

# PEPPERMINT



## Policy Statement Peppermint Group

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# Preamble



Dear readers,

For us, sustainability means creating long-term value: for customers, employees, investors, business partners and society as a whole.

Respect for internationally recognised human rights and social and environmental standards is the top priority for Peppermint and is a crucial part of responsible corporate management. It is our objective for human rights to be respected not only by our employees, but also by our business partners and suppliers.

With the below mission statement regarding social responsibility and human rights, we reaffirm our commitment to this. It strengthens our work towards ensuring respect for human rights, as laid down in:

- International Bill of Human Rights,
- the ILO Declaration on Fundamental Principles and Rights at Work, and
- the UN Guiding Principles on Business and Human Rights.

This mission statement also supplements and adds more detail to our Code of Conduct as regards human rights and good working conditions. It will be the authoritative document in the future.

To monitor compliance with human rights along the supply chain, we have further developed our supply chain management system. The existing social compliance approach has been expanded into a due diligence approach. This approach forms the framework for implementing this mission statement in practice. Its objective is to identify the risks and potential adverse effects of our business activities on human rights



at an early stage and avoid them. As a risk-based approach, the supply chain management system applies in both our supply chains as well as in our monitored business units.

We believe that we can only achieve long-term success if we can live up to our corporate responsibility to respect human rights both on a local and global level. This mission statement is another important step in this direction. Each and every one of us is responsible for implementing this mission statement and moving our company forwards into a future which is sustainable in every respect. Thank you very much for your support!

A blue ink signature of Ingeborg Neumann, consisting of stylized initials and a surname.

**Ingeborg Neumann**  
Founder & Managing Partner

A blue ink signature of Marcus Baumbach, consisting of stylized initials and a surname.

**Marcus Baumbach**  
Managing Partner

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# Human rights and labour standards

Here at Peppermint, respect for human rights is a crucial component of responsible corporate management. This statement addresses the principles set out in our Code of Conduct and adds to them. At Peppermint, we acknowledge internationally recognised human rights and take the rights of vulnerable groups into account. Within this framework, we are committed to respecting the following international standards:

- General Declaration on Human Rights
- the ILO Declaration on Fundamental Principles and Rights at Work
- the UN Guiding Principles on Business and Human Rights
- OECD Guidance for Multinational Enterprises

We at Peppermint are committed to avoiding global adverse effects on human rights in the course of our business activities, putting a stop to them as far as possible or to minimise them.





# Environmental standards

Our business partners comply with applicable laws, regulations and administrative practices for the protection of people and the environment in the countries in which they operate. They should generally conduct their business activities so that they contribute to the general goal of sustainable development. For that purpose they should set up a system tailored to their company which enables them to analyse their operating activities in order to identify adverse effects on the environment and take all necessary and reasonable measures to reduce negative consequences for people and the environment and prevent damage to the environment, as well as take remedial action within the limits of their capacities, in compliance with existing regional laws and regulations. We expect our suppliers to make every effort to continually improve their environmental results in the long term by furthering the introduction of appropriate technologies and production processes which enable efficient use of natural resources and energy and minimise emissions.

With regard to the use of chemicals, we also expect that the use or production of utilised or delivered chemicals occurs in accordance with the provisions and requirements of EU legislation on the registration, evaluation, authorisation and restriction of chemicals (REACH). In addition, the guidelines of the Stockholm Convention on the production and use of persistent organic pollutants must be complied with. Peppermint Group only works with business partners which have the same attitude and respect internationally recognised



human rights and protect the environment. Violations are not tolerated. If there is a risk of a violation of human rights or the of the principles laid down in our Code of Conduct, we expect to be promptly informed about it and about measures taken to prevent or mitigate it. We must also be promptly informed if a violation or breach of human rights occurs, including the social and environmental standards set out in our sustainability guidelines.

We consider it essential to establish a mechanism for submitting complaints; on the one hand as an indicator to record risks and - on the other hand - to identify actual violations where they occur and initiate countermeasures.

Our whistleblower system provides all people connected to the Peppermint Group with an option to submit complaints or report compliance breaches. Indications of unacceptable behaviour may also be reported anonymously. Peppermint Group has also set up a personal whistleblower system under the following link: <https://peppermint.integrityline.com>.

If a report is made via the abovementioned whistleblower system, the compliance officer will receive a notification and initiate the appropriate measures.

# The due diligence process

In the next section, we will describe our due diligence approach which we use to identify, prevent and mitigate adverse effects on human rights. In particular, this applies to our suppliers and business partners.

## Risk management

The Peppermint Group is a global company. We source the aids and materials for our products from direct and indirect suppliers. We have long-term partnerships with our suppliers.

At the start of every business relationship, the partner is included in the supplier portfolio of the Peppermint Group according to certain, defined criteria.

The supplier is requested to register with our IT tool retraced and enter its address details and contact partners. In addition, the supplier may upload any available audit reports and certificates from standards agencies and initiatives to the platform. In a next step, the supplier must upload the signed Code of Conduct of the Peppermint Group. The Code of Conduct (CoC) is a binding policy for all employees and managers of the Peppermint Group and is geared towards its values: responsibility, respect, reliability, integrity and willingness to change. It obliges all employees to live the values stated as part of their everyday work and when dealing with business partners. By setting up a supplier profile, the **gross country risk** is calculated for this supplier as a first step. The **gross country risk** highlights the individual sector risk of the respective

country and is based on official indices published by renowned sources.

This is used to calculate the **net supplier risk**. This is the individual risk of each supplier. It is the sum of the gross country risk and all mitigation measures of the supplier which affect the gross risk. The signed Code of Conduct and the answers to the questionnaire are mitigation measures. In a further step, our **net country risk** is calculated. This is the average total from the supplier risk factors for a country.

Our risk analysis is based on the OECD Due Diligence Guidance, a methodology which sets out a common understanding of due diligence in the clothing and footwear industry.





**The OECD identifies the following eleven sector risks:**

**01. Child labour**

Child labour is all work done by persons under 15 years of age which impairs the physical and mental development of children or youths or which prevents them from going to school.

**02. Sexual harassment and sexual and gender-based violence in the workplace**

Sexual and gender-based violence (SGBV) means every act which is committed against the will of a person which is based on gender norms and an unequal power balance. This includes physical, emotional or psychological and sexual violence and the withholding of resources or access to services. This covers circumstances where victims have a legitimate grounds to assume that objecting would result in them being discriminated against in connection with employment, including as regards appointment or promotion or if this would create a hostile working environment. Violence also includes threats of violence and coercion. SGBV damages women, girls, men and boys and is a grave violation of several human rights.

**03. Forced labour**

The ILO states that forced labour is any type of work or service required of a person under threat of a penalty, for which they have not freely volunteered. Therefore, every situation where a person is forced to work through the application of violence or intimidation or through more subtle methods such as manipulated fault, the withholding of identity papers or the threat of denunciation at the immigration authorities, is deemed forced labour.

**04. Working hours**

This risk factor covers excessive working hours and the necessity of protecting the health and safety of employees by limiting working hours



and scheduling appropriate breaks and rest periods, including weekly rest periods and paid vacation. The ILO states that a standard working week in industry should not normally exceed 48 hours, shared out across six working days, not including overtime. Including overtime, employees should not work more than 60 hours in seven days.

#### **05. Health and safety in the workplace**

People working in the textile and fashion industry often have to work in unsafe and crowded conditions. This is associated with increased risk of danger to health and accidents. When safety and labour standards are not complied with, employees lack the necessary protective clothing and (have to) work long hours. Health and safety protection addresses three main objectives:

- Maintenance and promotion of the health and working capacity of employees.
- Improvement of the working environment and the work itself to promote safety and health.
- Develop organisations and their cultures in a way which supports health and safety in the workplace.

#### **06. Trade unions and collective agreements**

Employees should be guaranteed the right of assembly and to conduct negotiations for collective agreements; these are both fundamental principles and an expression of human dignity. The right of assembly means the right of an employee, to join an organisation or a trade union of their choice or to establish such an organisation or trade union. This includes the freedom from being forced to join a group. A collective agreement is defined by the IAO as all negotiations which are conducted between an employee organisation and a group of employers concerning the definition of working- and employment conditions and/or the regulation of relations between employers and their organisations and an employee organisation.



### 07. Wages

Two factors must be taken into account in the risk segment of wages: Firstly, compliance with national law. Because the laws concerning pay in the various countries do not all mandate a living wage, the OECD guidance on fair pay should also be taken into account. A wage is deemed to be a living wage if it covers the employee's living costs and those of their family members who are entitled to maintenance and provides for sufficient emergency reserves. According to the ILO, this wage must be for a normal working week of 48 hours max.

### 08. Hazardous chemicals

Hazardous chemicals pose both environmental and health risks. Based on current regulations, responsible chemical management consists of controlling critical process parameters, the working environment, and proper storage and handling.

### 09. Water

Various risks are associated with water consumption and water pollution. A holistic perspective takes several aspects, including the availability of fresh water, water quality (degree of pollution) and accessibility of water (sufficient infrastructure and affordability of water) into account. The OECD states that the risk of water pollution in the clothing and footwear sector is higher with regard to cotton growing and wet processing.

### 10. Greenhouse gas emissions

Greenhouse gases are gases in the atmosphere which are responsible for global warming and climate change. The most important greenhouse gases are carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and laughing gas (N<sub>2</sub>O). Greenhouse gases which are less widespread but which are still very strong are partly fluorinated hydrocarbons (HFKW), perfluorinated hydrocarbons (PFC) and sulphur hexafluoride (SF<sub>6</sub>). Greenhouse gas emissions means the release of greenhouse gases into the atmos-





phere. The selection of materials, product design, processes, transport and packaging are crucial factors in reducing greenhouse gas emissions along the life cycle of a product.

### 11. Bribery and corruption

Bribery and corruption are gateway criminal offences for many other forms of misconduct, including: Child labour, forced labour, discrimination, the violation of health and safety standards and environmental standards. Country factors include operations in a jurisdiction which carries a high risk for bribery and corruption:

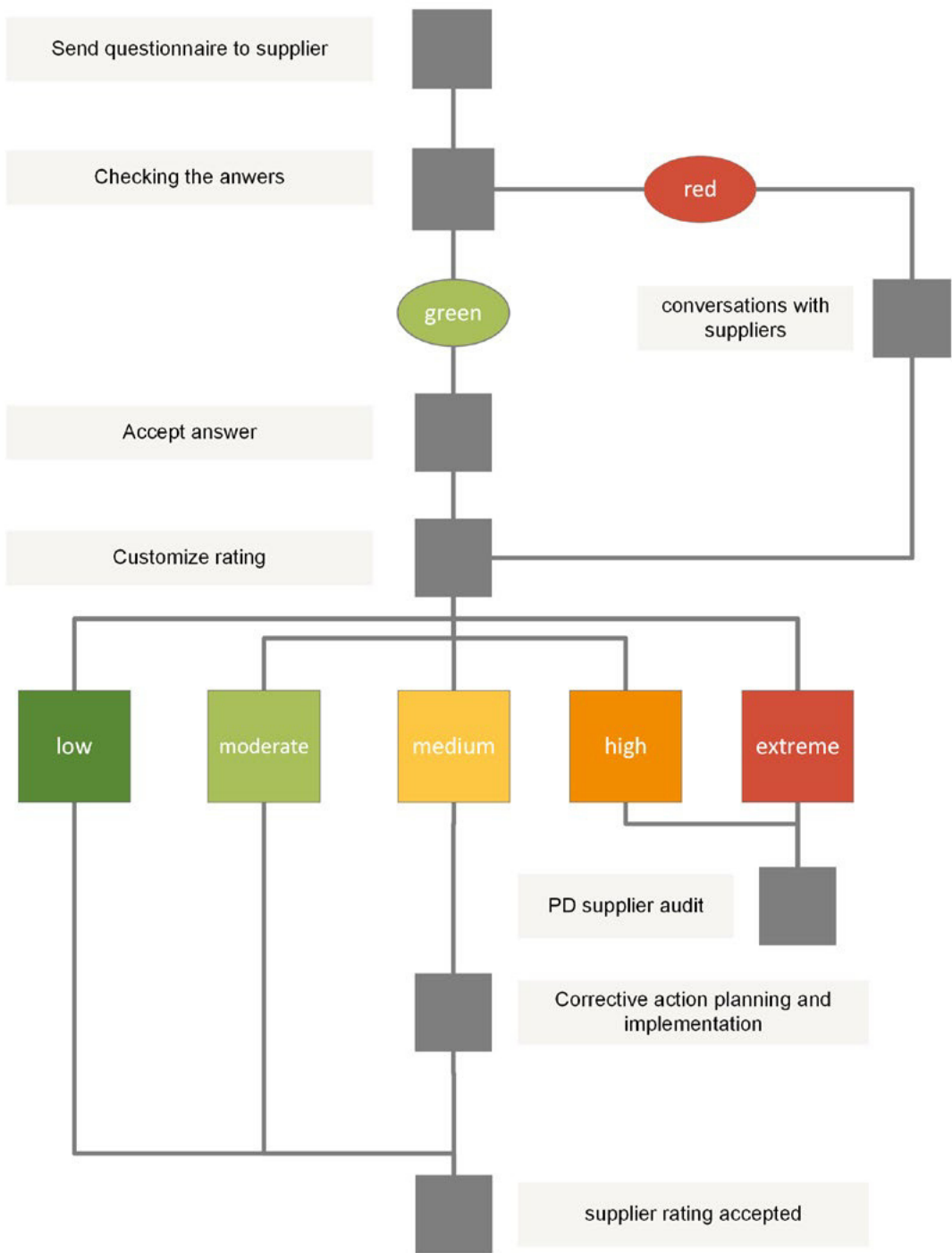
- A perceived high level of corruption in the public and/or private sector
- The absence of effectively implemented laws concerning the combating of bribery, including bribery offences under criminal law and the absence of management liability for such offences

The failure of foreign governments, media, local business groups and civil society to effectively promote transparent procurement and investment guidelines.

The exact sources of data and the exact description of the composition of the scores is set out at Risk analysis explained ([retraced.com](https://retraced.com)).



Description of process supplier questionnaire



In the future, all of our business partners will be covered by CoC monitoring and onboarding on the retrace platform. In addition, we impose an obligation on those suppliers who reach a certain risk category to fill out a questionnaire. The higher the risk, the more extensive the check. Based on the results of the questionnaire, we decide whether a discussion with the supplier or an audit is necessary. If, during the audit, the need for correction is identified, we actively support our suppliers in defining and implementing the relevant measures. We consider training on our Code of Conduct, including correct behaviour at the workplace, ethical decision-making and compliance with the laws and rules as an important measure to avoid risks to human rights. Our procurement department receives regular training on the Peppermint Code of Conduct for business partners. In addition, we leverage cooperation in associations to bundle the energies of actors from the worlds of business, politics and civil society.

Both the world and the market environment are constantly changing. Therefore, we check our risk assessment and measures on an ongoing basis. We also subject our processes, this mission statement and our communication to regular reviews and adjust them to suit changing circumstances. For example, we are continually working on bringing more transparency to how we report our risks and measures. We report annually on our approach and our progress as well as the obligations entered into in relation to human rights in our field of responsibility on our website. The management of the Peppermint Group is responsible for the implementation of and compliance with this mission statement.

