

beeline group

Sustainability Report










2020-2022

Sustainability Report













2020-2022

Our Sustainability Goals at a Glance

					Contribution to Sustainable Development Goals
Topic	Goal	Action	Status		
Environment	Climate protection	Increase the share of recycled materials in products and packaging	 Action ongoing	 	
		Reduce the use of fossil fuels for our sites and fleet			
		Contribute to climate protection projects			
	Pollution	Reduce water, air, and soil pollution	 Action ongoing	 	
		Eliminate hazardous chemicals in production			
	Biodiversity and ecosystems	Ban materials derived from endangered species on the IUCN Red List	 Action ongoing		
	Resource use and circular economy	Increase re-use of products	 Action ongoing		
		Increase share of recycled materials			
		Increase share of recycled materials in packaging			
		Increase the recyclability of packaging			

Our Sustainability Goals at a Glance

	Topic	Goal	Action	Status	Contribution to Sustainable Development Goals
Social	Own workforce	Promote greater diversity in the workplace	Implement a diversity survey	 Action ongoing	 
		Raise awareness and understanding of ecosystems	Set up beehives at our headquarters and logistics center		
		Enable contributions to emergency aid	Grant special leave to employees providing emergency aid		
	Workers in the value chain	Achieve production chain transparency	Implement a Sub-Contracting and Outsourcing Policy	 Action ongoing	 
		Safeguard human rights and decent work	Implement supplier monitoring		
	Consumers and end users	Provision of safe-to-use products to customers	Implement a Restricted Substances List and customer complaints line	 Action ongoing	
Governance	Business conduct	Ensure responsible business conduct	Implement a beeline Code of Conduct and a Whistleblowing Policy	 Action ongoing	

Foreword

Dear readers,

With this report, we are pleased to present our continued efforts to become more sustainable as a company. Our vision is to make lovable, affordable, and sustainable fashion accessories for all, and to offer meaningful solutions for our partners.

Our success is founded on the relationships we build. With our partners, who challenge us to grow with them to reach social and environmental goals. With our customers, who are becoming more and more sensitive to sustainability issues. With our suppliers and their employees, who deserve fair working conditions. With our planet, which is unique and worth protecting.

We want to celebrate what we have achieved. We hope that this report offers an insight into what we are doing to become more sustainable as a company. The bar for sustainability is constantly being raised, and rightly so. Looking back at the years 2020 to 2022, we worked particularly hard to achieve a more sustainable production chain.

One of our goals is to make our production chain more transparent. Ever since starting business, we have always strived to know as much as possible about how our products are made. This knowledge is the foundation for our sustainability efforts. We are proud to say that, as of 2022, we have achieved transparency on tiers 1 and 2 of our supply

chain. Put simply, we know our suppliers and our suppliers' suppliers. Going forward, we want to achieve transparency that includes raw materials stages.

We have intensified our efforts to safeguard human rights for workers in the production chain. Building on trusting relationships with our suppliers, we have intensified our collective efforts to achieve fair working conditions for their employees. We support suppliers in ensuring compliance with our Supplier Code of Conduct in order to continuously improve working conditions. As of 2022, we monitor 87% of tier 1 production units and 71% of tier 2 production units. In the future, we will strive to improve the communication channels for workers to share their feedback and grievances.

We are committed to making manufacturing safer. In the period 2020 to 2022, we extended our efforts to reduce air, water, and soil pollution associated with the manufacturing of our products. In particular, we intensified our commitment to eliminating hazardous chemicals by applying the guidelines of the Zero Discharge of Hazardous Chemicals initiative. Our next step will be to continue the implementation of a more sustainable chemicals management.

We cannot do this on our own. Sustainability has always been a debate, an argument, a collective effort. We're in this together. Let's discuss!
Yours,



Hinrich & Marc

Hinrich Tode and Marc Olivier Oeuvarard



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1. Introduction



1.1. About This Report

The reporting entity is beeline GmbH, headquartered in Cologne, Germany. This report covers the **sustainability management of the wider beeline Group** (for company structure see chapter 2.1).

The **reporting period is January 1, 2020 to December 31, 2022**. We plan to publish an annual sustainability report from 2023 onwards. The editorial deadline for this report was **October 10, 2023**. The report is available exclusively in **English**.

This Sustainability Report 2020–2022 reflects a **comprehensive change in our sustainability management**. We are making our sustainability activities easier to monitor and giving them a strong strategic framework with our step-by-step development of a thorough materiality analysis (see chapter 2.3).

We are currently working on developing our reporting to meet the requirements of the Corporate Sustainability Reporting Directive of the European Union (CSRD). The Directive requires companies to publish regular reports on how their business impacts people and the environment. beeline will be required to comply with the Directive from 2025 onwards.

In this report, we present quantitative as well as qualitative sustainability data. As a rule, **all data presented pertains to the beeline Group**. If data pertains

only to beeline GmbH or a sub-group of subsidiaries, the report will specify that. With the exception of our carbon footprint calculation, the data in this report has been not subjected to a third-party audit; our carbon footprint calculation was verified by TÜV NORD CERT Prüf- und Umweltgutachtergesellschaft GmbH (see chapter 3.1).

What does sustainability mean for us?

Sustainability is balance:

We balance environmental, social, and economic aspects when we do business. This comprises positive and negative impacts that our business has on people and the planet. We manage these impacts in three focus areas: environment, social, and governance.

Sustainability is dialogue:

We maintain an ongoing, open dialogue on sustainability issues with employees, sales partners, suppliers, and other stakeholders. This is how we strive to reduce our impact on the environment and climate, to respect human rights and fundamental social standards, and to do business responsibly.



2. Strategy



2.1. Business Model

beeline is a leading supplier of fashion jewelry and accessories in Europe.

We develop and distribute fashionable collections at affordable prices. The collections are divided into the following labels: SIX, I AM, ACC, TOSH, and private labels. We offer fashion jewelry, fine jewelry, eyewear, hair accessories, and textile accessories.

beeline Group and its subsidiaries

The beeline Group is **headquartered in Cologne, Germany**. It comprises a total of 22 subsidiaries in the European Union (Austria, Belgium, the Czech Republic, France, Germany, Hungary, Ireland, Italy, the Netherlands, Poland, Portugal, Slovakia, Spain), Europe (Switzerland, the United Kingdom), North America (Canada, the United States of America), and Asia (China).

Suppliers in Asia and Europe

We do not operate own factories, but rather source from suppliers. We purchase products as well as packaging, displays, cards, and marketing materials. In this chapter, we report on product suppliers in particular. From 2020 to 2022, we sourced products from a broad network of suppliers based in China, Thailand, Vietnam, India, South Korea, Italy, and Germany. Production units were located in **China, Thailand, Vietnam, India, and Italy**. In 2020, we worked together with 54 suppliers; in 2021 with 48, and in 2022 with 42 suppliers.

Sales partners in Europe and North America

As of 2022, our products are on offer at more than 28,000 sales outlets throughout Europe and North America. In the reporting period, we used a variety of distribution channels to sell our goods: concessions, wholesale, retail and franchise, and e-commerce. All sales areas are supplied with goods by our logistics centers in Cologne, Germany, and Memphis, Tennessee, USA.

The **concessions** model is our core sales channel. In this model, we cooperate with sales partners such as fashion shops, food stores, and drug stores. While the sales partners provide sales floor and check-out processes, we stock and service products, displays, and decorations.

The **wholesale** model provides our goods to sales partners in countries in which we do not offer to stock and service points of sale. Partners purchase goods and present them according to our Visual Merchandising Guidelines.

The **retail and franchise** sales channel was discontinued in 2021. Developments in our business environment have shown that the prerequisite for success is to concentrate on a high-performing core business. We have thus decided to focus our teams and financial resources on the development of our core concessions business.

The **e-commerce** business was expanded from Germany to other European countries in 2021. We operate our own online shops, cooperate with well-known online platforms, and sell products through selected online shops of our concession partners.

Our product portfolio – for all genders

Fashion jewelry

- Anklets
- Body jewelry
- Bracelets
- Brooches
- Ear clips
- Earrings
- Necklaces
- Nose studs
- Rings
- Toe rings

Fine jewelry

- Silver anklets
- Silver bracelets
- Silver earrings
- Silver necklaces
- Silver rings

Eyewear

- Glasses chains
- Reading glasses
- Sunglasses
- Sunglass cases

Hair accessories

- Alice bands
- Cosmetic accessories
- Claw clips
- Hairbands
- Hair clamps
- Textile hair accessories

Textile accessories

- Bags
- Belts
- Face masks
- Gloves
- Hats, headbands
- Key rings
- Minibags
- Cell phone cases
- Purses
- Scarves, mufflers
- Shoes
- Socks
- Umbrellas
- Watches
- Winter scarves



2.2. Value Chain

Our value chain follows the life cycle of our goods: from production to distribution, use, and end-of-life. It comprises our production chain (how we make our products) and our supply chain (how we make and distribute our products). While these definitions may seem quite technical, they help us to look more holistically at what we do.

How our products are made

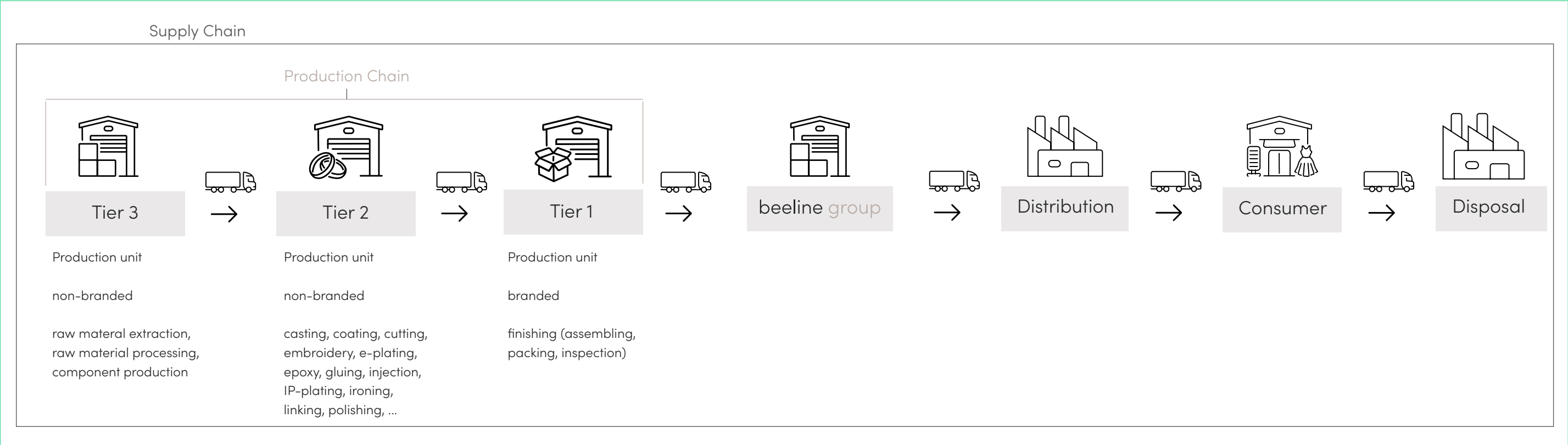
Our production chain comprises three so-called tiers. Simply put, a tier is like a level in a video game. Once a product

has passed a tier, it can move on to the next one. For example, the making of a brass hoop earring begins with extracting copper and zinc from the ground. The two metals are combined to form the alloy brass. Brass is cast to form wire. The brass wire is cut and stamped to form two components: the hoop and the pin (tier 3). Hoop and pin are joined together. The ear hoop is polished, filed, and plated (tier 2). It is checked for faults and is then ready to be shipped (tier 1). As of now, we monitor tier 1 and tier 2 production units (more on transparency and supplier monitoring in chapter 4.2).

In detail, we define production tiers as follows: **Tier 1** comprises production units with whom we have a direct relationship. These units carry out in-house and branded production processes, assemble final products, package them, and perform quality control. **Tier 2** comprises production units with whom we have an indirect relationship. These units carry out outsourced and non-branded production steps such as casting metal or molding plastic. **Tier 3** comprises indirect relationships and relates to all production units that deliver raw materials and components.

Our product portfolio is highly diverse, and the related production processes are equally so, ranging from dyeing and sewing of fabric (e.g. for scrunchies) to casting, soldering, and polishing of metals (e.g. for rings, necklaces, earrings) to injection molding and laser cutting of plastic (e.g. for claw clips or sunglasses) – to name only a few. This diverse range of products and production processes is a key challenge for our sustainability management as our social and environmental measures must be tailored to them (more on this in chapters 3 and 4).

Value Chain



2.3. First Steps Towards a Materiality Analysis

Products and value chains come with numerous sustainability-related impacts. For example, we know that labor rights violations are prevalent in manufacturing and that greenhouse gas emissions are high when using heavy machinery. **With these and many other sustainability issues known and publicized, it can be difficult to determine which ones to focus on.**

Our first steps towards a materiality analysis

This is where a materiality analysis comes in. This analysis is designed to help us identify the most **relevant sustainability impacts**, so that we can make them a priority in our sustainability management. Our objective is to develop a materiality analysis that fits the requirements of the Corporate Sustainability Reporting Directive of the European Union (CSRD) which beeline is required to comply with from 2025 onwards.

We are currently developing our materiality analysis step-by-step.

So far, we started out by drawing up a list of potentially material topics. Next, we will move on to prioritizing these potentially material topics together with our stakeholders and to determining

financial risks and opportunities. By 2024, we will have developed a thorough double materiality analysis.

So far, we sketched out our so-called sustainability context. We researched and analyzed all those sustainability topics that could be material for us. In the analysis, we focused on our main product groups (fashion jewelry, fine jewelry, textiles, eyewear, and hair accessories), main production countries (China, Thailand, Vietnam, India, and Italy), main raw materials (plastic, non-precious metals), and those raw materials with the highest negative sustainability impacts (precious metals, semi-precious stones).

The analysis included a review of relevant laws (such as the German Supply Chain Due Diligence Act), frameworks (such as the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work), indices (such as the Global Rights Index by the International Trade Union Confederation), and further-going literature (such as reports by non-government organizations). The analysis was conducted in early 2023. The deadline for including information was March 31, 2023. The result is a list of potentially material topics that is presented here in a shortened version.

Environment	Social	Governance
Climate protection for example, the reduction of greenhouse gas emissions	Own workforce for example, a workplace that promotes health, safety, and equal opportunities	Business conduct for example, the implementation of an anti-corruption policy
Pollution for example, the reduction of toxic substances in production	Workers in the value chain for example, the safeguarding of human rights	Relationship with suppliers for example, the implementation of a Supplier Code of Conduct
Biodiversity and ecosystems for example, the protection of biodiversity	Affected communities for example, protection from air and water pollution	Sustainability governance for example, the implementation of a human rights due diligence process
Water and marine resources for example, the analysis of water consumed	Consumers and end users for example, the health and safety of products	
Resource use and circular economy for example, greater use of recycled materials		

Our sustainability context: a list of potentially material topics

Why are we not reporting on all these topics?

In this report, we cover most of the topics, but not all of them. In the Environment section, we report on climate protection (chapter 3.1), pollution (chapter 3.2), biodiversity, and ecosystems (chapter 3.3) as well as resource use and circular economy (chapter 3.4). In the Social section, we examine issues relating to our own workforce (chapter 4.1), workers in the value chain (chapter 4.2), and

consumers and end users (chapter 4.3). In the Governance section, we report on business conduct (chapter 5.1) and relationships with suppliers (chapter 4.2 and 5.1), and our sustainability governance (chapter 2.4). As of now, we do not report on water and marine resources or on affected communities. These topics have not yet been a focus in our sustainability management. Whether they will be a focus in future will be determined as our materiality analysis is developed further.

2.4. Sustainability Strategy



This sustainability report reflects a comprehensive change in our sustainability management. **We are currently working towards making our sustainability activities easier to monitor as well as giving them strong strategic guidance.**

Coming up: our Sustainability Mission 2025

In the 2020 to 2022 reporting period, we addressed a broad range of

topics through actions in the areas of environment, social, and governance. From 2023 onwards, we are developing our first comprehensive sustainability strategy: our Sustainability Mission 2025. **It will draw together company-wide sustainability actions and formulate measurable targets.** This will allow us to better monitor how far we have come in achieving our goals.



2.5. Sustainability Standards, Initiatives, and Partners

We apply a number of sustainability standards and work with initiatives and partners to achieve our sustainability goals. These include:

Disney's International Labor Standards (ILS) is a program for monitoring production units which comprises social, labor as well as health and safety requirements. At beeline, we use ILS audits as part of our supplier monitoring (see chapter 4.2).

DKV Card Climate is a fuel card offered by DKV Mobility that facilitates contributions to climate protection projects. At beeline, we use the card for fuel bought by our German sales teams (see chapter 3.1).

Forest Stewardship Council (FSC) is a multi-stakeholder organization that promotes responsible forest management. FSC has developed standards and certification systems for forests and forest products. At beeline, we use paper-based packaging materials that are FSC-certified (see chapter 3.3).

Higg Facility Social and Labor Module (FSLM) sets social, labor as well as health and safety requirements for monitoring production units. It builds on the framework of the Social & Labor Convergence Program (SLCP). At beeline, we use FSLM as part of our supplier monitoring (see chapter 4.2).

myclimate Germany develops and supports climate protection projects worldwide and offers consultancy and training on corporate carbon management. At beeline, we contribute to climate protection and development projects offered by myclimate through the DKV Card Climate (see chapter 3.1).

natureOffice develops and supports climate protection projects worldwide, offers consultancy and training on corporate carbon management, and facilitates carbon offsetting. At beeline, we contribute to climate protection and development projects offered by natureOffice (see chapter 3.1).



Oxfam Ireland is an Irish charity organization working to end poverty and injustice through their projects worldwide. It is part of the global Oxfam movement. Among other things, Oxfam Ireland operates charity shops whose earnings fund their work worldwide. At beeline, we partner with Oxfam Ireland to re-sell our products (see chapter 3.3).

Sedex Members Ethical Trade Audit (SMETA) is an audit scheme developed by the Supplier Ethical Data Exchange (SEDEX) that covers labor, health and safety as well as environmental standards. At beeline, we use SMETA audits as part of our supplier monitoring (see chapter 4.2).




Zero Discharge of Hazardous Chemicals (ZDHC) oversees the implementation of The Roadmap to Zero Programme (RtZ). ZDHC is a multi-stakeholder organization comprising actors from across the fashion industry such as brands, suppliers, and chemical suppliers. The RtZ Programme provides guidance to companies on their way to eliminating harmful chemicals from their production chains, with a primary focus on the textile, apparel, leather, and footwear sectors. At beeline, we are actively implementing ZDHC's guidelines (see chapter 3.2).



3. Environment



3.1 Climate Protection

	Topic	Goal	Action	Status	Contribution to SDGs
Environment	Climate protection	Reduce greenhouse gas emissions	Increase the share of recycled materials in products and packaging		 
			Reduce the use of fossil energies for our sites and fleet		
			Contribute to climate protection projects		

We want to reduce our climate impact. We calculate our greenhouse gas footprint, take measures to reduce emissions, and contribute to climate protection projects. We recognize that climate change is a severe threat to life on our planet. As major contributors to greenhouse gas emissions, businesses worldwide have an obligation to act responsibly and reduce their emissions – ourselves included.

How we calculate our carbon footprint
We calculate the total product carbon footprint for our portfolio. The result is the quantity of greenhouse gases that we emit in kilograms. The footprint covers our product portfolio in total instead of single products. As we assess carbon dioxide

as well as other greenhouse gases, the term “greenhouse gas footprint” would be more accurate. However, the term “carbon footprint” is much more widely used – and we use it, too.

In more technical terms, the carbon footprint calculation is a life cycle **assessment that focuses on the global warming potential of carbon dioxide and other greenhouse gases.** The calculation is based on the international standards of ISO 14040ff. The calculation applies the methodology presented in ‘CML2001 – Aug. 2016 Treibhausgaspotential GWP 100 Jahre’; it is conducted on an annual basis and is externally verified by TÜV NORD CERT Prüf- und Umweltgutachtergesellschaft GmbH according to ISO 14040. The data used is mainly taken from databases provided

by Sphera and, to a lesser extent, primary data that we collected ourselves.

Our carbon footprint takes into account our products, packaging for shipping (such as shipping boxes), and packaging for product presentation (such as paper cards). The calculation covers the production chain from **raw material to arrival at warehouses**. It includes the provision of raw materials, transportation to factories, making of final products, packaging, and transportation to logistics centers in Germany and the US.

It does not include emissions associated with design and development at headquarters, production and transportation of samples, travel and commuting by employees, emissions at logistics centers, transportation from logistics centers to points of sale, emissions at points of sale, use phase, or end-of-life.

the amount of gold used in production. Emissions associated with gold are comparatively high, as is the share of emissions in our carbon footprint that relate to basic materials. Consequently, the new calculation method had a significant influence on our carbon footprint. Through 2021, the amount of gold was calculated exclusively based on data provided by suppliers. From 2022 onwards, the amount of gold is calculated based on this data as well as on the actual amount of gold used as calculated from coating thicknesses and surface areas of products with gold coating.

Our **total greenhouse gas emissions** – using the old calculation method – amounted to around 30.8 million kg CO₂e in 2020 and to 31.6 million kg CO₂e in 2021. This is an increase of 2.8%. Total emissions – using the new calculation method – amounted to about 28.3 million kg CO₂e in 2022.

Total greenhouse gas emissions
Our total greenhouse gas emissions for the years 2020, 2021, and 2022 are only comparable to a limited extent. **The calculation method was adjusted in 2022 in order to more accurately reflect**



	Calculation method	Carbon footprint, incl. products and packaging, in kg CO ₂ e	Total weight of articles produced, incl. products, excl. packaging, in kg	Carbon footprint weighted by total weight of articles, in kg CO ₂ e
2020	Old	30,747,453	1,351,130	22.76
2021	Old	31,609,935	961,714	32.87
2022	New	28,305,699	2,169,040	13.05

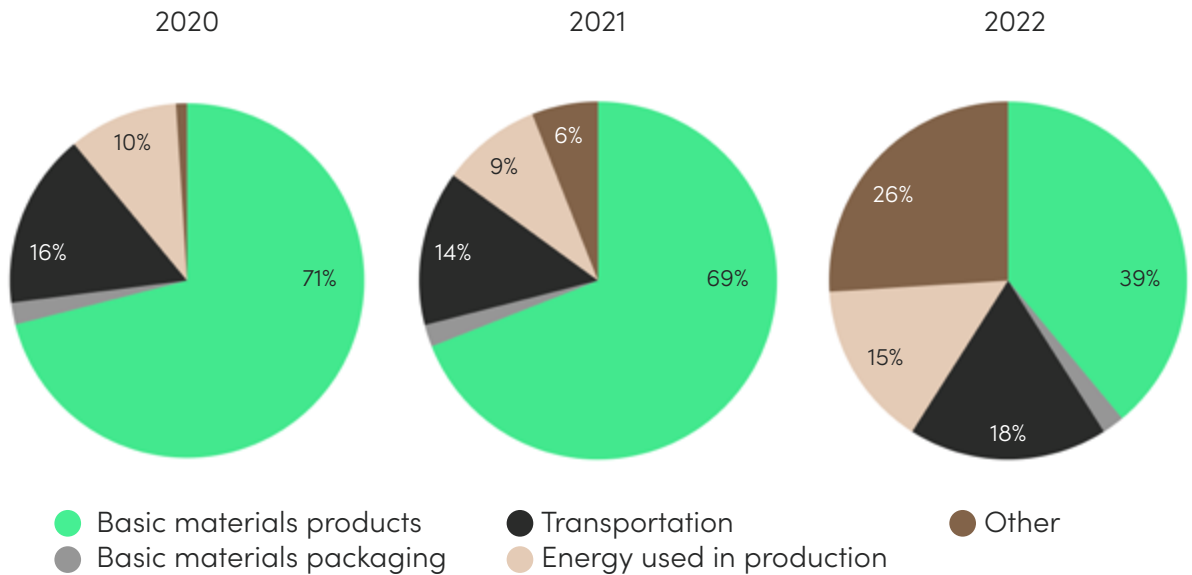
Carbon footprint and weighted carbon footprint

Over the reporting period, the number and weight of articles produced changed considerably. We have therefore **normalized our carbon footprint by the total weight of articles** produced (excluding packaging). The normalized carbon footprint indicates emissions in kg CO₂e per kg of articles produced. Our normalized greenhouse gas emissions – using the old calculation method – amounted to around 23 kg CO₂e in 2020 and 33 kg CO₂e in 2021. This is an increase of 44.4%. Normalized emissions – using the new calculation method – amounted to around 13 kg CO₂e in 2022.

From 2020 to 2021, the effects of the **actions we took to reduce emissions were**

outweighed by actions that increased them. This development is a result of decisions that were difficult to make. The main reason for the increase was the larger number of products delivered by air freight during the Covid-19 pandemic. We opted to have more products delivered by air freight in order to **avoid overproduction and overstocking.** Another reason for the increased emissions was the higher sales of gold-plated articles. Gold is associated with a higher carbon footprint than other metals; however, it is also a very long-lasting material that contributes to the longevity of products.

The composition of our carbon footprint shows that the **majority of emissions**



Composition of carbon footprint

are associated with the basic materials needed to make our products. They accounted for 71% of emissions in 2020 and for 69 % in 2021. The numbers for 2022 are only comparable to a limited extent. At first sight, emissions associated with basic materials seem to have decreased drastically to 39 %. However, this result is mainly to be explained by the new calculation method used. We were able to calculate the amount of gold used in production more accurately. The amount is much lower than calculations from previous years suggested.

Reducing emissions

The increase in emissions outweighed the actions that we took to reduce our carbon footprint. That is even more reason to intensify our efforts. In the period 2020 to 2022, **our focus was on raising the share of recycled materials in our products and packaging and on reducing the use of fossil energies at our sites and for our fleet.**

Recycled materials create much lower emissions than primary materials. We want to increase the share of recycled materials in our products and packaging – both to reduce emissions and to promote a more circular economy. In the reporting period, we launched **collections made with recycled silver, brass, and acrylic.** We also took actions to expand the share of recycled materials in our packaging (see chapter 3.4).

At our two company sites in Cologne, Germany, we introduced measures aimed at **reducing our consumption of fossil fuels.** Our logistics center supplies part of the energy it consumes via a photovoltaic installation on its roof. Purchased electricity is procured from renewable energy sources. In 2022, fluorescent tubes were replaced by energy-saving LED lighting. In addition, we launched first

e-mobility solutions to lower fossil fuel consumption from vehicle use and the associated emissions. Hybrid and electric cars are in use for our sales operations and in our facility management in Cologne, Germany.

Contributions to climate protection projects

We support climate protection projects through financial contributions. These projects aim to reduce greenhouse gas emissions – either by avoiding them or by creating carbon sinks – alongside cultivating more sustainable development. We support a range of projects from different providers.

Firstly, the largest contribution goes to **natureOffice** and their climate protection and development project in Togo. In addition to supporting activities for the community, e.g. in the areas of education and water supply, natureOffice runs climate protection projects, such as to plant trees or promote the use of more energy-efficient cooking stoves. Through our cooperation with natureOffice, we take responsibility for our total product carbon footprint; our contribution enables the saving of an equal amount of emissions.

Secondly, we use the DKV Card Climate provided by **DKV Mobility in cooperation with myclimate Germany.** Our sales teams in Germany use this card to make fuel purchases for their vehicle use. The projects funded by myclimate promote the adoption of more energy-efficient cooking stoves in Burundi, Kenya, and Madagascar. Here as well, we take responsibility for the total emissions associated with our fuel consumption by facilitating the saving of an equal amount of emissions.

But why have we chosen to refer to a “contribution” rather than “compensation”?

As part of our efforts to promote greater transparency in our communication, we have decided to **stop using the terms “compensation,” “climate neutral,”** and “CO₂ neutral.” There are two reasons for this: Firstly, the terms “climate neutral” and “CO₂ neutral” have often been misunderstood. To many, the terms suggest that no emissions were caused, when, really, emissions did result, and “neutrality” was achieved by offsetting them. Secondly, the regulatory framework for “compensation” changed with the Paris Agreement and the COP26 in Glasgow in 2021. It was decided that climate protection projects contribute to the climate balance of the country in which they take place – unless the respective country has issued a so-called Corresponding Adjustment.




Double counting of emissions saved – for the respective country as well as for a company’s climate balance – is prohibited. As Corresponding Adjustments have not yet been given, we refrain from counting emissions saved through such projects.

Besides the debate on terms, the **discussion on the impact of climate protection projects** has intensified over the past years. And rightly so: Some project developers drastically overestimated the quantity of emissions their projects could save. They sold more carbon credits than they had coverage for. This justified critique compounded

existing criticisms that compensation is not a suitable measure for fighting climate change. We agree with the critique brought forward: Emissions should first and foremost be reduced, not offset. Climate protection projects should follow the strictest standards when accounting for greenhouse gas mitigation and absorption. Despite this critique, we have opted to continue making contributions to climate protection projects. We are convinced that good projects contribute to more sustainability worldwide, in terms of both ecological development as well as social development through education and jobs.



3.2. Pollution

	Topic	Goal	Action	Status	Contribution to SDGs
Environment	Pollution	Reduce water, air, and soil pollution	Integrate requirements into supplier monitoring		
		Eliminate hazardous chemicals in production	Commit to ZDHC's Roadmap to Zero Programme and implement it		

We treat our planet with respect.

This is why we are taking measures to reduce water, air, and soil pollution, and are committed to more sustainable chemicals management in our production. We want to become a leader in our industry by eliminating hazardous chemicals in accessories manufacturing.

Handling chemicals, waste, and emissions

We require our suppliers to implement an effective environmental management system. It forms part of our Supplier Code of Conduct, which presents minimum social and environmental requirements for tier 1 and tier 2 suppliers. The Supplier Code of Conduct reflects common international standards such as ISO 14001 and The Roadmap to Zero Programme developed by Zero Discharge of Hazardous Chemicals. We regularly

monitor whether suppliers meet these requirements (for more information on supplier monitoring see chapter 4.2). In particular, the Supplier Code of Conduct covers:

- Environmental licenses required by national law
- Inventory, storage, labelling, and handling of (hazardous) chemicals
- Chemicals hazard training for employees
- Record-keeping of water and energy consumption
- Inventory, storage, and disposal of hazardous waste
- Rules for operating an on-site effluent treatment plant



Eliminating hazardous chemicals with ZDHC

From 2020 to 2022, we expanded our environmental initiatives with a strong emphasis on eliminating hazardous chemicals in our production processes. **To do so, we applied the guidelines provided by Zero Discharge of Hazardous Chemicals (ZDHC).** ZDHC is a multi-stakeholder organization comprising actors from across the fashion industry such as brands, suppliers, and chemicals suppliers.

ZDHC has developed **The Roadmap to Zero Programme (RtZ)**, which provides guidance for companies on their way to eliminating harmful chemicals in their production chains, with a primary focus on the textile, apparel, leather, and footwear sectors. Companies can choose to participate as ‘Signatories’ or ‘Signatory Friends,’ thus indicating their level of commitment.

While ZDHC does not generally monitor companies’ achievements, it does for those committed to the RtZ Leader Programmes, which include Brands to Zero, Suppliers to Zero, and Formulators to Zero. There are three levels within each program: Pioneers, Accelerators, and Champions.

Becoming a leader for non-textile accessories

At beeline, our product portfolio encompasses both textile accessories (like scarves, bags, and hats) and non-textile accessories (such as earrings, necklaces, and sunglasses). **We are dedicated to applying the RtZ standards across all our products**, which necessitates adapting requirements to the non-textile accessories sector. We aspire to become leaders in implementing these standards within the non-textile accessories industry.

Our **primary focus on non-textile accessories** reflects their prominence in our core business. In 2022, non-textile accessories constituted 85% of our order volume, with textile accessories accounting for the remaining 15% (measured by purchasing volume in USD). Our current emphasis on non-textile accessories means we have not sought 'Signatories' or 'Signatory Friends' status with ZDHC yet. To achieve this, we will need to continue to drive forward implementation of the ZDHC

standards for textile accessories.

For non-textile accessories, our commitment to the RtZ revolves around three focus areas: input (the chemicals we purchase), process (how they are used in production), and output (their impact on waste and wastewater). From 2020 to 2022, our primary focus was on **wet processes such as e-plating, coating, epoxy, and gluing**. During this period, we successfully integrated ZDHC's chemical management system requirements into our Supplier Code of Conduct.

In addition, we took proactive steps to prepare for the implementation of **environmental impact assessments** by conducting two test assessments at production units in India. We also initiated **wastewater testing** and promptly addressed any identified issues with our suppliers. This allowed us to gather wastewater data as part of our **preparations for establishing effluent limits** for non-textile accessories production. Moving forward, we plan to continue our efforts toward implementation of the RtZ in our operations.



3.3. Biodiversity and Ecosystems

	Topic	Goal	Action	Status	Contribution to SDGs
Environment	Biodiversity and ecosystems	Halt extinction of endangered species	Ban materials derived from endangered species on the IUCN Red List		 

We contribute to protecting biodiversity and ecosystems. This is why we prohibit the use of any kind of endangered species or specific animal-derived materials as well as the cruel treatment of animals. We thus recognize the role that the protection of endangered species plays for global biodiversity – as was underlined by the Kunming-Montreal Global Biodiversity Framework in 2022.



Protecting endangered species

We do not accept products that include raw materials derived from any plant or animal listed at any level of endangered on the **International Union for Conservation of Nature’s Red List of Threatened Species (IUCN Red List)**. This list classifies species into nine categories: extinct, extinct in the wild, critically endangered, endangered, vulnerable, near threatened, least concern, data deficient, or not evaluated. We do not accept products from raw materials

that are listed in any of the first seven categories.

This requirement is stipulated in our Supplier Code of Conduct, which defines minimum social and environmental requirements for tier 1 and tier 2 suppliers. We regularly monitor whether suppliers meet these requirements (for more information on supplier monitoring see chapter 4.2). **For this aspect, we require a self-assessment by suppliers.** As of now, we do not verify the assessment, but are planning to do so in future to enforce a stricter compliance.

3.4. Resource Use and Circular Economy

	Topic	Goal	Action	Status	Contribution to SDGs
Environment	Resource use and circular economy	Increase re-use of products	Re-sell unsold products		
		Increase share of recycled materials	Increase share of recycled materials in products		
			Increase share of recycled materials in packaging		
		Increase the recyclability of packaging	Increase paper-based materials and decrease the number of different plastics used		

We use resources responsibly. We ensure the re-use of products, increase the share of recycled materials in products and packaging, and improve the recyclability of our packaging. We are guided by the principle underlined by the European Union with its Green Deal and Circular Economy Action Plan in 2020 that a more circular economy reduces resources consumed, waste generated, and greenhouse gases emitted.

Re-using our products

We want to make sure that unsold products can be re-used. A large part

of these goods are sold to trading companies, which re-sell them in countries not directly serviced by us. A smaller part of our goods are re-sold in cooperation with Oxfam Ireland.

Since 2009, we have partnered with Oxfam Ireland to re-sell unsold products. Oxfam Ireland sell the products in their charity shops across Ireland and use the monies generated by their sale to fund their own work to end poverty and injustice worldwide. **In 2020, Oxfam raised approximately €445,000 by re-selling our unsold products. In 2021, about €560,000 was raised, and in 2022, around €955,000.**

Recycled silver, brass, acrylic, and polyester

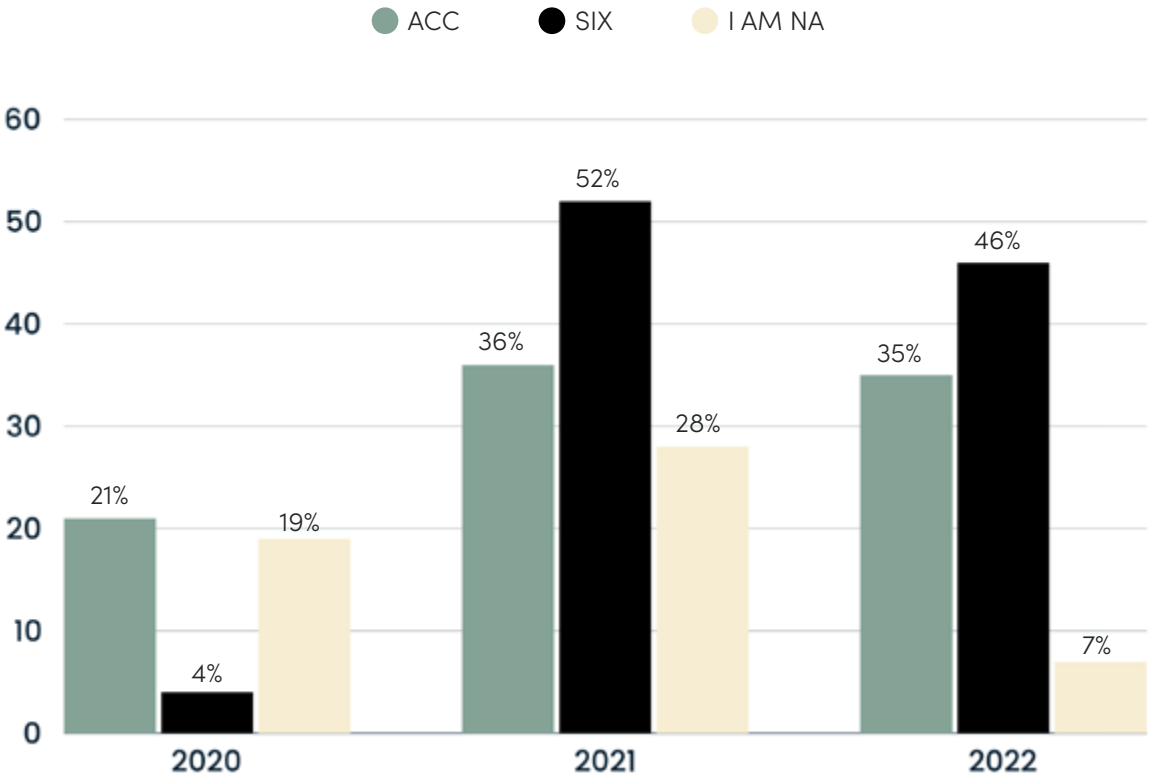
We have increased the share of recycled materials employed to make our products throughout our portfolio. The use of recycled materials causes substantially lower greenhouse gas emissions compared to non-recycled raw materials. **Furthermore, promoting the use of recycled materials contributes to building a more circular economy.**

In 2020 to 2022, we launched several collections made with recycled materials. Our Studio Six accessories collection was made with **recycled sterling silver, brass, and acrylic.** Additionally, we raised the **share of recycled polyester in our range of textile accessories.**

Our brand ACC expanded its share of textile articles made with recycled materials from 21% in 2020 to 35% in 2022. SIX boosted its respective share from 4% to 46% in the same period. I AM NA grew its share of articles with recycled materials from 19% in 2020 to 28% in 2021. 2022 saw a decrease to 7% at I AM NA as a result of significant staff and internal changes. Moving forward, we plan to continue to increase the share of articles made with recycled materials across all our brands.

Packaging made with recycled plastics

We want to increase the share of recycled materials used to make our packaging. Here, we currently focus on the two kinds



Share of textile articles made with recycled materials across all collections of respective brands (measured by article order volume)



of packaging we have the most control over: **packaging for shipping** from our logistics center in Germany to points of sales in Europe (shipping boxes) and **packaging for product presentation** (paper cards, jewelry boxes, tags, hangers). In addition to these, we also use other types of packaging that are not currently in our primary focus: packaging for shipping from suppliers to warehouses and packaging for shipping from our US logistics center to points of sales in the US. For the packaging for product presentation, the following materials are in use: paper, plastics (ABS, PE, PET, PP, PUR), rubber, and silicone. We are working to expand the share of recycled materials in these materials. Jewelry boxes that are made with plastics **contain a minimum of 30% recycled materials** in the plastics share. Paper cards and jewelry boxes made with paper **contain 100% paper certified by the Forest Stewardship Council (FSC).**

For shipping our products from the logistics center in Germany to points of

sales in Europe, we use shipping boxes made from paper. In 2020, we started introducing boxes that are **certified by the Forest Stewardship Council (FSC).**



Packaging that is easier to recycle

In addition to using more recycled materials, we also want to make our **packaging itself easier to recycle.** We are aware that being recyclable does not guarantee that a product will be recycled. That depends on whether and how packaging is collected for recycling and whether there are recycling capacities available locally. Nevertheless, we see value in creating the best possible conditions for the recycling of packaging. This is why we mostly rely on paper-based packaging and have reduced the number of different plastics used. Recycling capacities, especially for paper, are widespread in the countries we sell in.

4. Social



4.1. Own Workforce

	Topic	Goal	Action	Status	Contribution to SDGs
Social	Own workforce	Promote greater diversity in the workplace	Implement a diversity survey		 
		Promote awareness and understanding of ecosystems	Set up beehives at our headquarters and logistics center		
		Enable contributions to emergency aid	Grant special leave to employees providing emergency aid		

Our employees are the key to our success. Responsibility and sustainability are anchored in our Guiding Principles and Code of Conduct (see chapter 5.1). We support employees by organizing voluntary working groups that promote a more sustainable corporate culture.

Promoting diversity

The working group ‘WE CARE about Diversity’ works towards **promoting a more diverse workplace** and an increased sensitivity in human resource management. In 2022, the group conducted a survey among all employees

of beeline Group (except for employees of two subsidiaries in the US which could not be surveyed due to data protection requirements). The survey collected baseline data on the status quo of diversity management. An analysis and presentation of the data is to follow.

Bees for beeline

The working group ‘WE CARE at Home’ is engaged with promoting learning on nature and biodiversity. In 2021 and 2022, the group placed **beehives on the premises of the headquarters and**

logistics center in Cologne, Germany. They invited employees to learn more about the role that bees play for our ecosystems and biodiversity.

A helping hand

In 2021, the German Ahr valley was ravaged by a flood in which many lost their lives, loved ones, or their homes. As our headquarters are not far from the Ahr, many of our employees were concerned and wanted to help. beeline granted

special leave to any employee of beeline GmbH who went to support those in need. In 2022, we all felt helpless and stunned when Russia attacked Ukraine. Many employees wanted to help the people who remained in Ukraine as well as those who had come to Germany. **beeline granted special leave to any employee of beeline GmbH who found a way to help.**



4.2. Workers in the Production Chain

	Topic	Goal	Action	Status	Contribution to SDGs
Social	Workers in the value chain	Achieve production chain transparency	Implement a Sub-Contracting and Outsourcing Policy		
		Safeguard human rights and decent work	Implement supplier monitoring		

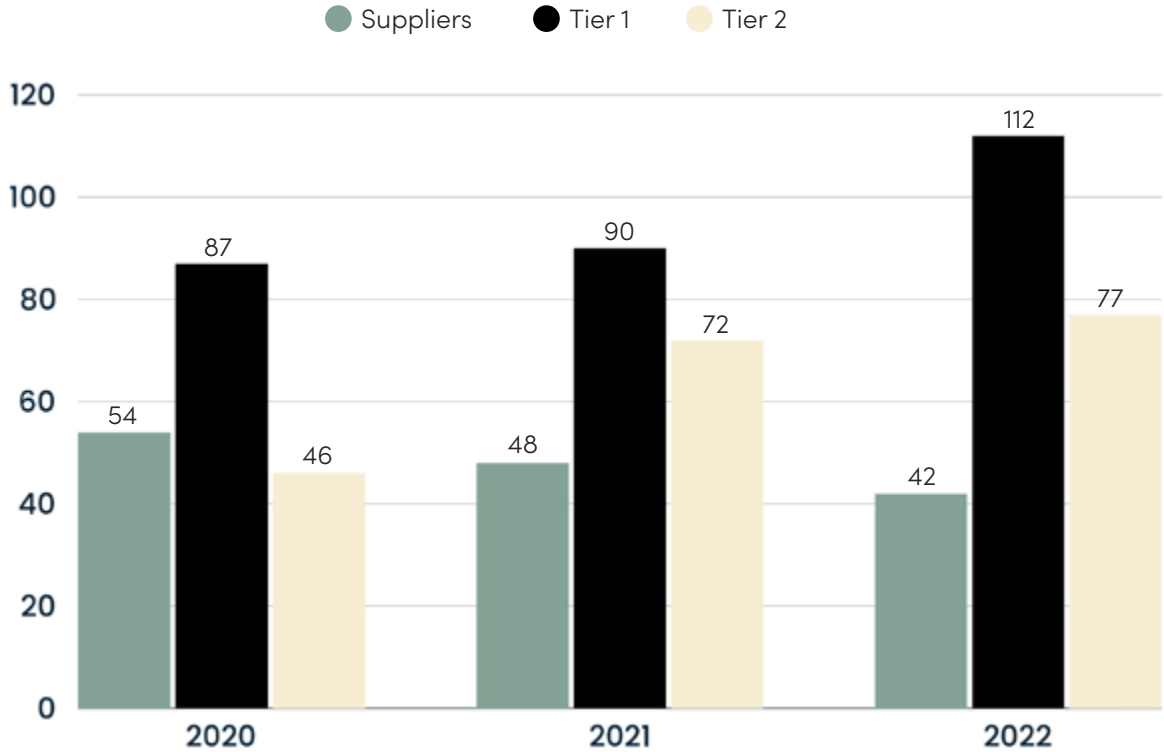
We safeguard human rights and decent work. We implement our Supplier Code of Conduct, monitor suppliers’ performance, and increase transparency in our production chain. Production chains in our industry are long, diverse, and challenging to oversee. This is the case for us, too. We do not operate own production units, but rather source from a network of suppliers that we monitor as closely as possible.

We know our suppliers and our suppliers’ suppliers

For us, a transparent production chain is the foundation for further actions. We need to know who makes our products and where. Only then can we safeguard workers’ rights and upholding of environmental regulations. As of 2022, we have achieved transparency on tier 1 and tier 2 – among more than 180 production units that we work with. **Put simply, we**

know 100% of our suppliers and our suppliers’ suppliers. **Moving forward, we want to accomplish transparency up to raw materials.** For example: for a brass hoop, we know where it is checked for faults and packaged (tier 1). We also know where the hoop and pin are joined together, polished, filed, and plated (tier 2). What we don’t know yet is where the raw materials come from (tier 3). This is what we will be working on in future: transparency up to raw materials (for our definition of production tiers see chapter 2.2).

We source from a broad network of suppliers. In 2020, we worked with 54 suppliers, who in turn sourced from 87 tier 1 and 46 tier 2 production units. In 2021, the number of suppliers decreased to 48, while the number of production units increased to 90 on tier 1 and 72 on tier 2. In 2022, we worked with 42 suppliers, with 112 tier 1 production units and 77 tier 2 production units.



Number of suppliers and production units on tier 1 and 2 (incl. product suppliers, excl. packaging suppliers)

One of the most important instruments for achieving transparency is our Sub-Contracting and Outsourcing Policy, implemented in 2022. It helps us to uncover unauthorized sub-contracting, a topic which we have been monitoring since 2013. Suppliers are forbidden from transferring orders to sub-contractors without approval by our headquarters. Every production unit must be registered with us, so that it can be monitored. Additionally, we conduct plausibility checks. We ask suppliers to report their production capacities and then check that capacity against the number of articles delivered. We make sure that suppliers do not deliver more articles than they have capacities for, thus preventing unauthorized sub-contracting.

Human rights and decent work

Human rights and social standards form part of our **Supplier Code of Conduct**, which defines minimum social and environmental requirements for tier 1 and tier 2 suppliers. **The Supplier Code of Conduct reflects common international standards such as the conventions and recommendations of the International Labour Organization**, the United Nation’s conventions on human rights and children’s rights, ISO norms 9001 and 45001, and the Bangladesh Accord on Fire and Building Safety. We regularly monitor whether suppliers meet these requirements.



Many of our sales partners have established their own social and environmental requirements for suppliers. **Our Supplier Code of Conduct contains all requirements of sales partners, and the strictest standards applies in all cases.** In particular, it covers:

- Prohibition of child labor
- Prohibition of involuntary labor
- Prohibition of discrimination and harassment
- Freedom of association and the right to collective bargaining
- A safe workplace environment and promoting a healthy workplace, including building safety, fire safety, and chemical safety, among other safety requirements
- Regular working hours and transparent overtime rules
- Appropriate remuneration above the minimum wage
- A functioning management system

- with regard to human resource management
- An effective grievance management system and a human rights impact assessment
 - Social insurance
 - Transparency throughout the production chain, in particular in relation to home workers and subcontractors
 - Business integrity, including anti-corruption and anti-bribery measures
 - Compliance with national laws and observation of intellectual property rights

Our Supplier Code of Conduct is flanked by three policies, which apply to tier 1 and tier 2 suppliers. The **Multi-Tenancy and Mixed-Use Policy** aims to achieve increased fire and building safety and stipulates rules for ownership and lease of production buildings. The **Zero-Tolerance Policy** specifies which infringements of the Supplier Code of Conduct are regarded as zero-tolerance incidents and how such infringements are to be sanctioned. The **Sourcing of Conflict Minerals Policy** stipulates how we conduct due diligence on the use of so-called conflict minerals (tantalum, tin, tungsten, and gold). Suppliers are required to report on the use of these minerals once a year.

How we monitor suppliers

The Supplier Code of Conduct and its policy supplements constitute minimum requirements for all tier 1 and tier 2 suppliers. **We ensure compliance through a supplier monitoring system and summarize results in a Supplier Matrix.** The supplier monitoring system comprises document and plausibility checks as well as regular on-site audits. In addition to the human rights requirements described in this chapter, the monitoring system covers environmental requirements (see chapter 3.2) and requirements on animal welfare (see chapter 3.3).

Supplier Monitoring		
Compliance with beeline Supplier Code of Conduct		
Core Suppliers		Niche Suppliers
internal audits	external audits	external audits
tier 1	tier 1	tier 1
tier 2	tier 2	tier 2

How we safeguard human rights: our supplier monitoring

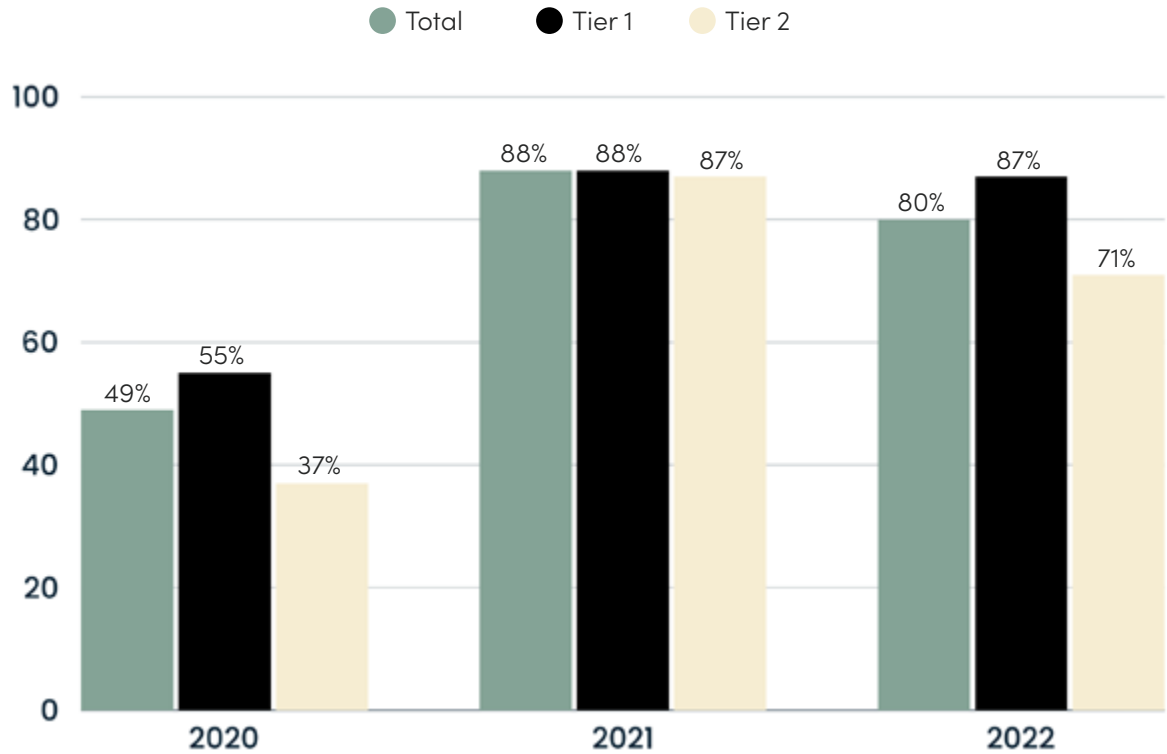
Suppliers are divided into core and niche suppliers to determine the applicable audit standard and audit body. Core suppliers are suppliers who receive an order volume of more than one million USD per year; niche suppliers receive an order volume of less than one million USD per year. Niche suppliers must provide an external audit against an accepted standard¹ conducted by an accepted audit firm.² Core suppliers are generally covered by audits conducted by our own auditors against our Supplier Code of Conduct. Where sales partners require an external audit, core suppliers are externally audited against the required standard. All audit results, whether from internal or external checks, are integrated into the supplier monitoring system.

All new tier 1 and tier 2 suppliers are required to comply with the Supplier Code of Conduct. Compliance can be demonstrated through an external audit report that covers all our requirements and which has been conducted against an accepted standard by an accepted audit firm. Compliance can also be demonstrated through an audit conducted by our own auditors.

We strive to achieve a supplier monitoring rate of 100%. In the 2020–2022 period, we nearly doubled the share of production units that we monitor, from 49% to 80%.

As of 2022, we monitor 87% of production units on tier 1 and 71% of production units on tier 2. There are several reasons why we have not yet achieved a monitoring rate of 100%.

Most reasons are of an administrative nature, linked to the Covid-19 pandemic or linked to the way in which we collect our data. First, the pandemic and ensuing constraints made it impossible to audit some of our production units in 2020. A second factor was a shortage of auditing staff during 2020 that was only resolved in 2021. Third, administrative factors related to our list of suppliers – e.g. suppliers registering production units with us and deregistering them shortly after or suppliers whose production units are listed as part of our portfolio but which did not receive orders in the relevant period – affect the share of the total list that was audited in a given period. These units were not audited but were nevertheless counted in our statistics. Production units deregistered mid-year were also not audited, but are counted in the total list of units.



Share of production units covered by internal and/or external audits

¹ Accepted standards are: Disney’s International Labor Standard, Ethical Trading Initiative, Fair Labor Association, Global Social Compliance Program, Made in Green by Oeko-Tex, Grüner Knopf, Higg Facility Social & Labor Module, ICTI Ethical Toy Program, SMETA 2-pillar or 4-pillar, audits for Universal licenses, Workplace Conditions Assessment, Worldwide Accredited Responsible Production, Responsible Jewelry Council Code of Practices.

² Accepted audit firms are: Bureau Veritas, Elevate, Intertek, SGS, TÜV, UL, Verité.

Why we still audit despite widespread critique

Regarding the topic of audits, there has been significant public criticism challenging whether audits are the right measure to ensure decent working conditions. And rightly so: **Audits have serious shortcomings.** To name only three: Audits are snapshots of a situation that might present itself differently on a different day; audits can only uncover human rights violations, not improve them; audits are conducted by humans and humans make mistakes.

It has also been debated whether these shortcomings are more severe when audits are conducted by auditors directly employed with the respective company. The debate primarily revolves around so-called internal audits – in comparison to external audits conducted by commissioned audit firms. At beeline, we use both types of audits, though largely internal audits. **We apply our own Supplier Code of Conduct and audit guidelines. Both instruments are based on widely recognized international standards.**

We have opted to do this for two reasons: Firstly, we want to translate our sales partners’ sustainability requirements – and our own requirements – into **one comprehensive supplier monitoring system.** Secondly, we have often found external audit reports not informative and not extensive enough. We want to know in greater detail how suppliers handle our social and environmental requirements.

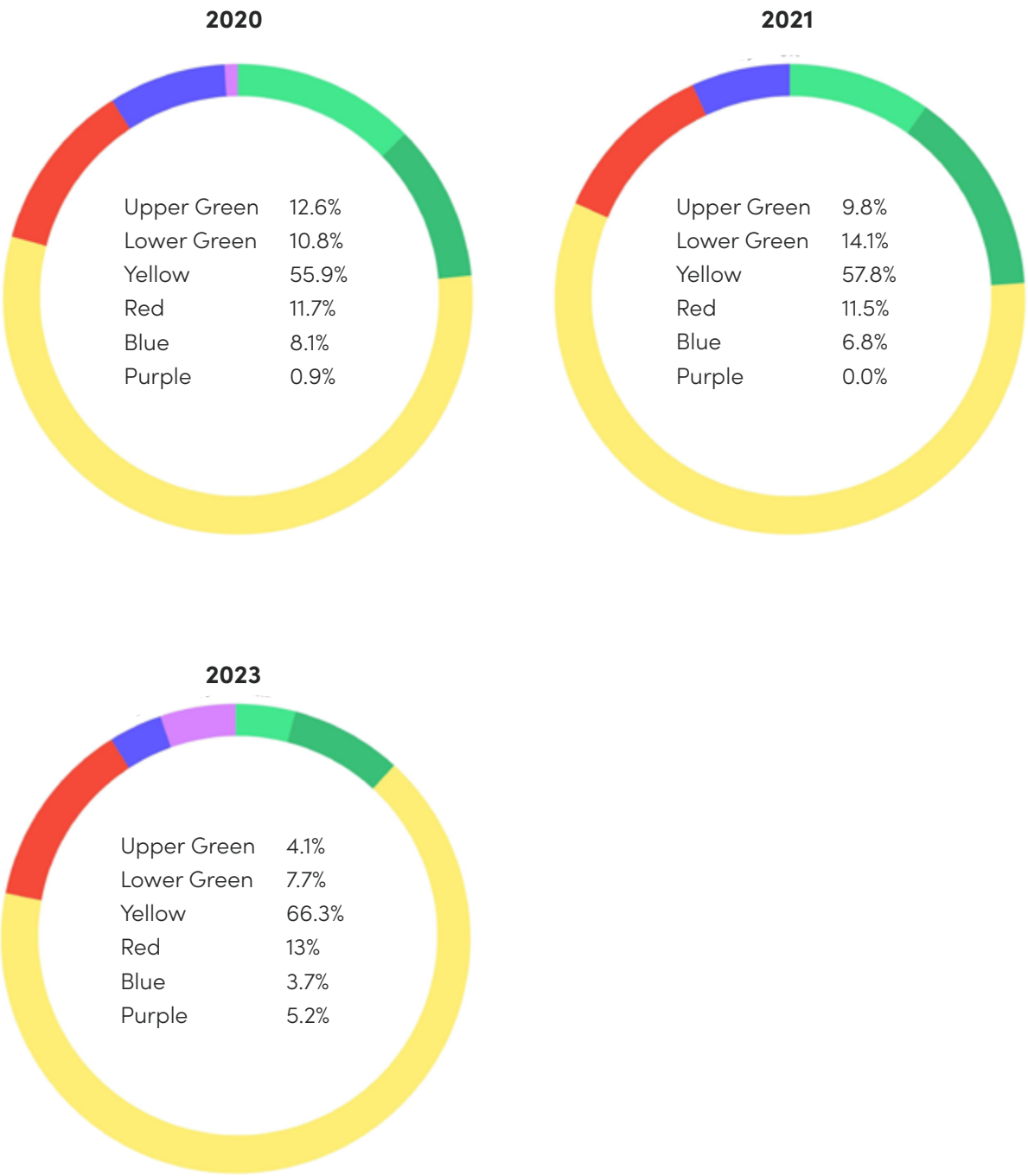
We recognize that audits have shortcomings. Nevertheless, they form an important part of the wider due diligence we conduct within our production chain.

Audits are a way to monitor suppliers and deliver knowledge on working conditions and environmental performance. It is crucial, however, that such audits are supplemented by appropriate follow-up actions that document and remedy violations.

How we remedy violations

Audit reports detail whether a production unit has violated any of the requirements in the Supplier Code of Conduct. **Findings are classified according to their severity** into minor, middle, major, critical, and zero-tolerance issues. Based on the classification of findings, an audit rating is awarded. Audit ratings span six categories: upper green, lower green, and yellow are ‘pass’ ratings; red and blue are ‘fail’ ratings; purple is a conditional rating for approval audits of new production units.

The number of audits ranged between 234 in 2021 and 246 in 2022. In 2020, due to the Covid-19 restrictions, virtual audits were conducted (111). **The share of awarded ‘pass’ audit ratings from 2020 to 2022 was around 80% overall.** Once a supplier has received an audit rating, it is required to develop and implement a Corrective Action Plan to remedy any violations. We monitor the implementation of the plan through follow-up audits.





Audit ratings awarded to suppliers

Besides audits, we offer the possibility for workers to report violations through our **Supplier Whistleblowing System** (with corresponding mandatory policy). Reports can be communicated via email or a dedicated hotline. In the 2020–2022 period, no reports were recorded under

this policy. While this is at face value a positive result, the question should be asked if zero reports possibly indicates an issue with the available reporting channels: that these might not be known or not accessible. The mechanism will be reworked in 2023.



4.3. Consumers and End Users

	Topic	Goal	Action	Status	Contribution to SDGs
Social	Consumers and end users	Provision of safe-to-use products to customers	Implement a Restricted Substances List and customer complaints line		

Our products bring moments of joy. We want our customers to enjoy our products and be sure they are safe to use. Our product safety and quality requirements go beyond legal requirements. We take customer feedback seriously and work to continuously improve.

Safe-to-use products

We make sure that our products are free from toxic substances that could harm people or the environment. **We work with a Restricted Substances List which details limits for substances contained in products.** The list reflects the requirements of the EU REACH Regulation (short for Registration, Evaluation, Authorisation and Restriction of Chemicals), the US Consumer Safety Improvement Act as well as limits put forth by individual US states (such as the California Proposition 65). Accredited laboratories conduct regular and risk-oriented reviews in Qingdao, China, and in Germany.

We have established requirements stricter than applicable laws for those

chemicals that we deem particularly harmful. For example, for nickel, lead, cadmium, and phthalates, we ensure limits much lower than the REACH requirements. In addition, we have banned polyvinyl chloride (PVC) from our products and packaging, as PVC often contains phthalates that are particularly harmful for the human body, damaging the reproductive and nervous systems – during production, use, and disposal.

Taking customer feedback seriously



Despite all the care we take, problems concerning products can still arise. If that is the case, we want to know about it and improve. **We provide customers with several options to give feedback,** either at the point of sale or via the ‘Contact’ page of our website. We review all feedback individually and try to find the best solution in each case. We replace defective articles or refund the purchase price. We convey feedback back to the departments responsible in order to improve processes where necessary.



5. Governance



5.1. Business Conduct

	Topic	Goal	Action	Status	Contribution to SDGs
Governance	Business conduct	Ensure responsible business conduct	Implement a beeline Code of Conduct and a Whistleblowing Policy		

We want to do business responsibly. What that means for us is laid down in our Guiding Principles and our Code of Conduct. Our Guiding Principles set out how we conduct ourselves in our day-to-day work and how we interact with sales partners, suppliers, and customers.

How we work together

Our **Guiding Principles** apply to the whole beeline Group. All employees and managers are expected to base their actions on these principles. Our Guiding Principles are:

- Focus & Impact: We think and act entrepreneurially.
- Teamwork & Collaboration: We act and think cross-functionally and partner-centric.
- Growth & Improvement: We challenge the status quo as well as ourselves.
- Responsibility & Sustainability: We strictly apply the beeline Code of Conduct.

The **Code of Conduct** builds on the Guiding Principles and came into effect in 2022. It is our common guideline on how to conduct ourselves in day-to-day work. It reflects international standards and guidelines (such as the principles of the United Nations Global Compact, the UN Declaration of Human Rights, and the Sustainable Development Goals of the United Nations).

How we improve

Due to human error or other circumstances, violations of these basic rules can occur. We have therefore implemented a **Compliance Management System**, which prevents, detects, and sanctions compliance violations and makes structural adjustments if necessary.

Part of this system is a **Whistleblowing Policy**, which came into effect in 2022 for the whole beeline Group. This policy details processes, available reporting channels, and required documentation for the reporting of violations. Every employee is encouraged to report violations of applicable laws and/or the Code of Conduct. Employees may report violations anonymously and through various channels, among others through the digital platform SpeakUp by People in Touch.



You've got questions? *Great!*

Let's get in touch:

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