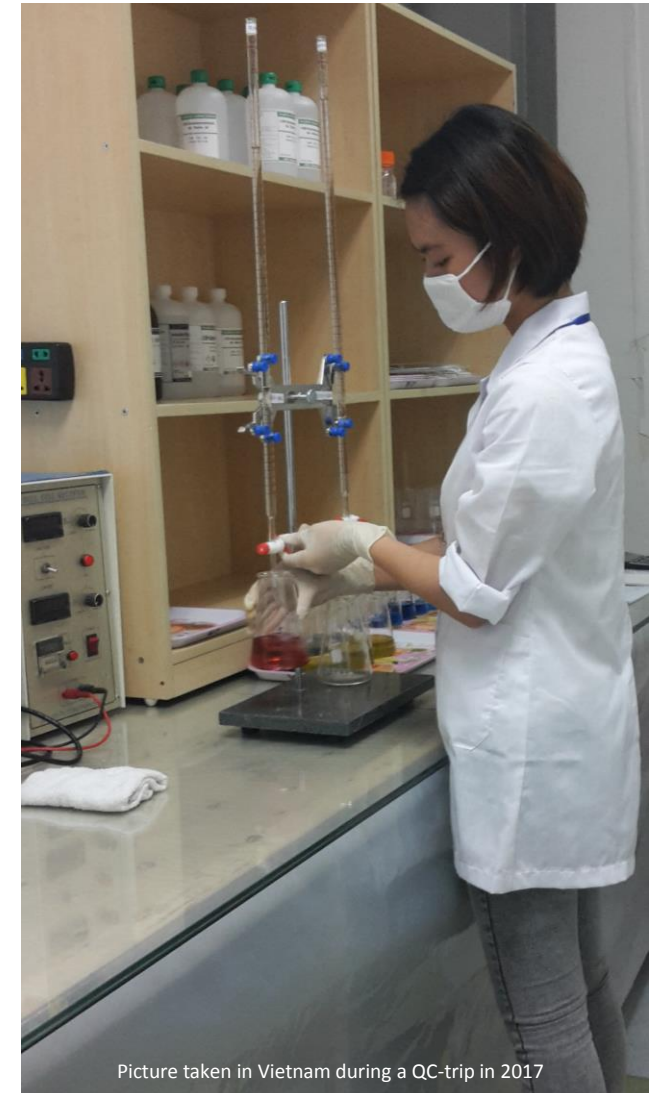
Together we create a working environment based on respect, fairness, trust, approachableness and partnership.



QUALITY MANAGEMENT

Health is a top priority – in particular regarding jewelry and materials that are worn directly on the skin. beeline strictly implements the following quality standards in order to protect our customers and to protect the people who make the jewelry:

- Defined Chemical Restriction List (“RSL”) that covers all relevant EU (mainly REACH) and US guidelines (mainly CPSC, California Prop. 65)
- Obligation on suppliers to comply with the “RSL”
- Regular and risk-oriented examination of defined parameters by accredited laboratories (TUV, BV...)
- Examination and monitoring of quality standards in the headquarters and through a quality management team in Qingdao, China
- Close cooperation and exchange with accredited laboratories in the country of manufacture and in Germany



Picture taken in Vietnam during a QC-trip in 2017

1 | BEELINE

CODE OF CONDUCT (overview)

Our corporate culture obliges us to act responsibly as a principle of our day-to-day business life. We strive for long-term partnerships with our suppliers and work together with our stakeholders to continuously improve our own performance and that of our suppliers. This implies regular revision of our guidelines and objectives.

Our Code of Conduct is based on conventions and recommendations of the ILO, as well as the UN's human and children's rights. It also follows common international standards, such as ISO 9001, ISO 14001, OHSAS 18001 and standards that are usual in the sector, such as SA8000 and the Disney ILS Program. We ensure compliance with our Code of Conduct through very frequent audits carried out by local auditors, as well as through external audits (C&A-SSC, Intertek, Elevate, BV).

Our entire Code of Conduct can be found at the end of this document.

- The beeline Code of Conduct covers the following areas:
- Prohibition of child labor (<16 years old) and supervision of employees who are minors (16-18 years old)
- Prohibition of forced labor, prison labor and degrading disciplinary measures
- Prohibition of discrimination and harassment
- Legal compliance & intellectual property rights
- A functioning management system
- A safe workplace environment and workplace health promotion, which includes building safety, fire safety and chemical safety
- Regular working hours and transparent overtime rules
- Appropriate remuneration above the minimum wage
- Social security
- Environment and sustainability
- Transparency throughout the supply chain: home-based work and sub-contractors
- Freedom of association and the right to collective bargaining
- Business integrity and anti-corruption
- Animal welfare, protection of species and nature conservation



Picture taken in Thailand by our QC in March 2017



2 | BUSINESS EXPLAINED

OUR VALUE CHAIN



I am

TOSH

accessories

WE OFFER BEAUTIFUL, FASHIONABLE ACCESSORIES FOR EVERYONE AT AFFORDABLE PRICES with our brands – made to measure for the target groups and up to date with international trends. Our product presentation is trendsetting again and again and stays highly attractive for the customers this way. To get there we need to be very flexible and focus strongly on colors, assortments and trends for upcoming seasons while being very strict in our quality controls.

Beeline does not possess production units but we work closely with our partners in Asia we buy the merchandise from.

The main components in our supply chain are:

- Production (from raw materials to packaging)
- Transportation to the warehouses (mostly by sea or air)
- Distribution to the POS

In addition, we design our own store furniture and have it produced and delivered to the POS.

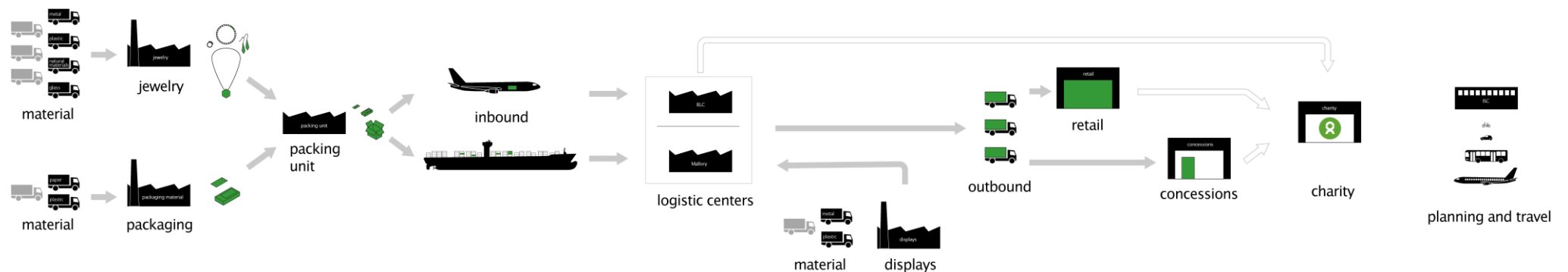
It is the nature of fashion accessories to be very diverse. The items usually consist of many single pieces which are assembled.

Therefore, many different production steps are involved in producing these accessories, depending on their look and materials used.

The main production steps for fashion jewelry are: sampling (milling, gluing, welding, coating, spray-coloring, ...), molding (plastics and metal), coating/plating, gluing, welding/soldering, polishing, assembling, packaging.

For textile goods and special products like covers for mobile phones there are several other/different production steps necessary.

While there still is much manual labor necessary to produce the goods, some production steps are more and more taken over by machines (for example vibratory grinding instead of manual polishing).



2 | BUSINESS EXPLAINED

OUR PRODUCTS

To meet our customer's demands we are concentrated on developing our range continuously. In 2017 we delivered goods in these assortments:



- Silver earrings
- Silver rings
- Fashion earrings
- Large hair clamps
- Textile hair accessories
- Necklaces
- Sunglasses
- Hair-bands
- Scarves, mufflers
- Braceletts
- Fashion rings
- Alicebands
- Claw clips
- Key rings
- Toerings
- Piercings
- Bags
- Purses
- Silver necklaces

- Minibags
- Small hair clamps
- Hats
- Anklets
- Sunglass cases
- Jewelry trees
- Present boxes
- Watches
- Picture frames
- Decorative pendants
- Body tattoo
- Mobile phone cases
- Mobile pendants
- Sets
- Nose studs
- Ear clips
- Brooches
- Cosmetic accessoires
- Boxes

- Gloves
- Socks
- Footwear
- Clothing
- Umbrellas
- Winter scarves
- Silver braceletts
- KIDS silver earrings
- KIDS braceletts
- KIDS rings
- KIDS earrings
- KIDS necklace
- KIDS text. Hair accessories
- KIDS small hair clamps
- KIDS alicebands
- KIDS hair bands
- KIDS hair - specials
- KIDS key rings

2 | BUSINESS EXPLAINED

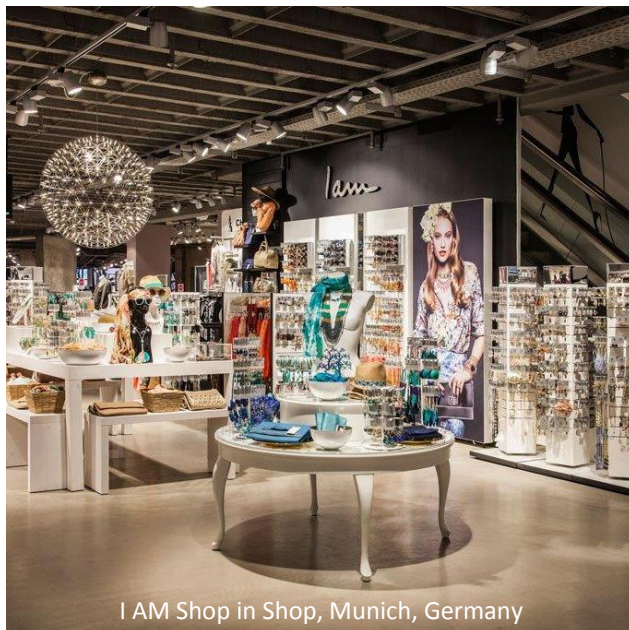
CONCESSIONS

Partner model in which beeline provides the merchandise displays, the goods, decoration expertise and service, while the partner provides a sales area for the goods and carries out the check-out process.

After the initial setup, our Mobile Merchandisers regularly attend to the sales areas.

Various brands are possible:

- SIX,
- I AM,
- TOSH,
- WHITE LABEL | ACCESSORIES.



I AM Shop in Shop, Munich, Germany

RETAIL

- Own retail stores, managed 100% by beeline.
- Locations: Busy, top-quality locations such as pedestrian areas, shopping centers, train stations and airports.
- Own staff and own cash register system.
- Store size: between 50 and 120m² and at least 4m front.



SIX Store, Bonn, Germany

FRANCHISE

- A model to strengthen the presence of our brands in metropolises outside of Europe.
- We look for leading retailers with a wealth of expertise in the real estate sector and an existing distribution network.
- We aim to build up a steady, lasting business relationship with these partners.
- This is based on a strategic connection between a brand and a local key player.

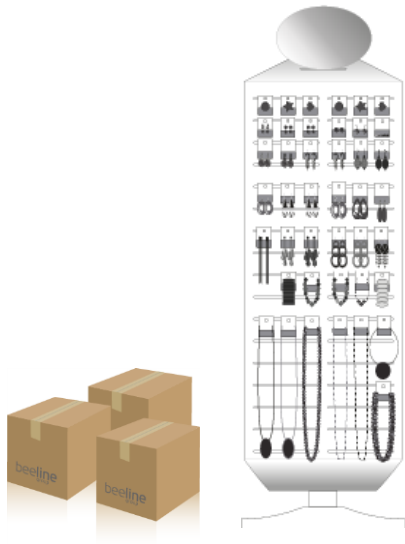


I AM Store

2 | BUSINESS EXPLAINED

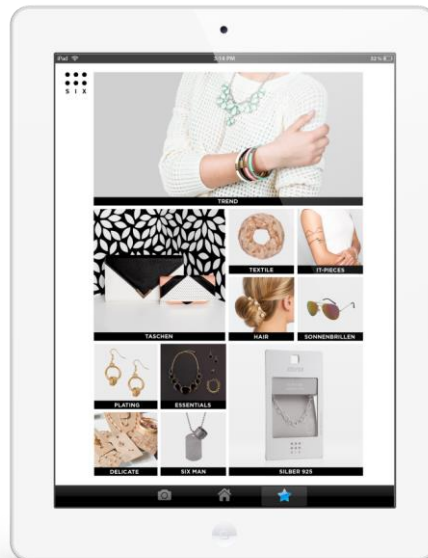
WHOLESALE BUSINESS

- This model we offer in countries where there is no Mobile Merchandiser structure.
- beeline supplies the displays and regularly sends new goods.
- The partner purchases the goods on a key account basis.
- A minimum size of 1m² in a first-class location is required in the partner store.
- The presentation of the goods is carried out by the partner's staff with the help of beeline Visual Merchandising Guidelines.
- The partner is the importer of the goods, beeline provides the export documents.



E-COMMERCE

- SIX is distributed on Amazon in Germany and UK.
- Approx. 1,000 items constantly on offer.
- TOSH is sold at Douglas online.
- The TOSH online shop has been established for Germany.



2 | BUSINESS EXPLAINED

FLOW OF GOODS | LOGISTICS

- 2010: opening of our 30,000 sqm / 98,000 sqft logistics center in Cologne, Germany.
- “Green Building” certified
- Our turn around time and accuracy is truly world class!
- Robotic and rail best in class system travelling at speeds of 60 mph when pulling orders.
- Makes it possible to process more than 600 million articles per year.
- 2014: opening of the logistic center in Memphis, Tennessee, USA.





A delegation from our QC and Legal visiting partners in 2017

3 | PROGRESS - TOGETHER

3 | PROGRESS - TOGETHER

GRI 102-40, 102-42, 102-43, 102-44, 102-46

MATERIAL TOPICS

To provide substantial information we took into account the opinions about which topics are material from several stakeholders we identified; we used the GRI standard as the underlying structure for our questionnaire.

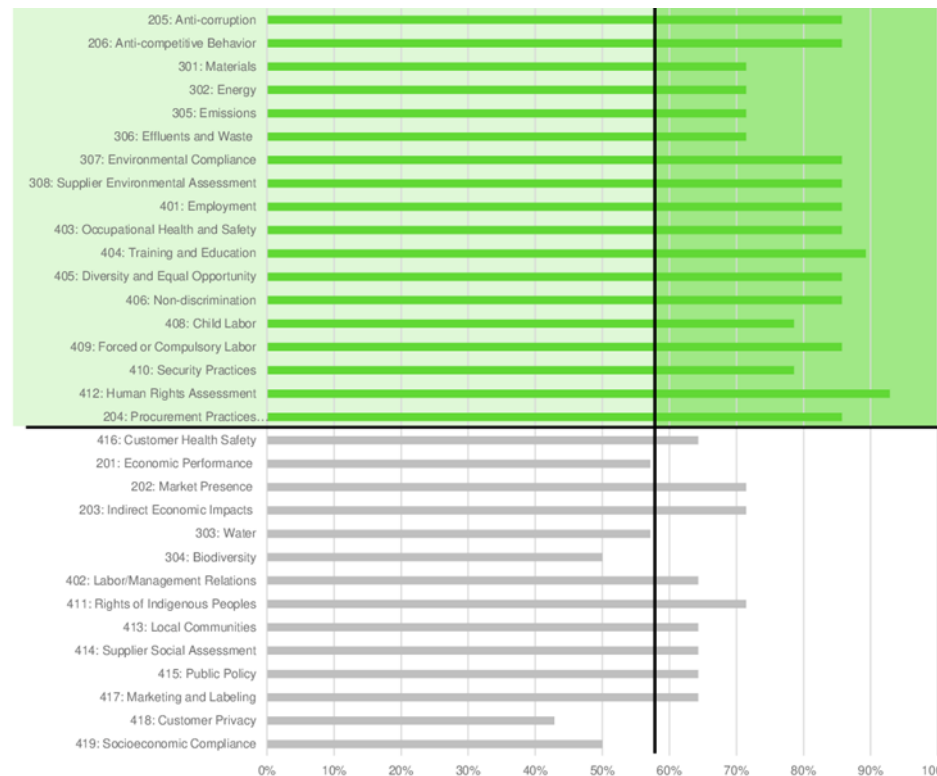
Employees – different groups of employees and the personnel committee were engaged in the research for material topics. Employees who work in the central units (ISC and BLC). All employees of the beeline group (the beeline GmbH and all the companies owned by the beeline GmbH) have appraisal interviews once a year. Further feedback from the employees is gathered by the District Managers. They report to the Regional Managers who report to the management. During the annual works meeting the worker's council holds a presentation as well as the BoD (Board of Directors). On the beeline-intranet there are several blogs and a frequent newsletter which inform the employees of current developments.

Temporary workers – due to their temporary relationship to beeline and its goods they are not involved in this report.

Suppliers – the suppliers who were engaged were chosen because their companies are interwoven with the ones of beeline due to their long and strong relationship with beeline (>10 years of cooperation). All suppliers are interviewed once every year at least (see also Precautionary Measures, GRI102-11) and their staff is interviewed as well on a regular basis, not only but also to approve their knowledge of the beeline Code of Conduct.

End customer – as this is the first sustainability report of beeline it has been chosen to not communicate it to the wider public prior to its release in 2018; so, end customers were not one of the stakeholder groups interrogated at this point of time. Yet end customers are involved through our managed Facebook-page.

Partners for external initiatives – OXFAM Ireland



The upper right area shows the topics material for most stakeholders and beeline itself. To define the material topics for this report we stuck to the stakeholder's opinions (questionnaires for employees, NGOs, suppliers) as well as our own core values as they are stated in our CoC and as they are "lived" through our actions. Most of these topics we are able to address in this document.

NGOs (with focus on environment and social matters – Friends of the Earth, as they promote solutions that will help create environmentally sustainable and socially just societies. So social matters and ecological matters are both important for them. B.A.U.M. as they are a "network of companies for sustainable management" and have expertise in many industries.

Concerns raised: Regarding this report, it was expected the huge range of stakeholders involved in the process would

lead to a request for information in almost any topic of the GRI standard. And even though certain stakeholders had one or another preferred topic in total the result of the interviews and questionnaires was as extensive as expected.

Most stakeholders involved were at least partly interested in all aspects of the GRI 300 ("Environmental").

SOCIAL COMMITMENT: CSR OVERVIEW

Competitive prices and ever-changing market conditions are the two biggest challenges in achieving Social Compliance. This, in turn, raises the question as to why we should dedicate ourselves to such a great responsibility - a responsibility that goes beyond national borders for reaching people who live and work far away from our offices, instead of increasing our own profit.

The answer lies deep within our core company values of social responsibility, environmental protection and cooperative partnerships, which all beeline GmbH employees strongly believe in. These are the basic principles of our daily business. Bundled in a set of norms and values, we assume that we can apply them all over the world.

beeline GmbH seeks long-term partnerships with suppliers who have a natural respect for our ethical standards anchored in their own business culture. Our partnerships are based on the principles of honest and fair dealings, always and under all circumstances. It is desirable that our suppliers extend these principles to all other parties, including their employees, subcontractors and other third parties, with whom they are operating.

Certainly, we know that blind trust does not assure compliance with our standards. Instead of leaving inspection and monitoring of our Code of Conduct in the hands of third parties, we depend on close cooperation with auditor groups who reside in the countries of production, and who exchange information daily with our CSR Specialists at the beeline GmbH headquarters. They are educated by Intertek, and are familiar with current international standards which include the SA8000, ISO Standard 26000 (ISO SR), the ILO (International Labor Organization) set, and the UN Conventions regarding fundamental Human Rights and Rights of Children. They worked on behalf of SEDEX, BSCI, and ETI as well as other audit organizations and international trading companies.

This approach allows beeline GmbH to conduct regular audits at 1-3 month intervals, and to develop improvement plans with our suppliers along with reasonable schedules to implement any corrective measures.

In doing so, we create a deep-rooted trust between auditor and supplier, as well as between supplier and beeline GmbH.

Above that, C&A and on their behalf, Elevate and Intertek visit our units periodically. Since beeline is a Disney licensee, all production units involved in the production of Disney items are visited by Bureau Veritas to audit the Disney ILS Program.

The beeline GmbH Code of Conduct is based on standards set by the International Labour Organization (ILO) and combines other current international standards.

Our Code of Conduct applies not just to beeline itself but to our entire production chain. Our customers can rest assured that the reasonable prices of our products have not been "paid for" in some other way.

The CoC has been published to our producing partners in their native language and they are obliged to inform their employees about the content (through classes and/or the black board - and of course through their contracts). The employee's knowledge about their rights is tested within the regular and re-occurring social audits.

(The CoC is freely available through our homepage in Hindi, Vietnamese, Chinese, Thai and English; the English translation is included in this document.)



These pictures were taken by our QC when they visited China and Vietnam in 2017.



SOCIAL COMMITMENT: EXTERNAL ACTIVITIES

OXFAM

We've been supporting the charitable organization OXFAM (Oxford Committee for Famine Relief), a global emergency relief and development organization that campaigns for a fair world without poverty, since 2013. OXFAM Ireland is able to purchase seasonal goods sold under the SIX and I AM labels and accessories at special high-margin terms and sell them at its stores. In this way, sales of around 477,000 euros were generated in 2015/2016 that went towards supporting social projects.

OXFAM opened its own retail store, "SIX 4 Good" in the St.Stephen's Green shopping center in Dublin, in 2017 and has plans for further shops in Ireland.

As stated by OXFAM Ireland in December 2017:

"Beeline is our biggest and most important partner."

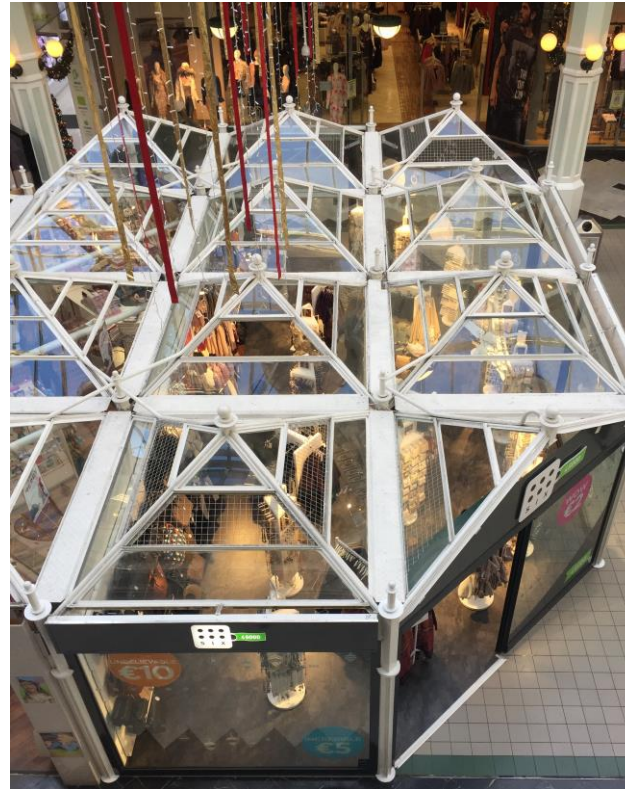
WELTHUNGERHILFE

We've been supporting the Welthungerhilfe charity (WHH) in its fight against hunger and poverty since 2008. We organize charity drives, such as the sale of charity jewelry collections, on a regular basis.

This has allowed us to donate over 440,000 Euros to the Welthungerhilfe charity in recent years.

CHAD

Since 2003 we support a hospital in this Central-African region. This support added up to 1.7 m Euros over the years for education of staff, instruments and medication.



A CLOSER LOOK: MATERIAL TOPICS

All material topics named here are chosen to be material by the majority of the stakeholders and beeline. The boundary of these topics is the same for all material topics:

We have full access to information for our own operations (tier 1), including the companies owned by the beeline GmbH and companies of which the beeline GmbH is the main beneficiary.

We have access to information from our suppliers and their production units (tier 2) provided by them through questionnaires and approved through several audits (our own audits, audits by our partners and third party audits).

We do not have access yet (or not to full extent) to the suppliers of raw material (tier 3).

Completeness of the information is dependent on the correctness of the information given by the several (beeline-) companies and the cooperation of the suppliers since part of the information is derived from supplier's questionnaires.

204: Procurement practices

Beeline buys its merchandise from several suppliers in Asia. It is beeline's best practice to establish long-term business relationships. This serves the purpose of best merchandise for reasonable prices on both ends of the value-chain: The producer adjusts his/her production to suit the needs of the markets (which includes labor safety, fair payment e.a.) and secures the beeline-partners to sell not only beautiful but "safe" merchandise (see also "Code of Conduct").

205: anti-corruption

Corruption is a known issue in some of our producing countries. As stated in § XIII of our CoC beeline does not actively take part in or even accept bribery or corruption. Beeline has reportedly terminated business with partners / suppliers who attempted to bribe auditors or other controlling staff.

A CLOSER LOOK: MATERIAL TOPICS

301: Materials

The materials used for production are mainly sourced in the producing countries. The weight of the several (about 230 different) materials used for the merchandise are measured and in some cases calculated. The amounts correlate obviously with the merchandise purchased.

All information regarding material has been collected for the cradle-to-gate study "Product Life Cycle Study CO₂: fashion jewelry and accessories" which describes the calculations and studies done to describe the amount of CO₂ that is expelled in connection with the beeline merchandise (see below, 305: Emissions). The study has been issued for the first time in 2016 and is updated annually. It is externally reviewed by TÜV Nord Cert and certified for DIN EN ISO 14040 every time.

The total mass of merchandise delivered to beeline in 2017 was about 2.620t plus packing material for shipping (estimated) 479,6t cardboard boxes.

The shipping boxes were recycled. The other packing material - mostly "polybags", little transparent foil bags made of PE and PP, are collected and disposed at the partner's site into the recycling-bins (where available).

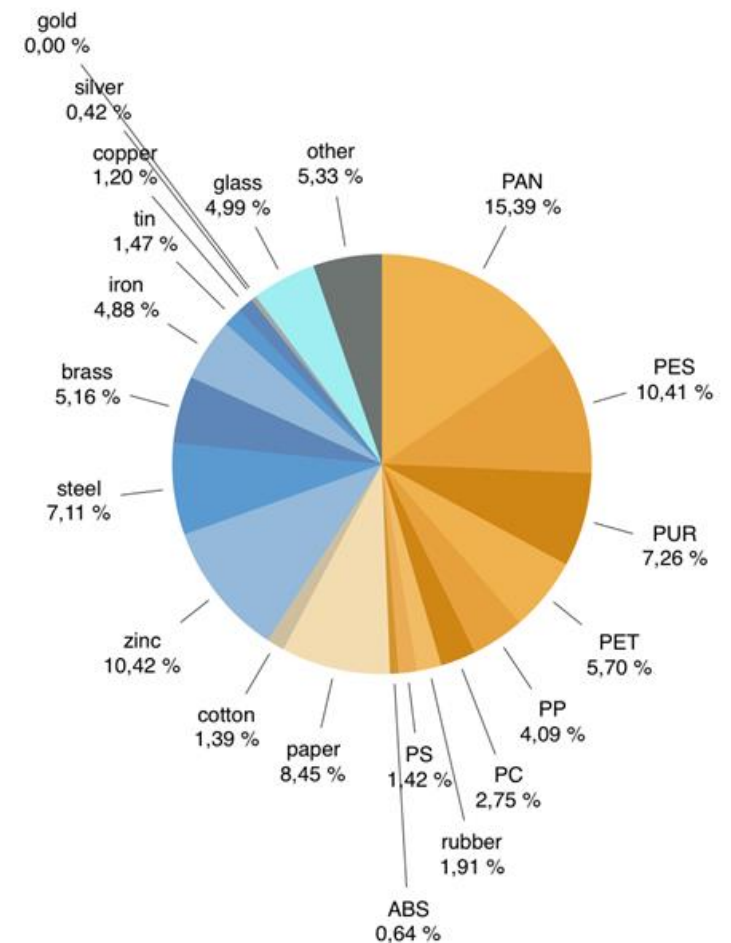
A recycling program established in 2016 had to be stopped at the end of 2016 since the partner could not provide capacities large enough to serve the demand. Instead a substantial part of the items not sold was delivered to OXFAM Ireland to be sold in their stores.

In general, at least all metal parts could be recycled. Zinc – one of the metals widely used in fashion jewelry – is traded as recycled material commonly and there is a big market for it. But since fashion jewelry often tends to be abundant when it comes to using different materials these metal parts are not easily detached from the rest of the goods. This causes the process of dividing the merchandise into its basic

materials to be to elaborate to be commercially bearable for now.

As you will see our research regarding our CO₂-footprint revealed that the (by far) greatest part of the energy usage come from production and distribution of the beeline-merchandise and "happens" in the producing countries.

The supplier-questionnaire 2017 revealed a quite diverse image of the demand for energy, depending on the amount and the kind of production steps per production unit. This was the first step to tackle the energy demand at the front end of the value chain. Further detailed studies will be necessary to reveal ways to reduce the demand for energy.



A CLOSER LOOK: MATERIAL TOPICS

302: Energy

All premises in Germany (owned or rented) run on renewable energies (the ISC, BLC and the stores). The energy market in Germany is especially well developed which facilitates such changes towards renewables, a much harder task to manage in other countries.

According to our studies (see below, 305: Emissions) the (by far) largest part of the total use of energy occurs in the producing countries. Depending on the merchandise ordered and the materials involved the energy consumption varies. It is not yet possible for the buyers of the merchandise to gather information about the “energy-footprint” of certain items they plan to buy but this issue will be addressed once the “CO₂-footprint” is part of the information given to the buyers.

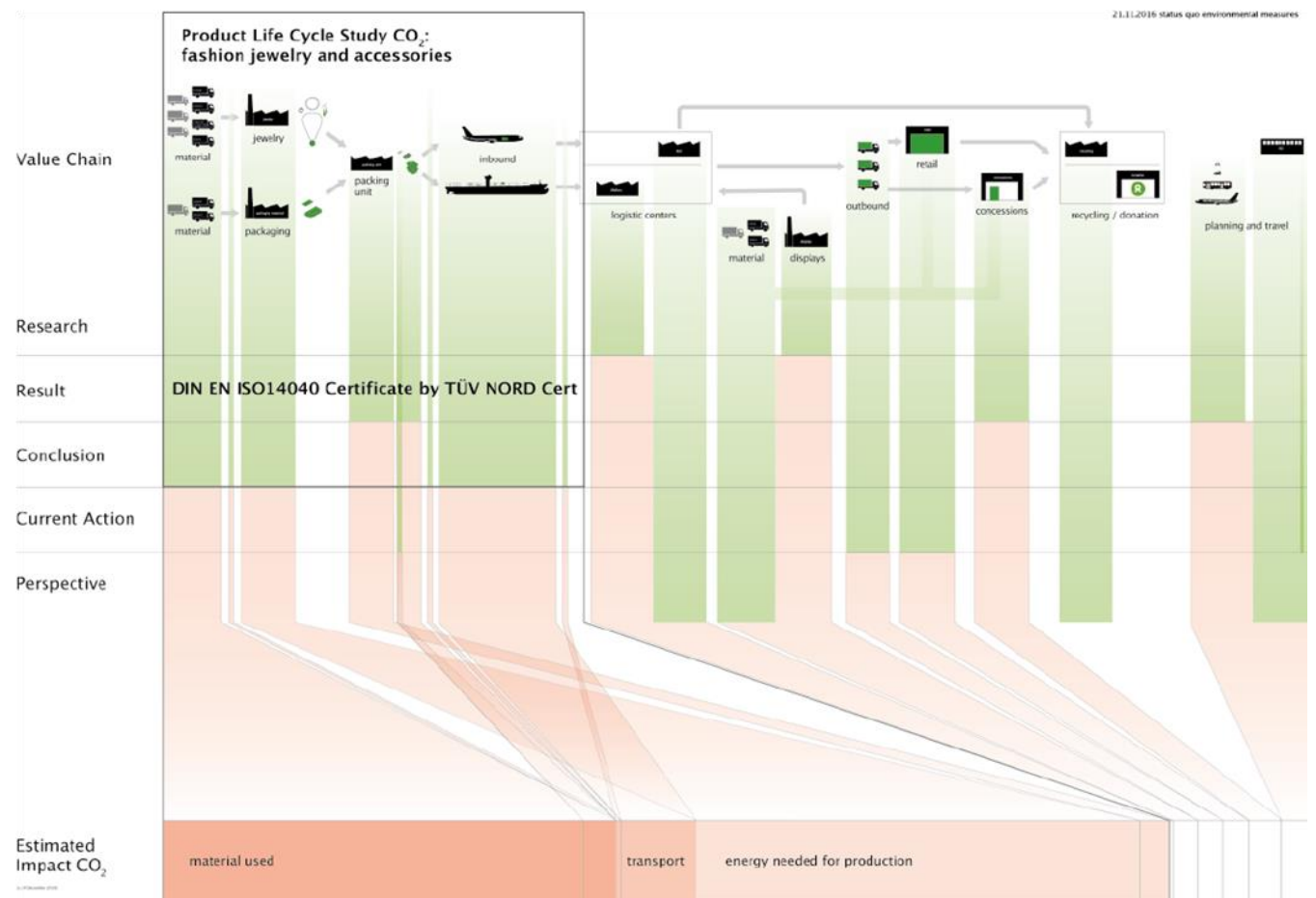
The BLC is very low in consumption due to photovoltaic and geothermal energy harvested to supply the building. The change from conventional to LED-lighting in the BLC reduced the need even further. The ISC, having no AirCo, has a similar CO₂-footprint as a modern office-building.

305: Emissions

It is our belief at beeline that the most pressing issue regarding emissions are greenhouse gases (for example CO₂). This does not intend to diminish the risks caused by or through other emissions (e.g. NO_x) but GHGs are largely understood, can be treated as material worldwide and any reduction or compensation in any country serves the purpose.

The GHGs are emitted mainly in the producing countries as described in the “Product Life Cycle Study CO₂: fashion jewelry and accessories”. The CO₂e is calculated for these production units based on data derived from questionnaires.

The graphic below shows the general idea of how the total emission of GHGs is distributed throughout the value chain according to our studies.



A CLOSER LOOK: MATERIAL TOPICS

305-5: The Reduction of GHGs

The previously mentioned study on CO₂ was established to not only find out about the total amount of CO₂e emitted but is designed to be able to give information about “hot spots” of CO₂-emission to be able to take action most effectively when trying to reduce the CO₂-footprint of beeline.

Beeline is driven by the demands of the partners and of fashion itself. Short delivery times are crucial to get the right product to the POS in time. Yet beeline reduced the number of items transported as airfreight to a constant percentage of about 15% in comparison to about 20% in previous years.

ISC and BLC run on renewable energies as well as the stores run by beeline in Germany.

In 2017 we arranged the cooperation with natureOffice to neutralize the amount of GHG expelled in connection with the merchandise of our brand TOSH which we started to do for incoming goods in 2018. If this cooperation shows to be fruitful and conflict-free it is intended to do the same with other brands of beeline.

305-6 & 305-7: ODS and NO_x, SO_x and other substances:

As previously described the only gas emissions looked for are GHGs at the moment.

306: Effluents and Waste

Waste and waste water is pretended to be a problem mainly in the producing countries. The waste and waste water management has been tackled in 2018 by setting up a test scheme and on-site testing by our partner TÜV Rheinland with promising results.

307: Environmental Compliance

Beeline operates (1st tier) within the legal requirements in all countries. We order our suppliers to do the same which we communicate to them in our CoC:

IX. Environment & Sustainability

Suppliers must comply with local laws according to environmental issues. Furthermore, beeline requires an efficient and proactive environmental management system and an assigned Senior Representative. The environmental impact of the production process shall be integrated into business decisions. Suppliers must aspire an efficient and respectful handling of resources, such as primary and secondary raw materials, valuables, water and energy, involved in the production process. Waste disposal, especially disposal of hazardous waste, must be in line with local laws and carried out by qualified companies. Where possible, there shall be methods applied to increase recycling. Emissions must be monitored and kept in records.

308: Supplier Environment Assessment

In our CoC chapter V (OHS) and IX (Environment & Sustainability) we describe our values regarding hazardous materials and how to deal with them following local rules as well as our and our partner's requirements to provide safety for the producers as well as the customers. These rules are controlled by our own auditing staff regularly (annual audits and special audits).

A CLOSER LOOK: MATERIAL TOPICS

401: Employment

We observe our own employment strategy and our suppliers' closely. We keep (anonymized) records of gender, age, employment contract, if the workers are locals and remuneration among other topics.

The payments for our employees and the employees of the beeline GmbH, the companies owned by the beeline GmbH and those whose beneficiary the beeline GmbH is, are compliant with local laws in all countries of operation.

The payments of the workers at the supplier's factories are controlled through audits and no infringements regarding payments were noted within the timeframe of this report. In addition, no infringements on any statements in our CoC related to employment was reported in 2017.

403: Occupational Health and Safety

Beeline feels responsible for the conditions under which our merchandise is produced. So we co-operate closely with the production units to assure that the conditions meet our expectations which are part of our CoC (please see 308 / respectively CoC chapter V)

404: Training and Education

These trainings are obligatory and documented for all suppliers once a year and for all new suppliers:

- **Prohibition of Child Labor and the prevention of hiring children (HR training required)**
- **Training on diversity and awareness of equal employment opportunities to all employees, involving recruitment, promotion and other employment decisions**
- **Training on Occupational Health & Safety (OHS), including, but not limited to: fire safety, the prevention of occupational injuries, work-related diseases, fire disasters, needle and blade control policy, personal protective equipment (PPE), emergency situations, abuse of alcohol & drugs**
- **Special trainings for workers engaged in special and/or dangerous activities.**
- **Special trainings for OHS Management Representative/Safety Officer/Safety Committee**
- **Fire & emergency evacuation drills**

And there is an additional training which is not obligatory yet:

- **Environment & Sustainability: the identification of the site's environmental impact, especially related actual or potential with one's workstation, the importance of the conformity with the environmental policy, the roles, responsibilities in achieving conformity with the requirements of the environmental management system, the potential consequences of departure from specified procedures**

405: Diversity and Equal Opportunity

(see 404: Trainings)

Within the rules stated in our CoC no infringements were reported from our or external auditors at any of the production units working for beeline.

406: Non-discrimination

(see 404: Trainings)

Within the rules stated in our CoC no infringements were reported from our or external auditors at any of the production units working for beeline.

408: Child Labor

(see 404: Trainings)

Child labor is strictly forbidden for all cooperating partners. No infringements were found in 2017.

409: Forced or Compulsory Labor

Forced labor (or similar) is strictly forbidden for all cooperating partners. No infringements were found in 2017.



4 | OUR CODE OF CONDUCT

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0 Prerequisites

The beeline GmbH Code of Conduct is based on standards set by the International Labour Organization (ILO) and combines other current international standards.

0.1 Legal Compliance & Intellectual Property Rights

beeline requires all suppliers and their sub-contractors to comply with national and other applicable law always. Where the provisions of the law and the Code of Conduct address the same subject, suppliers must apply that provision which affords the greater protection of workers or the environment.

The intellectual property rights of third parties will be respected by all concerned. Thus, unlawful copies are neither offered, nor produced.

0.2 Employment Conditions

In addition to the general requirement that all suppliers extend the principle of fair and honest dealings to all others with whom they do business, we also have specific requirements relating to employment conditions based on respect for fundamental human rights. These requirements apply not only to production of beeline GmbH, but also to the production for any other third party.

0.3 Monitoring & Transparency

Suppliers ensure an open and transparent attitude towards beeline which includes full access to documents, facilities and employees, if required. Suppliers must allow beeline and its representatives, as well as authorized third parties, to conduct audits, no matter if announced or unannounced. If

any violation is found during the assessment, a reasonable timeframe will be given to improve the infringements. Depending on the severity of the violation, beeline reserves the right to stop placing orders or expect the production to be immediately suspended until all corrective actions have been completed.

I Child Labor & Minor Workers

Suppliers ensure that no worker younger than 16 years, or older, if it is required by local laws, is engaged in the production of beeline goods. Workers performing hazardous activities or working during night shift must be at least 18 years of age. Suppliers shall apply preventive measures to avoid the hiring of children.

II Involuntary Labor

II.1 Hiring Practices & Forced Labor

Suppliers must assure that workers are only hired based on their own free choice. All kinds of direct and indirect forced labor are strictly forbidden and thus not tolerated at all, which also includes the withholding of salary or personal documents.

II.2 Grievance Procedures & Disciplinary Measures

Suppliers shall establish grievance procedures for managing workers' complaints.

Disciplinary measures shall include effective conciliation procedures and be respectful and in line with local laws always.

III Discrimination & Harassment

No worker must be discriminated by any reason, harassed, abused or treated harsh, physically or verbally, at no circumstances.

Suppliers shall offer equal job opportunities according to the worker's abilities only and show consideration for diversity management.

IV Management System

Suppliers must apply an effective management system and maintain records properly. This covers production records, personnel files, labor contracts, attendance and payroll records and other business related documents as well as an efficient capacity planning method.

V Occupational Health & Safety (OHS)

V.1 General OHS Requirements

Suppliers must provide employees a safe and hygienic working place with sufficient light, heating and ventilation. All necessary preventive and emergency response measures must be prepared and applied. Each worker must be trained according to OHS regulations prior to start a new job as well as on a regular basis. Each worker who is engaged in special and/or dangerous operations must receive a special training fitting to his or her performed task. Where legally required, there has a Safety Officer to be assigned.

4 | OUR CODE OF CONDUCT

V.2 Building Safety & Fire Safety

beeline requires all production buildings to be unobjectionable which must be proven by governmental or qualified third party certificates. Additionally, there must be firefighting and fire preventing equipment and procedures provided and maintained. Fire and emergency evacuation drills must be held on a regular basis according to local laws, but at least once a year.

V.3 Chemical Safety

The safe handling of chemical substances is mandatory for protecting employees. Chemical substances must be stored properly and a chemical inventory and related MSDS must be kept at all times. Suppliers must work towards the elimination of hazardous substances listed in the → [Zero Discharge of Hazardous Chemicals \(ZDHC\) Programme](#) from the supply chain.

VI Working Time & Overtime Hours

Workers shall not exceed the working hours permitted by local laws, which are usually 40 or 48 hours per week, excluding overtime hours. Information about working time and overtime hours must be provided to each employee. Overtime hours shall be used in exceptional cases only and shall not exceed 2 hours a day or lesser if legally required.

Proper rest periods must be provided during the working day and between two working days. At least one day off during a seven-day period or two days off during a fourteen-days' period has to be given.

VII Remuneration

Payments, including wages, benefits and compensations, must be in line with local laws, on time, above the legally

fixed local minimum wage and paid directly to the worker. Suppliers must provide a suitable premium rate for overtime hours, not less than 125% of the regular pay rate, basing on 30-days period, or higher, if required by law. Workers must be informed about all remuneration regulations. Suppliers must provide paid annual leave and bank holidays, at least as stipulated by local laws.

VIII Social Security

Social Insurance must be provided by the suppliers to their employees as required by local laws. The same is applicable for all other legally mandatory occupational insurances.

IX. Environment & Sustainability

Suppliers must comply with local laws according to environmental issues. Furthermore, beeline requires an efficient and proactive environmental management system and an assigned Senior Representative. The environmental impact of the production process shall be integrated into business decisions. Suppliers must aspire an efficient and respectful handling of resources, such as primary and secondary raw materials, valuables, water and energy, involved in the production process. Waste disposal, especially disposal of hazardous waste, must be in line with local laws and carried out by qualified companies. Where possible, there shall be methods applied to increase recycling. Emissions must be monitored and kept in records.

X. Homeworkers

Suppliers must maintain records about homeworking activities. All regulations outlined in this Code of Conduct are also applicable for homeworkers.

XI. Sub-contractors

Suppliers must maintain records about sub-contracting activities. All regulations outlined in this Code of Conduct are also applicable for sub-contractors. Sub-sub-contracting is strictly forbidden.

XII. Freedom of Association & The Effective Right to Collective Bargaining

Every worker is entitled to form, join and organize trade unions of their own choice and to bargain collectively on their behalf with the company. The rights must not be restricted by the supplier. The supplier must accept and implement collective agreements.

XIII. Business Integrity

Suppliers must apply preventive procedures to fight corruption and bribery.

XIV. Animal Welfare, Protection of Species & Nature Conservation

XIV.1 Animal Welfare

beeline loves animals. Thus, beeline perceives the right of treating animals with respect as universal. beeline does not accept any product from animal-derived raw materials of which production processes included harsh treatment of animals or even torturing animals.

XIV.2 Protection of Species & Nature Conservation

beeline does not accept products including raw materials, no matter if plant-based or animal-derived, that are listed as any kind of endangered on the → [IUCN Red List](#).

Since this is our first report on sustainability there are no changes or restatements (in comparison to previous reports).

The reporting period is the year 2017; following reports will be issued annually. The reporting period will be the calendar year.

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