



## Private Labels Sustainable Sourcing Policy

EFFECTIVE FROM: May 1, 2023

VERSION: 1.0

RESPONSIBLE DEPARTMENT: Private Labels Department

## Explanation of terms

The following definitions and classification offer guidance concerning the meaning of the policy's content and wording. Next to defining repetitive wordings, the applied classification of requirement and compliance levels is also outlined.

### Definitions

#### **Business Partner**

In this policy, the term "**Business Partner**" includes all external suppliers, including agents and traders, involved in the manufacturing of ABOUT YOU private label products and whom ABOUT YOU has a direct business relationship with. All ABOUT YOU third-party brand partners and Second Love partners are excluded.

#### **More sustainable**

"**More sustainable**" is an attribute given to the alternative which proves to have a more positive environmental and/or social impact than the conventional option.

#### **Tier 1-3 Factories**

"**Tier 1 Factories**" include the facilities for product assembly, product preparation and coloration, product printing and finishing for ABOUT YOU Private Labels. "**Tier 2 Factories**" include the facilities for textile/ material formation, coloring and finishing, parts and trims, and tanning. "**Tier 3 Factories**" include the facilities for raw material processing, such as fiber production, yarn spinning, down/hide finishing, and plastic pellet creation.

#### **Scope 1-3**

"**Scope 1**" includes the direct emissions from operations such as fossil fuel combustion (boilers, vehicles, etc.). "**Scope 2**" includes indirect GHG emissions associated with purchased heating, electricity, steam, or cooling. "**Scope 3**" includes the indirect emissions in the own supply chain outside of the organization.

#### **Documentary Proof**

"**Documentary Proof**" refers to all necessary proofs expected upon request to officially confirm Business Partners' compliance with the **Private Labels Sustainable Sourcing Policy**. The required proofs are further specified in the respective chapters and include, but are not limited to, country of origin (COO), third-party documentation, or supplier declarations.

## Requirement & compliance levels

### **Requirement**

"**Requirements**" are the foundation on which the partnership between ABOUT YOU and Business Partners is currently based.

### **Goal**

"**Goals**" define the future requirements, which we expect Business Partners to adopt and demonstrate progress towards by 2025.

### **Should and encourage**

Requirements and Goals labeled with "**should**" or "**encourage**" are to be seen as firm recommendations by ABOUT YOU to Business Partners. Goals and Requirements as such are not mandatory, but we urge Business Partners to seek compliance with them as they offer guidance to ensure continuous progress within their operations.



**Must**

Requirements and Goals labeled with “**must**” are mandatory for all Business Partners. Proof of the compliance for each mandatory goal or requirement must be provided by the Business Partner upon request. An internal escalation process for non-compliant Business Partners is established. Non-compliance may result in the review and discussions on the commercial conditions of the supplier relationship up to the extraordinary termination of the business relationship.

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# 1. Purpose and audience

ABOUT YOU Holding SE, ABOUT YOU SE & Co. KG, and its affiliates (hereinafter "**ABOUT YOU**" and "**we**") assume responsibility for the planet and people to become a *more sustainable* fashion e-commerce platform of scale. This translates into our commitment to a net positive environmental impact and the management of social risks by acting more ethically, transparently, and responsibly. We collaborate with industry peers and partners, work with existing environmental, social, and governance (ESG) frameworks, and aim for industry alignment.

The purchasing practices of international brands can directly impact the working conditions in their supply chains. Our commitment to ethical business practices starts in our own operations. We set our own standards so that our ways of working do not hinder our Business Partners' abilities to uphold our values. We commit to promote fairness and inclusiveness in our supply chain and to decrease the risk of harmful impacts on workers in the supply chain by our purchasing practices.

At ABOUT YOU, we are aware that this is also reflected in the products sold on our e-commerce platform. With this policy ("**Private Labels Sustainable Sourcing Policy**"), we set current and future sourcing requirements for ABOUT YOU private label products and Business Partners, to actively shape our assortment and our impact on the environment and people.

We plan to review this Private Labels Sustainable Sourcing Policy continuously and update it if necessary. The Private Labels Sustainable Sourcing Policy supplements the provisions of our [Business Code of Conduct](#)<sup>1</sup>.

The Private Labels Sustainable Sourcing Policy applies to our Business Partners, including all external suppliers and factories involved in the manufacturing of our private label products. This policy is **effective from May 1, 2023** and applies to Business Partners from that date onwards.

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<sup>1</sup>ABOUT YOU (2022) - ABOUT YOU Business Code of Conduct

## 2. General principles and requirements

### 2.1. Overview

The following table summarizes all Requirements to be imposed at Business Partner level. It also offers guidance on the additional 2025 Goals that we have identified as essential for the development of the Business Partner and its supply relationship with ABOUT YOU.

Generally, we encourage Business Partners to follow the [Sustainable Terms of Trade Initiative](#) (STTI) guidance for all purchasing and sourcing decisions<sup>2</sup>.

Criteria	Requirements	Goals 2025
Transparency & traceability	Business Partners must disclose their Tier 1 Factories to us and should strive to increase supply chain transparency continuously.	Business Partners must disclose their Tier 1 and 2 Factories (100%) to us.
Risk management	Business Partners should conduct an environmental and social risk assessment at least every two years.	Business Partners should track developments of their environmental and social risk assessment at least every two years and adhere to the industry standards and goals.
Compliance with our Business Code of Conduct	Business Partners must comply with our Business Code of Conduct and international standards on responsible business conduct.	Business Partners should strive to improve their social and environmental performance beyond minimum (legal) requirements throughout the supply chain.

### 2.2. Transparency and traceability

One of the main challenges as a producing brand is ensuring transparency across the whole supply chain. We believe in transparency to enable traceability - internal and external - and have therefore set the goal to improve both. Transparency and traceability are the basis to identify any human rights and environmental risks arising from business activities. Therefore, they can be a powerful driver of transformative change towards more sustainable, accountable, and fair fashion supply chains.

To achieve transparency throughout the supply chain, we rely on cooperation with Business Partners. Supply chain transparency should focus on each step of the supply chain including but not limited to raw materials, materials, and product manufacturing.

#### Requirements

Business Partners must disclose their Tier 1 Factories to us. Further, they should strive to increase supply chain transparency throughout all Tiers continuously.

#### Goals

Business Partners must disclose their Tier 1 and 2 Factories (100%) to us.

<sup>2</sup> STTI (2022) - A unique, global manufacturer driven initiative focused on creating fairer purchasing practices in the textile and garment industry.

## 2.3. Risk management

Risk management systems serve companies to identify environmental and social risks in their supply chain and prioritize them based on their nature, likelihood, and severity. An adequate risk management system enables companies to prevent or mitigate the potential and prevailing risks in their supply chains, hence improving their environmental and social impact.

### Requirements

Business Partners **should conduct an environmental and social risk assessment** at least every two years. Along the supply chain, the risk assessment should include the perspectives of Business Partners' stakeholders and should be implemented as the basis for the management of environmental and social risks. Thereby, Business Partners should follow the guidance of the [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#)<sup>3</sup>.

### Goals

The risk assessment **should** be used to **track year over year developments** to mitigate risks and **adhere to standards and goals** aligned within the industry.

## 2.4. Compliance with the ABOUT YOU Business Code of Conduct

Our understanding of ethical business conduct is that labor is safe, empowered and financially secure, and environmental standards are met throughout the supply chain. In this regard, our Business Code of Conduct sets out the minimum requirements that we place on Business Partners.

The Business Code of Conduct, in turn, endorses the [amfori BSCI Code of Conduct](#), as well as international conventions such as the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights, OECD Guidance, UN Global Compact and the International Labour Organization (ILO), which also inform this policy.

### Requirements

Prior to their onboarding, Business Partners **sign, accept and comply** with the terms set in the Business Code of Conduct, together with other minimum requirements related to sustainability, quality, and product safety, amongst others. In this regard, Business Partners **must** ensure that their employees, subcontractors, and suppliers **respect these principles** by adopting appropriate means and establishing and documenting suitable control mechanisms.

### Goals

Business Partners **should cascade the values and requirements set in the Business Code of Conduct** throughout the supply chain to meet international standards on human rights and ethical business at all stages. Further, they are **encouraged** to implement **measures to go beyond minimum legal requirements** to improve their social and environmental performance.

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<sup>3</sup> OECD (2018) - OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

### 3. Material requirements

The environmental impact of a product is determined by choice of materials and production processes. Therefore, we set material Requirements and Goals to reduce the environmental impact of textile production. The sourcing of certain materials has social risks associated with them which we aim to reduce.

Since a product's material also determines its ability to be functional in a circular supply chain, we encourage Business Partners to reassess their processes to design for circularity. This includes, but is not limited to, exploring reuse solutions for textiles, such as fiber-to-fiber post-consumer recycled materials, limitations of material mixes, and exploring viable material alternatives.

In line with the developments at the EU level, requirements for the physical durability and recyclability of material will be further considered<sup>4</sup>. The following Requirements and Goals specifically apply to the manufacturing of ABOUT YOU private label products.

#### 3.1. Overview

The following table summarizes the material-level Requirements and additional Goals to which Business Partners should or must adhere. Further details can be found below.

Criteria	Requirements	Goals 2025
Cotton and other natural fibers	The sourcing of cotton from Turkmenistan, Syria, or the region Xinjiang, in China is prohibited. Business Partners should continuously source more sustainable natural fibers.	Business Partners should source 100% more sustainable cotton. Business Partners should source more sustainable natural fibers whenever possible.
Synthetic fibers	Business Partners should continuously decrease the amount of conventional synthetic fibers.	Business Partners should replace 100% of polyester with recycled polyester. Business Partners should replace other synthetic fibers with recycled synthetic fibers whenever possible.
Forest fibers	Business Partners should show progress towards eliminating conventionally sourced man-made cellulosic fibers (MMCF). The sale of products from species listed on <u>IUCN</u> and <u>CITES</u> is prohibited. Upon request, documentary proof must be provided.	Business Partners should source 100% of MMCF from low-risk suppliers. 100% traceability of MMCF must be ensured. Business Partners should source 100% of wood, paper, cork, and rubber <i>more sustainably</i> .
Innovative fibers	Business Partners should explore the environmental benefits of more sustainable, innovative materials compared to conventional fibers.	Business Partners are encouraged to explore and use innovative fibers.

<sup>4</sup> The Policy Hub – Circularity for Apparel and Footwear (2021) - Sustainable Product Policy – Setting Design Requirements for Apparel and Footwear, Position Paper (Summary)

<p>Metal and jewelry</p>	<p>Business Partners must comply with EU REACH regulations and all respective nationally applicable regulations.</p> <p>Business Partners should demonstrate progress towards more sustainable sourcing.</p>	<p>Traceability should be ensured.</p> <p>Diamonds should be compliant with <u>KPCS</u><sup>5</sup> and <u>WDCSW</u><sup>6</sup>.</p>
<p>Animal welfare</p>	<p>All minimum requirements can be found in ABOUT YOU's Animal Welfare Policy.</p>	<p>Business Partners should source 100% more sustainable leather.</p> <p>Business Partners should source 100% more sustainable hair, such as wool or mohair.</p>
<p>Use of packaging</p>	<p>Business Partners must use 100% recyclable packaging. Polybags must contain at least 50% recycled materials.</p> <p>Business Partners are encouraged to use paper and cardboard packaging made of recycled materials.</p> <p>Documentary proof of recycled content must be provided upon request.</p>	<p>Business Partners must use 100% more sustainable polybags, meaning 100% recyclable, with 100% certified recycled materials.</p>
<p>Certification</p>	<p>Business Partners must provide a proof of certification upon request.</p> <p>Business Partners are encouraged to use certified materials and products whenever possible.</p>	<p>Business Partners should continuously increase the use of certificates in their products.</p>

## 3.2. Cotton and other natural fibers

### 3.2.1. Cotton

Cotton is one of the most used materials in the textile industry. Growing cotton conventionally is very resource-intensive and often involves numerous environmental and/ or social issues<sup>7</sup>.

#### Requirements

In line with our Business Code of Conduct, **cotton from countries with credible reports of forced labor is banned**. Based on this, sourcing cotton from **Turkmenistan and the Xinjiang region in China**<sup>8</sup> is prohibited. Sourcing cotton from Syria is also banned due to the ongoing political instability and heightened risk of human rights violations against workers<sup>9</sup>.

If sourcing cotton from current high-risk regions, we encourage Business Partners to **establish thorough human rights due diligence processes** based on the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector<sup>10</sup>. High-risk regions are defined in the Global Forced Labour Risk Assessment by the Better

<sup>5</sup> Kimberly Process (2022) - Stronger Together: Stemming the tide in conflict diamonds, to safeguard lives the world over.

<sup>6</sup> World Diamond Council (2022) - System of Warranties

<sup>7</sup> Textile Exchange (2019) - How companies can source cotton more sustainably

<sup>8</sup> Fashion Revolution (2022) - Fashion Transparency Index

<sup>9</sup> amfori BSCI (2022) - Countries' Risk Classification

<sup>10</sup> OECD (2018) - OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector



Cotton Initiative<sup>11</sup>, the Material Change Insights Report by Textile Exchange<sup>12</sup>, the MVO NEDERLAND' risk checker<sup>13</sup>, or the annual Countries' Risk Classification by amfori<sup>14</sup>.

### Goals

Business Partners **should** source **100% more sustainable cotton** (by volume), based on the definition of more sustainable cotton of the CottonUP Guide<sup>15</sup> and the Sustainable Cotton Matrix by Textile Exchange<sup>16</sup>.

### 3.2.2. Other natural fibers

Next to cotton, we source products made of other natural fibers, including, but not limited to, hemp, organic linen, and jute. Their cultivation is less resource-intensive than for example conventional cotton, and no pesticides or fertilizers must be used<sup>17</sup>. Due to this and additional other advantages, they are valuable alternatives to conventionally grown cotton or synthetic fibers.

### Requirements

We **encourage** Business Partners to choose *more sustainably sourced* natural fibers wherever possible.

### Goals

Business Partners **should** source **100% more sustainable natural fibers** (by volume), based on the definition of preferred materials in the Textile Exchange Preferred Fiber & Materials Market Report<sup>18</sup>

## 3.3. Synthetic fibers

Synthetic fibers (such as polyester and polyamide) are commonly made from non-renewable fossil fuels. Their manufacturing accounts for a considerable amount of resources and energy<sup>19</sup>. Hence, we are dedicated to increasing the recycled share of synthetics and promoting innovative alternatives.

### Requirements

We **encourage** Business Partners to use fiber-to-fiber **recycled fibers, bio-based synthetics, or other innovative** fabrics in replacement of conventional synthetic fibers.

### Goals

Business Partners **should** replace conventional polyester with **100% recycled polyester** (by volume). Additionally, Business Partners **should** replace other conventional synthetic fibers (such as polyamide or nylon) with **recycled synthetic fibers** whenever possible.

## 3.4. Forest fibers

### 3.4.1. Man-made cellulosic fibers (MMCF)

Regenerated or man-made cellulosic fibers (MMCF) for textiles are made from dissolved wood pulp (cellulose) and turned into semi-synthetic fibers in energy and chemical-

<sup>11</sup> BCI (2021) - Global Forced Labour Risk Assessment Methodology

<sup>12</sup> Textile Exchange (2021) - Preferred Fiber & Materials Market Report 2021

<sup>13</sup> MVO Nederland (2022) – Risk Checker World Map

<sup>14</sup> Amfori (2022) - Countries' Risk Classification

<sup>15</sup> Cotton 2040 (2018) – Cotton Up: A Practical Guide to Sourcing More Sustainable Cotton

<sup>16</sup> Textile Exchange (2022) - Sustainable Cotton Matrix

<sup>17</sup> The Sustainable Fashion Collective (2015) - Jute - Why is it a sustainable fibre?

<sup>18</sup> Textile Exchange (2022) - Preferred Fiber & Materials Market Report

<sup>19</sup> Subramanian Senthilkannan Muthu (2020) - Assessing the Environmental Impact of Textiles and the Clothing Supply Chain (Second Edition), Chapter 1.7 - The production of synthetic fibres

intensive processes<sup>20</sup>. Since MMCF are from a renewable resource, they have the potential to be a more sustainable option but still bear environmental risks associated with logging. We believe in their potential and are determined to contribute to their risk reductions by using more sustainable alternatives in the manufacturing of ABOUT YOU private label products.

### Requirements

The **sourcing and sale of MMCF from certain wood types** listed on [IUCN](#)<sup>21</sup> and [CITES](#)<sup>22</sup> is **prohibited**. Business Partners **should** also progress in **excluding suppliers** from their supply chain, with a high risk of sourcing from endangered and/ or ancient forests, as defined by Canopy<sup>23</sup>.

**Traceability must be ensured**. Upon request, we expect Business Partners to share key sourcing information, including Documentary Proof with traceable information.

### Goals

Business Partners **should source 100% of MMCF (by volume) from low-risk suppliers**. Suppliers are defined as low risk upon achievement of "green shirt status"<sup>24</sup> in the [Canopy's Hot Button Ranking](#)<sup>25</sup>. Additionally, Business Partners **must ensure 100% traceability** of the MMCF (by volume) sourced.

Business Partners **should** also aim to **only use MMCF producers with environmentally friendly practices**, such as the 'closed-loop' manufacturing system, aligned with the roadmap to responsible viscose and modal fiber production. The [Changing Markets Foundation](#)<sup>26</sup> developed the roadmap to provide a guideline on how to shift towards the [EU Best Available Techniques \(BAT\)](#)<sup>27</sup>.

## 3.4.2. Other forest fibers

Next to MMCF, we also source products made from other forest derived fibers, including, but not limited to, cork and caoutchouc. Business Partners are encouraged to uphold responsible forestry practices and increase their use of recycled forest content.

### Requirements

The sourcing and sale of products made from certain wood types listed on [IUCN](#) and [CITES](#) is prohibited.

Upon request, Business Partners must share key sourcing information, including Documentary Proof with traceable information.

### Goals

Business Partners **should source 100% of paper, wood, cork, and caoutchouc (by volume) more sustainably**. This includes, but is not limited to, fiber and product level certificates, like [FSC](#)<sup>28</sup>, [PEFC](#)<sup>29</sup>, [RCS](#) and [GRS](#) by Textile Exchange<sup>30</sup>, [LENZING](#)<sup>31</sup>, recycled sources, and agricultural crop residues. Documentary Proof is expected upon request.

<sup>20</sup> Textile Exchange (2019) - How companies can source manmade cellulose more sustainably

<sup>21</sup> IUCN (2022) - The IUCN Red List of Threatened Species

<sup>22</sup> CITES (2022) - Checklist of CITES Species

<sup>23</sup> Canopy (2022) - Ancient and Endangered forests of the world

<sup>24</sup> Minimum score of 20 buttons

<sup>25</sup> Canopy (2021) - The Hot Button Report

<sup>26</sup> Changing Markets Foundation (2022) - The Changing Markets Foundation partners with NGOs on market focused campaigns.

<sup>27</sup> European Commission (2022) - Sustainable production: best available techniques

<sup>28</sup> FSC (2022) - The future of forests is in our hands

<sup>29</sup> PEFC (2022) - Rubber is Everywhere. PEFC is, Too.

<sup>30</sup> Textile Exchange (2022) - Recycled Claim Standard (RCS) + Global Recycled Standard (GRS)

<sup>31</sup> Lenzing AG (2022) - Innovative by nature

### 3.5. Innovative fibers

We believe that it is important to promote the development and share of more sustainable innovative fibers that provide new opportunities in the responsible use of materials.

#### Requirements

Business Partners **should** explore the environmental benefits of more sustainable, **innovative fibers** compared to conventional fibers. To be considered an innovative fiber, fibers must have an **environmental advantage** compared to the conventional counterpart that they are substituting.

#### Goals

Business Partners are **encouraged to use more sustainable, innovative fibers**.

### 3.6. Metal and jewelry

The exploitation and production of jewelry, metal, and stones materials holds various environmental and social risks<sup>32</sup>. Hence, Business Partners assume responsibility for sourcing such materials in ways that mitigates these risks.

#### Requirements

Business Partners **must comply with EU REACH regulations**<sup>33</sup> and all respective **nationally applicable regulations**. Business Partners **should** also demonstrate progress towards **more sustainable sourcing** of precious metals and stones.

#### Goals

Business Partners **should ensure traceability** for all key raw materials used in metal products. Business partners selling diamonds should comply with the Kimberley Process Certification Scheme<sup>34</sup> and the World Diamond Council's System of Warranties<sup>35</sup>.

### 3.7. Animal-derived materials

We recognize our responsibility as a retailer to guarantee high animal welfare standards when sourcing animal-derived material and establish compliance mechanisms for all business transactions.

For ABOUT YOU, the recommendations on animal welfare set out by the World Organization for Animal Health (WOAH) in their Animal Health Codes<sup>36</sup> and the Farm Animal Welfare Committee (FAWC)<sup>37</sup> are at the core of preserving animal welfare. This foundation is substantiated by additional principles, set by us, to increase comprehensiveness. The sale of products with animal-derived materials is generally permitted.

#### Requirements

Business Partners **must** observe requirements and principles concerning animal-derived materials which can be found in **our Animal Welfare Policy**.

*Additional requirements for Business Partners*

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<sup>32</sup> German Environment Agency (2017) - Responsible mining? Challenges, perspectives and approaches, Summary of the findings of the research project "Approaches to reducing negative environmental and social impacts in the production of raw materials (UmSoRes)"

<sup>33</sup> ECHA (2022) - Substances restricted under REACH

<sup>34</sup> Kimberley Process (2022) - Stronger Together: Stemming the tide in conflict diamonds, to safeguard lives the world over

<sup>35</sup> World Diamond Council (2022) - System of Warranties

<sup>36</sup> World Organisation for Animal Health (2022) - Codes and Manuals

<sup>37</sup> FAWEK (2012) - The farm animal welfare fact sheet - What is animal welfare?

The use of **mulesing on any animal is prohibited**. Documentary Proof of compliance must be provided upon request (such as the [RWS-certification](#)). Progress towards sustainably sourced (i.e., certified, organic, or recycled) wool and hair should be demonstrated by Business Partners.

Business Partners are **encouraged** to source **sheep and lamb wool certified** by the Responsible Wool Standard (RWS)<sup>38</sup>, or by any other comparable certification which ensures animal safety.

Business Partners **must** only source **mohair certified** on yarn level by the Responsible Mohair Standard (RMS)<sup>39</sup>, or by any other comparable certification which ensures animal safety.

Business Partners **must** only source **virgin down and feathers certified** by the Responsible Down Standard (RDS)<sup>40</sup> or by any other comparable certification which ensures animal safety.

### Goals

Business Partners **should** source **100% more sustainable leather** (by volume), such as recycled leather or [LWG](#)<sup>41</sup>, or through using innovative alternatives (such as chrome-free or plant-based tanned leather).

Business Partners **should** source **more sustainable animal hair** whenever possible, based on sustainable certification such as RWS or RMS, or by ensuring a responsible treatment of animals.

## 3.8. Use of packaging

Packaging includes all packaging material used by Business Partners to send products to our warehouses.

### Requirements

All packaging **must** comply with the **legal requirements** regarding the recyclability of the packaging act<sup>42</sup>. Additionally, any kind of packaging for ABOUT YOU **must be compliant with our Restricted Substances List (RSL)** which is available on the corporate website.

Business Partners **must** use **100% recyclable** packaging. Polybags **must** contain at least **50% recycled materials**.

Business Partners **must** only use **polybags made of polyethylene (PE)**. The use of PVC, sulfur or hydrogen peroxides in packaging is forbidden.

Business Partners are **encouraged** to use paper and cardboard packaging made of **recycled material** such as [FSC-recycled](#) or [FSC-mixed](#) quality<sup>43</sup>.

Business Partners **must** provide **documentary proof** of the recycled content in their packaging upon request.

### Goals

Business Partners **must** use 100% more sustainable polybags, meaning **100% recyclable** made with **100% recycled materials** and **certified** with a recognized standard, such as GRS<sup>44</sup>.

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<sup>38</sup> Textile Exchange (2022) – Responsible Wool Standard (RWS)

<sup>39</sup> Textile Exchange (2022) – Responsible Mohair Standard (RMS)

<sup>40</sup> Textile Exchange (2022) - Responsible Down Standard (RDS)

<sup>41</sup> Leather Working Group (2022) – About Us

<sup>42</sup> Germany's Federal Cabinet (2021) - German Packaging Act - Amendment 2021, Important Modifications

<sup>43</sup> FSC (2022) - What's in a label?

<sup>44</sup> Textile Exchange (2022) - Global Recycled Standard

### 3.9. Standards and certification

We work with global textile standard organizations to increase credibility of our progress and the claims we make. Standards are internationally accepted tools that validate and communicate sustainability claims made by companies about their products and materials. For us, standards are means to increase credibility of environmental, social, and animal welfare practices in our supply chains.<sup>45</sup>

We accept international standards such as the **Global Organic Textile Standard (GOTS)**<sup>46</sup>, **Organic Content Standard (OCS)**<sup>47</sup>, **Global Recycled Standard (GRS)**, **Responsible Wool Standard (RWS)**, **Responsible Mohair Standard (RMS)**, **LENZING™ ECOVERO™**<sup>48</sup>, **TENCEL™ (Lenzing)**<sup>49</sup> and **Livaeco™ by Birla Cellulose**<sup>50</sup>.

#### Requirements

Business Partners **must** provide a **proof of certification** upon request when making a claim related to a standard on product or material level. We **encourage** Business Partners to use **certified materials and products**.

#### Goals

Business Partners are **encouraged** to obtain the **certificates accepted** by ABOUT YOU. Additionally, Business Partners **should** continuously **increase the use of certified materials and products**.

## 4. Manufacturing requirements

### 4.1. Environmental

The manufacturing processes of textiles involve various environmental risks. Together with Business Partners, we strive to reduce the environmental impact of production by banning methods that are considered harmful across the industry and by promoting more sustainable and innovative production alternatives.

Business Partners **should implement strategies and action plans to reduce the environmental impact** of their supply chain, including, but not limited to, reducing energy consumption, and transitioning to renewable sources, reducing greenhouse gas emissions, water consumption, solid waste, and wastewater. Business Partners are **encouraged** to implement **Environmental Management Systems (EMS)** to define their environmental strategy. EMS are sets of processes and practices used to manage environmental aspects, fulfill environmental compliance obligations, and address environmental risks and opportunities.<sup>51</sup>

Further, we **encourage** Business Partners **to continuously reduce the environmental impact** by also establishing more circular processes within their supply chain starting with Tier 1 Factories. This includes but is not limited to reusing water, procuring, or generating renewable energy and minimizing solid waste. Progress should also be tracked by key metrics such as, energy consumption, freshwater use, and waste going to landfills.

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<sup>45</sup> Textile Exchange (2022) - Certification

<sup>46</sup> Global Standard (2022) - Global Organic Textile Standard

<sup>47</sup> Textile Exchange (2022) - Organic Content Standard

<sup>48</sup> Lenzing (2022) - LENZING™ ECOVERO™

<sup>49</sup> Lenzing (2022) - TENCEL™

<sup>50</sup> Birla Cellulose (2022) - Livaeco™

<sup>51</sup> ISO (2022) - ISO 14001:2015

### 4.1.1. Overview

The following table summarizes the environmental manufacturing Requirements and additional Goals for Business Partners. Further details can be found below.

Criteria	Requirements	Goals 2025
Higg Facility Environmental Module (Higg FEM)	Business Partners should complete the Higg FEM, verify their results, and share them with us annually.	Business Partners must complete Higg FEM and share their results with us for all their Tier 1 Factories (100%) annually. Business Partners should verify their Higg FEM scores annually.
GHG emissions & energy consumption	Business Partners must comply with legislation on energy use. Business Partners should analyze and reduce Scope 1 & 2 greenhouse gas (GHG) emissions of Tier 1 Factories.	Business Partners should reduce the Scope 1 & 2 GHG emissions in all their Tier 1 Factories (100%). Business Partners should operate in Tier 1 Factories with lower carbon intensity and renewable energy sources. Business Partners should be able to demonstrate progress towards following the air emissions guidelines of industry standards.
Water Consumption	Business Partners must comply with legislation on water consumption.	Business Partners should reduce the water consumption in all their Tier 1 Factories (100%).
Wastewater	Business Partners must comply with legislation on wastewater.	Business Partners should reduce the wastewater in all their Tier 1 Factories (100%). Business Partners should demonstrate progress towards compliance with wastewater industry standards.
Waste Management	Business Partners must comply with legislation on waste management. Business Partners should responsibly collect hazardous waste.	Business Partners should improve the waste management in all their Tier 1 Factories (100%). Business Partners should reduce waste and the use of virgin materials. Business Partners should implement recycle, reuse and circular systems.
Chemical Management	Business Partners must comply with the ABOUT YOU RSL, MRSL, and REACH EU. Business Partners are encouraged to conduct frequent self-tests throughout the production process to ensure compliance with our chemical requirements.	Business Partners should improve the chemical management in all their Tier 1 Factories (100%). Business Partners should demonstrate progress of compliance with chemical management industry standards.
Sandblasting	The use of sandblasting is banned for all operations and supplies.	No additional Goals apply.

Wet Processes	We encourage Business Partners to implement strategies and action plans targeted to improve the environmental impact of their wet processes.	No additional Goals apply.
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#### 4.1.2. Higg Facility Environmental Module (FEM)

As a member of the [Sustainable Apparel Coalition](#)<sup>52</sup>, we work with the global consumer goods industry’s leading companies to develop the [Higg Index](#), a suite of sustainability self-assessment tools that measure social and environmental supply chain impacts in a standardized way<sup>53</sup>.

The [Higg Factory Environmental Module \(Higg FEM\)](#) is conducted annually and informs manufacturers, brands, and retailers about the environmental performance of their individual facilities, empowering them to scale sustainability improvements. The Higg FEM provides facilities with a clear picture of their environmental impacts. It helps them identify and prioritize opportunities for performance improvements<sup>54</sup>.

##### Requirements

**We encourage** Business Partners **to use Higg FEM** to track and measure the environmental impact of the factories along their supply chain.

Business Partners **should complete the Higg FEM, verify their results through an approved, independent verifier body, and share their Higg FEM with ABOUT YOU annually.**

##### Goals

Business Partners **must complete Higg FEM** for all their **Tier 1 Factories (100%)** and share their results with ABOUT YOU annually.

Business Partners are also **encouraged to verify their Higg FEM results annually.**

#### 4.1.3. Greenhouse gas emissions & energy consumption

Greenhouse gasses are gasses that increase the temperature of the Earth’s atmosphere by absorbing some of the Earth’s outgoing radiation. Greenhouse gas (GHG) emissions are emitted when fossil fuels such as coal, gas, and oil are burned to produce energy. Besides that, other sources of GHG emissions exist. The use of energy from fossil fuels is a main contributor to climate change by releasing GHG emissions<sup>55</sup> while contributing to other detrimental environmental impacts.

##### Requirements

Business Partners **must comply with all international and national legislation** regarding energy use, air emissions and air quality applicable to all operations at their factories.

Business Partners **should analyze and reduce GHG emissions** of their Tier 1 Factories (Scope 1 & 2).

##### Goals

Business Partners **should** have an **Environmental Management System (EMS)** in all their **Tier 1 Factories (100%)** that includes the **reduction of Scope 1 & 2 GHG emissions.**

<sup>52</sup> SAC (2022) - A Coalition For Collective Action  
<sup>53</sup> SAC (2022) - The Higg Index  
<sup>54</sup> SAC (2022) - Higg Facility Environmental Module  
<sup>55</sup> IPCC (2022) - Intergovernmental Panel on Climate Change



Business Partners **should** implement **lower carbon intensity and renewable energy sources** in all their Tier 1 Factories (100%).

Business Partners **should** be able to demonstrate progress towards following the **air emissions guidelines** of industry standards, such as the ZDHC Air Emissions Position Paper<sup>56</sup> in their Tier 1 Factories.

#### 4.1.4. Water consumption

Fresh water is an essential and limited resource on the planet. Industrial processes are impacting the availability of potable (drinking) water that is critical to sustaining natural systems and communities. Therefore, it is important to improve water efficiency and to reduce the water withdrawn from the environment.

##### Requirements

Business Partners **must** comply with all **international and national legislation** regarding water consumption and water quality applicable to all their Tier 1 Factories (100%).

##### Goals

Business Partners **should** have an **Environmental Management System (EMS)** that includes the **reduction of water consumption** in all their Tier 1 Factories (100%).

#### 4.1.5. Wastewater

Wastewater can be a significant contributor of pollution and contamination for surrounding natural systems and communities if not managed, treated, and discharged properly.

##### Requirements

Business Partners **must** comply with all **international and national legislation** regarding wastewater applicable to all their Tier 1 Factories (100%).

##### Goals

Business Partners **should** have an **Environmental Management System (EMS)** that includes the **reduction of wastewater** in all their Tier 1 Factories (100%).

Business Partners **should** be able to demonstrate progress towards compliance with the **wastewater quality parameters** of industry standards, such as **ZDHC Wastewater Guideline**<sup>57</sup>.

#### 4.1.6. Waste management

Waste is any unusable material or substance which is discarded after use and can contaminate the environment. The operational activities taken place in fashion manufacturing factories can produce both hazardous waste and non-hazardous waste. Hazardous waste is waste that could cause harm to public health and/or the environment because of its chemical, physical, or biological characteristics. Non-hazardous waste includes all additional waste that can still cause contamination when not properly managed.

##### Requirements

Business Partners **must** comply with all **international and national legislation** regarding waste management applicable to all operations at their factories.

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<sup>56</sup> Roadmap to Zero (2022) - ZDHC Air Emissions Position Paper

<sup>57</sup> Roadmap to Zero - ZDHC Wastewater Guidelines



Business Partners **should** ensure that the collection of all **hazardous waste is handled by an authorized party**.

#### Goals

Business Partners **should** have an **Environmental Management System (EMS)** that includes the **reduction of waste** in all their Tier 1 Factories (100%).

Business Partners **should reduce the generation of waste and the use of virgin materials** in their operations. Additionally, Business Partners **should** continuously seek to implement **recycle, reuse and circular systems** to reduce waste in their factories.

### 4.1.7. Chemical management

We have established a chemical management system to **track, control, and steer the use and discharge of (hazardous) chemicals** within our products. We follow the EU REACH regulations and exercise due diligence testing to ensure compliance.

**Our Restricted Substances List (RSL)** lists substances and groups of substances that are either permitted to a limited extent or banned completely in our **finished products**. Our RSL covers the complete ABOUT YOU private label assortment and is valid for all offered product categories.

To increase product safety for our customers, **we carry out selective additional tests across the product range**. We do not accept nor sell goods from Business Partners that are non-compliant with our RSL, as amended from time to time.

**Our Manufacturing Restricted Substances List (MRSL)** lists chemicals which are restricted to specific dosages or completely prohibited in the **production process**.

#### Requirements

Business Partners **must comply with the ABOUT YOU RSL and MRSL** in their Tier 1 Factories and forward it to their Tier 2 and Tier 3 Factories.

Business Partners **must** ensure that all delivered items are free of harmful substances or substances hazardous to health in terms of the applicable regulations and that all delivered items **meet the requirements of Regulation (EU) 1907/2006 (REACH) and Directive 2001/95/EC (product safety)**.

Business Partners are **encouraged to conduct frequent self-tests** throughout the production process to ensure compliance with our chemical requirements.

#### Goals

Business Partners should have an Environmental Management System (EMS) to achieve responsible chemical management in all their Tier 1 Factories (100%).

Business Partners should be able to demonstrate progress towards compliance with chemical discharge requirements of industry standards, such as the **Zero Discharge of Hazardous Chemicals (ZDHC)** initiative<sup>58</sup>.

### 4.1.8. Sandblasting

Sandblasting, also known as abrasive blasting, is a finishing technique used to give denim fabrics (and other apparel) a pre-worn look by projecting sand onto the fabric under high pressure with compressed air. The workers executing this operation are exposed to a

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<sup>58</sup> Roadmap to Zero (2022) - ZDHC

significant health risk, since inhaling elements of the sand can lead to silicosis, a potentially fatal lung disease.<sup>59</sup>

**Requirements**

To address this issue, **sandblasting is banned** for all products sold to ABOUT YOU.

Business Partners **should use alternative processes** that use little resources such as chemical treatments in compliance with our MRSL, stonewashing, brushing, sandpaper or laser treatment.

4.1.9. Wet Processes

One of the most water-intensive manufacturing processes in the fashion industry are wet processes. Wet processes are mainly used for the purpose of dyeing, printing, and finishing. This production step is a major cause of environmental pollution due to the use of large quantities of water, dyes and chemicals.

**Requirements**

We **encourage** Business Partners to implement strategies and action plans targeted to **reduce the environmental impact of wet processes** in all their Tier 1 Factories.

4.2. Social

In the fashion industry, where supply chains are highly globalized, international brands hold a responsibility to prevent negative impacts of their activities on people and the environment, as well as to trigger positive systemic changes in a sector built on global inequalities.

As a part of the global garment industry, we implement measures to reduce risks of human rights violations in our supply chain. To achieve this, **compliance with social, labor and human rights standards** is a vital element that underpins our business relationships. In this respect, our Business Code of Conduct clarifies our expectations towards Business Partners in terms of ethical business conduct and sets the basis for our partnerships.

On the other hand, we urge our Business Partners to go beyond minimum (legal) requirements and implement action plans to improve the ways of working to generate **positive social impact** in the communities they operate in.

4.2.1. Overview

The following table summarizes the social manufacturing Requirements and additional Goals for Business Partners. Further details can be found below.

Criteria	Requirements	Goals 2025
Supply chain transparency	Business Partners must disclose their Tier 1 Factories to us prior to order placement, avoiding unannounced subcontracting.  Tier 1 Factories should keep a record of all homeworkers and share it during social assessments.	Business Partners must disclose their Tier 1 and 2 Factories (100%) to us.  Business Partners should continuously increase transparency and disclose deeper levels of their supply chain.

<sup>59</sup> Fair Trade Center (2010) - Fashion victims – a report on sandblasted denim

Supply chain monitoring	Business Partners must provide valid social assessment reports for their Tier 1 Factories and renew them in time throughout the partnership.	Business Partners must have a BSCI social audit in their Tier 1 Factories.  Business Partners should engage with their Tier 2 Factories so that they increasingly do and share equivalent social assessments with us.
Social performance ratings	Tier 1 Factories must have social performance ratings A, B or C and implement remediation plans whenever they are rated D or E.	Business Partners should implement measures to improve the social performance of their Tier 1 Factories over time, beyond minimum legal requirements.
Capacity building	Business Partners and Tier 1 Factories should join the amfori Academy and participate in training and workshops.	Business Partners should increasingly participate in social responsibility platforms, training, and knowledge-sharing spaces offered by us.

#### 4.2.2. Supply chain transparency

At ABOUT YOU, we consider transparency as a key enabler for social compliance and responsible business conduct. It is also important for us to know where our products have been made. Traceability is a key component in our compliance efforts to always know the Tier 1 Factory before any orders are placed. This reduces the risk of human rights violations.

In line with the [ILO Home Work Convention](#)<sup>60</sup> and the [OECD Guidelines](#)<sup>61</sup>, we accept the potential presence of **homeworkers** in our supply chain. Homeworkers are entitled to receive the same treatment as factory workers and their work should be formalized through contracts and any other formal measures to improve employment conditions and avoid their marginalization.

##### Requirements

Business Partners **must disclose their Tier 1 Factories to us**. As part of our onboarding process, new Business Partners **must** fill out our **Transparency Sheet**, with information such as product assortment, address, valid social assessments, and sustainability standards/certifications for their Tier 1 Factories. All Business Partners **must announce any changes to their production location** to us in due time.

Business Partners **must** also **confirm the Tier 1 Factory producing our orders** prior to order placement.

In this respect, **unannounced subcontracting is not permitted**. If at any point, it becomes a necessity to outsource our orders, Business Partners **must** inform us in time and share the company name, address and valid social assessments with us for our approval.

In addition, Tier 1 Factories **should keep a record of all homeworkers**, the quantity of work distributed, the payments made, and any social security or health insurance provided to them. This information **should be shared during social assessments** as part of their transparency efforts.

##### Goals

Business Partners **must disclose their Tier 1 and 2 Factories (100%)** to us and **should** commit to **continuously increase transparency** and disclose deeper levels of their supply chain.

<sup>60</sup> International Labour Organization, ILO (1996) - Home Work Convention (No. 177)

<sup>61</sup> OECD (2018) - OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

### 4.2.3. Supply chain monitoring

Tier 1 Factories are required to continuously undergo social assessments by third parties based on international standards on human rights.

#### **Requirements (onboarding new Business Partners)**

At the start of the partnership, Business Partners **must** provide a **valid social assessment** for their Tier 1 Factories. The assessment types accepted are the amfori BSCI social audit and equivalent social assessments.

#### **Requirements (existing Business Partners)**

Throughout the partnership, Business Partners **must** ensure that their associated Tier 1 Factories **always have a valid social assessment** and must therefore take the necessary measures to renew their reports in time.

In cases where risk assessments (such as the ones laid out in Chapter 3.2) identified significant human rights risks for a specific business activity or region, **we reserve the right to request further information** about the issue and/or Documentary Proof of due diligence efforts from the Business Partner. We may also organize independent monitoring activities or unannounced visits/checks, including to indirect suppliers, which the Business Partner should facilitate.

#### **Goals**

Business Partners **must have a BSCI social audit** in their Tier 1 Factories and **should engage with their Tier 2 Factories** so that they increasingly do and share equivalent social assessments with us.

### 4.2.4. Social performance ratings

Each Tier 1 Factory producing for us receives an internal social performance rating from A to E. This depends on their social assessment results and remediation measures. We use an internal rating to make different assessment types comparable. These ratings, in turn, are part of scorecards for Business Partners, which also capture other sustainability and quality criteria to help our buying teams transition to more sustainable purchasing practices.

#### **Requirements (onboarding new Business Partners)**

To prevent additional human or labor rights violation risk, **only Tier 1 Factories internally rated A, B or C can be accepted**. New Tier 1 Factories with a D rating or below cannot be onboarded.

#### **Requirements (existing Business Partners)**

If a current Tier 1 Factory scores a D rating or below, signaling a **significant risk of non-compliance with our Business Code of Conduct**, we will request a **remediation plan** to be implemented within 6 months. The business relationship can be terminated in cases where the Tier 1 Factory fails or is unwilling to implement any measures to act in line with our values and social performance requirements.

#### **Goals**

Business Partners should implement measures to improve the social performance of their Tier 1 Factories over time, including but not limited to establishing standards on working conditions that go beyond minimum legal requirements. For example, they should always pay living wages and protect worker groups at risk from inequality and marginalization.

#### 4.2.5. Capacity building

There are various resources available to build capacities to improve social performance. We invite Business Partners and Tier 1 Factories to participate in the [amfori Academy](#) and participate in the wide range of training and workshops on social responsibility. These are available in local languages and often targeted to specific countries/contexts, so that our partners can strengthen their own measures, based on their interests, and needs. Topics covered include, for instance, human rights due diligence, ethical recruitment and employment standards, inclusion and diversity or women empowerment.

##### Requirements

We **encourage** Business Partners and Tier 1 Factories to **join the [amfori Academy](#)** and participate in training and workshops.

##### Goals

Business Partners **should** increasingly participate in **social responsibility platforms, training and knowledge-sharing spaces** offered by us to improve social performance in our supply chain together.

## 5. Management systems and due diligence

Business Partners are expected to implement the necessary rules and regulations and maintain the appropriate documentation and other suitable processes to ensure compliance with the principles of this Private Labels Sustainable Sourcing Policy and applicable national and international legislation. This includes an effective monitoring system with clear responsibilities and processes, as well as the appropriate documentation. Monitoring and improving measures are expected to be taken within specified and reasonable timeframes. We reserve the right to obtain more detailed information on the management, monitoring, and auditing systems of our Business Partners.

Business Partners shall establish an appropriate due diligence process for their supply chain. Business Partners must be aware of all plants, locations, and companies in their production network and must be able to provide, upon request, comprehensive and detailed information on the due diligence processes performed in their supply chain. We reserve the right to conduct our own appropriate due diligence on Business Partners and third parties where we believe it necessary to apply our own procedures (such as in the absence of due diligence reports or because of significant findings in the course of due diligence).

The direct Business Partner guarantees that ABOUT YOU itself or independent third parties authorized by ABOUT YOU may, if necessary, carry out the verification of compliance with the principles established in accordance with this Private Labels Sustainable Sourcing Policy at its premises. The Business Partner will designate the workplaces accordingly for this purpose.

If non-compliance is detected, the Business Partner shall be obliged to take appropriate remedial actions without delay. Sufficient time will be granted by ABOUT YOU for the remedial actions. Irrespective of whether the direct Business Partner itself or its agents violate the principles established in this policy and corresponding remedial actions are not taken, the right of extraordinary termination of the business relationship by ABOUT YOU remains unaffected and is not restricted hereby.

## 6. Compliance and whistleblowing system

We have established a compliance management system to strengthen compliance, prevent compliance violations and, if they do occur, investigate, and sanction them. Any comments or questions regarding the Sustainable Sourcing Policy may be directed to ABOUT YOU.

In addition, we would like to be informed about illegal behavior in our company to be able to clarify and stop such behavior. We therefore encourage anyone to inform us of any legal violations via our special whistleblowing system at [BKMS System](#). We guarantee that all whistleblowers will be treated confidentially. Our whistleblowing system can also be used anonymously. However, we ask you to set up a mailbox at least under a different name that does not allow any conclusions to be drawn to you, so that ABOUT YOU can ask you, if necessary, clarifying questions. Please understand that the whistleblowing system should only be used to report violations of laws, guidelines, policies, or our Code of Conduct. General complaints or product and warranty inquiries will not be processed.

In addition, we expect from our Business Partners to set up their own whistleblowing mechanisms so that violations of the law or of this Private Labels Sustainable Sourcing Policy can be reported anonymously, while maintaining confidentiality and excluding negative consequences for the whistleblowers.

## 7. Contact

ABOUT YOU, Schwedter Str. 263, 10119 Berlin

**Please address your questions to**

Private Labels Department

Team Sustainability

[sustainability-privatelabels@aboutyou.com](mailto:sustainability-privatelabels@aboutyou.com)

DocuSigned by:  
  
408AED1881F94C8...  
Hannes Wiese  
(Co-CEO)

DocuSigned by:  
  
DD546C4A9FC0491...  
Tarek Müller  
(Co-CEO)

DocuSigned by:  
  
551B3713F5F6405...  
Sebastian Betz  
(Co-CEO)