

The Hunkemöller Two-Way Code of Conduct

1. Introduction

We consider ourselves responsible for all the activities carried out in our name worldwide. We feel a particular responsibility to protect human rights and provide decent working conditions for the employees producing our products as well as the natural environment in which we operate. This responsibility involves all employees who make products or part of products for Hunkemöller, whether they are directly employed by Hunkemöller or by third party subcontractors and suppliers. However, this responsibility also falls onto us. We have a responsibility for anyone who contributes to Hunkemöller's business operations, and we are committed to working closely with our suppliers to achieve long term and sustainable relationships where human rights and environmental due diligence is kept at the forefront of our work. Manufacturing goods with respect to the needs of workers, in particular vulnerable and marginalised workers such as women, migrants, and temporary workers, advancing the welfare of workers and communities, reducing waste, using resources responsibly and efficiently, and working towards carbon reduction are important elements in Hunkemöller's corporate values and sustainability strategy.

This Two-Way Code of Conduct, hereafter referred to as the Code, is based on Hunkemöller's holistic approach and commitment to ensure the continuous improvement of human rights and environmental due diligence within our own operations as well as the organisations and supply chains of our Business Partners. This Code clarifies and elevates the expectations we have of the suppliers, production facilities, and factories that we work with and sets out the minimum standard of business conduct that we expect. The requirements set out in this Code are based, amongst other principles, on the core UN human rights conventions and treaties, the International Labour Organisation (LO) Conventions, the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights (UNGPs), the United Nations Global Compact, the UN Sustainable Development Goals (SDGs), and the amfori BSCI Code of Conduct. This Code is also supported and supplemented by the Hunkemöller Human Rights Policy, Labour Policy, Environmental Policy, Microfibre Policy, Circularity and Waste Policy, Chemicals Policy, Animal Welfare Policy, and Materials Manual.

2. Scope

This two-way Code of conduct applies to all suppliers, their subcontractors, and other business partners who do business with Hunkemöller, hereafter collectively referred to as "Business Partners".

All Business Partners must comply with all applicable national laws and regulations in the countries where they operate, including those at the federal, state/provincial, and local community levels. When difference of conflicts in standards arise, suppliers are expected to comply with the one which provides the highest protection to workers and the environment. By signing this Code, Business Partners are, within their scope of influence, committed to acknowledging the human rights and environmental standards laid down in this Code and to take appropriate measures with their company policies for their implementation and compliance. It is expected that all Business Partners share Hunkemöller's values and commitment to human rights and environmental due diligence and that Business Partners can demonstrate that they meet the standards set in this Code, and comply with applicable laws, rules, and regulations. It is the responsibility of Hunkemöller's Business Partners to actively inform their subcontractors about this Code, to cascade its principles to their Business Partners, and to ensure these are implemented in every production facility and workplace that produces, finishes, packs or handles goods or performs services for Hunkemöller. In case of updates to this Code, it is the responsibility of the Business Partner to update their direct business partners accordingly. This Code will be provided in the main selected languages of our

suppliers. In case of inconsistencies between languages, the English version prevails. Suppliers must ensure that intellectual property rights are respected, and that unlawful copies of Hunkemöller products are neither offered, nor produced.

3. Human Rights and Environmental Due Diligence (HREDD)

This Code stipulates a joint requirement and commitment to human rights and environmental due diligence (HREDD). Ensuring social and environmental compliance and the integrity of Hunkemöller's product content claims from farm to finished goods requires a collaborative approach and is a shared responsibility. Additionally, the commitment to HREDD must be a joint approach between the two disciplines. There has often been a disconnect between HREDD as the link between human rights, climate change, and climate justice is often not recognized. However, human rights and climate change are intertwined; climate change directly and indirectly impacts human rights and their enjoyment. Meaningful, equitable, and sustainable HREDD recognizes this link and works to tackle the disproportionate harm that climate change causes on those already vulnerable to human rights and labour infringements. Efficient HREDD should be situated in a climate justice and human rights framework that recognises the risk of vulnerable groups, and how existing inequities and disparities increases the impact of climate change. The joint commitment stipulated in this Code recognizes this connection between climate change and human rights and establishes a move beyond compliance to a continuous improvement process that recognizes the evolving nature of HREDD while driving business growth and improved outcomes for people and the planet. The HREDD process shall be appropriate to each party's size and circumstances as well as forward and backward looking, preventative, risk-based, ongoing, and involve meaningful engagement.

4. Transparency

Effective and efficient HREDD requires transparency. Traceability into all levels of the supply chain is paramount. Additionally, transparency and traceability are key to compliance with international ESG regulations and legislation including but not limited to DPP, EUDR, and the EU Forced Labour Regulation. Hunkemöller expects its Business Partners to fully comply with this Code and be completely transparent about their ability to adhere to our policies, processes, standards, audits, assessments, and supplier investigations. Additionally, Hunkemöller requires Business Partners to disclose all production locations and guarantee that goods for Hunkemöller are exclusively manufactured at the locations indicated. Hunkemöller also requires suppliers to map and continuously track and monitor all levels of their supply chain and provide transparent information into the owned and/or sub-contracted farms, mills, plants, factories facilities, and other sites that are involved in the manufacturing of our products. If requested, Business Partners must disclose to Hunkemöller their entire supply chain through a supply chain mapping sheet. In return, Hunkemöller is committed to its transparency regarding our HREDD as transparency is and must be a fundamental component of our business relationship.

4.1 Monitoring

This Code is a mandatory requirement for all Hunkemöller Business Partners and is subject to periodic monitoring and third-party audits. Audits must be performed according to the amfori BSCI Code of Conduct or equal accreditation systems approved by Hunkemöller. Therefore, relevant documentation must be maintained for auditing and validating purposes. We have the right to make unannounced visits to all units producing goods or services for Hunkemöller at any time. We also reserve the right to appoint an independent third party of our choice to conduct audits to evaluate compliance with our Code. During audits or validations, we require access to all areas of the premises, to all documents, and to all employees for interviews. We also demand the right to provide employees with contact details for Hunkemöller so they

are informed of where they can lodge grievances about perceived or real instances of wrong or unfair treatment.

4.1.1 Higg FEM

Hunkemöller is a member of Cascale and has adopted the Higg Facilities Environmental Module (FEM), as its primary tool to assess environmental performance within our supply chain. On an annual basis, Business Partners must complete the Higg FEM self-assessment and verification. The Higg FEM tool assesses seven environmental impacts including Environmental Management Systems, energy usage, water usage, chemical management, air emissions, waste and wastewater, and empowering factories to scale sustainability improvements. Business Partners must receive a minimum of 15% for each module or a Corrective Action Plan (CAP) will have to be completed.

4.2 Corrective Action and Remediation

Our audits/validations aim to identify the gaps between the requirements of this Code and the actual practices and conditions in the workplace. The audited/validated company will usually be given the opportunity to propose and implement a CAP and any discovered non-conformities must result in the creation of a CAP. We will follow up on the implementation of this CAP and check whether all findings have been remediated. Hunkemöller commits to engage in open constructive dialogue with suppliers to develop and implement CAPs, with appropriate time scales for implementation and improvements to be achieved. All CAPs should include a root cause evaluation, timelines for completion, and responsible parties and must be provided to Hunkemöller at the latest 60 days after the audit. Business Partners are expected to prioritise the findings and address the most serious and salient issues first. Hunkemöller will work together to suggest remedial actions, tools, or other resources to effectively address findings. Business Partners are expected to make progress in correction of all identified issues and a Business Partner failing to undertake these improvements within the indicated time frame would seriously damage their relationship with Hunkemöller. Progress or completion of findings identified as ‘Critical – Immediate Action’ must be immediately communicated to Hunkemöller representatives within 14 business days after receiving the CAP. Completion of other correction actions will be verified during follow-up or re-evaluation assessments and/or through regular communication with the Business Partner. If a Business Partner fails to undertake sustainable improvements within the stipulated timeframe, Hunkemöller will have to take appropriate action. Unwillingness to cooperate or repeated serious violations of this Code and national/local laws may lead to reduced business and ultimately termination of the business relationship with us. Please note that we follow the amfori BSCI Zero-Tolerance Protocol. Remediation must be proportionate to the adverse impact and can take on different forms such as apologies, restitution, rehabilitation, and financial or non-financial compensation.

4.3 Accountability

Hunkemöller expects accountability from its Business Partners with whom we have a direct business relationship. Immediate responsibility for any non-compliance issues and swift corrective action must be taken. Business Partners must commit to educating factory management and their workforce including new employees on this Code through trainings. Additionally, all Business Partners are expected and required to share this Code with their sub-contractors and sub-suppliers.

Business Partners must notify Hunkemöller within 5 working days upon becoming aware of a severe adverse impact within their supply chain and/or occurring in connection with this Code. Each party is independently responsible for upholding its HREDD obligations in this Code, and a failure to do so by one party shall not relieve the other party of its obligations.

5. Ethical Code of Conduct

Business Partners are expected to implement management systems which comply with all applicable laws and promote HREDD with respect to the topics laid out in this Code. Special consideration must be given to the rights of those most vulnerable to human rights and environmental infringements and abusive labour practices, such as women, migrant workers, young workers, people with disabilities, home workers, agency workers, temporary workers, and other minorities and marginalised communities. Business Partners must respect and safeguard the rights of their workers under national and international human rights regulations, labour laws, and social security regulations.

5.1 No Discrimination, Violence, Harassment or Disciplinary Actions

Business Partners shall not discriminate, exclude or have certain preferences for persons on the basis of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, caste, birth or social background, membership in unions or any other legitimate organisations, political affiliations or opinions, family responsibilities, marital status, pregnancy or any other identity marker that could give rise to discrimination. All aspects of employment shall be based on the principle of equal opportunities regardless of one's (social) background or identity. Workers shall not be subject to any forms of violence, harassment, and inhumane or degrading treatment including threats of violence and abuse, corporal punishment, verbal, physical, sexual, economic, emotional or psychological abuse, mental or physical coercion, or any other forms of harassment or intimidation.

Workers must be treated with respect and dignity at all times. Business Partners' management must implement a gender-sensitive culture where all workers feel safe, are offered equal opportunities, and are respected by their colleagues. Sexual harassment in any form is not acceptable in any part of the workplace including transportation and dormitories. Sexual harassment must be prohibited including unwelcome sexual advances, unwanted hugs and touches, suggestive or lewd remarks, requests for sexual favours, or the display of indecent, derogatory, or pornographic pictures, posters, drawings, or videos. Business Partners will ensure that a respectful and dignified working environment is created and that this requirement is communicated clearly so that everyone understands the boundaries of acceptable behaviour.

All workers must be protected from retaliation, harassment, and discipline for bringing forth any grievances regarding any form of discrimination, violence, and/or harassment. Any form of discrimination, violence, and/or harassment including preferential treatment must be thoroughly investigated. For this purpose, Business Partners must have a written policy to address violations and provide a confidential procedure for employees to report any incidents. In case of a proven incident, the case must be dealt with through a formal disciplinary process. Such disciplinary process shall be made in writing but should also be explained verbally to workers in terms and a language they understand. The disciplinary measures taken must be in line with national legislation.

All relevant key personnel, including managers, security, doctors, and nurses must be regularly trained to recognize signs of gender-based violence, human trafficking, and sexual exploitation. Additionally, all personnel must understand the laws and organization policies on human trafficking and sexual exploitation. The main international legislation, treaties, and/or standards applicable to this topic are:

[ILO Conventions 100, 111, 143, 158, 169, 183, and 190](#)

[Universal Declaration of Human Rights \(UDHR\)](#)

[Convention on the Elimination of All Forms of Discrimination against Women \(CEDAW\)](#)

[International Convention on the Elimination of All Forms of Racial Discrimination \(CERD\)](#)

[Convention on the Rights of Persons with Disabilities \(CRPD\)](#)

[International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families \(ICRMW\)](#)

[Hunkemöller Human Rights Policy](#)

5.2 Employment is Freely Chosen – No Bonded Labour, Forced Labour, or Human Trafficking

There shall be no use (directly or indirectly) of bonded, forced, indentured, trafficked or non-voluntary labour. Hunkemöller has a zero-tolerance approach and any form of servitude, mental or physical coercion, slavery, state imposed forced labour, and human trafficking is strictly prohibited throughout our supply chain. Any allegation will be taken seriously and Business Partners risk allegations of complicity if they benefit either directly or indirectly from any use of such forms of labour by their business partners.

All workers have the right to leave work and freely terminate their employment in accordance with their employment agreement and applicable laws, provided that they give reasonable notice to the employer. Business Partners shall act with special diligence when engaging and recruiting migrant workers and other vulnerable and marginalised groups both directly and indirectly. This responsibility encompasses adhering to international principles of fair responsible recruitment, including the Employer Pays Principle, and requiring the same from their recruitment partners, when engaging all workers, either directly or indirectly. As a minimum the responsibility includes:

- No recruitment fees and costs charged to workers;
- Clear and transparent employment contracts provided in their own language;
- Workers' freedom from deception and coercion;
- Freedom of movement and absolutely no retention of identity documents;
- Access to free, comprehensive, and accurate information;
- Freedom to terminate contract, change employer, and safe return;
- Access to free dispute resolution and effective remedies;
- Based on the same international principles, Business Partners shall progressively compensate the damages incurred to the workers within a reasonable timeframe, if historical or actual failure of adherence to principles is identified.

The main international legislation, treaties, and/or standards applicable to this topic are:

[ILO Conventions 29 and 105](#)

[ILO Protocol 29](#)

[International Covenant on Civil and Political Rights \(ICCPR\)](#)

[Hunkemöller Labour Policy](#)

5.3 No Child Labour

There shall be no use directly or indirectly of child labour and children must be protected from any form of exploitation and trafficking. This applies to children below the minimum age of completion of compulsory schooling as defined by law, which shall be no less than 15 years, unless the exception is recognized by the ILO. Hunkemöller has a zero-tolerance approach to child labour. Children should be treated with the

respect and dignity and their right to education, development, play, and freedom should be protected at all costs.

Business Partners must establish robust age-verification mechanisms as part of their recruitment process, which may not be in any way degrading or disrespectful to the worker. Special care shall be taken on the occasion if child labour is found in regard to the dismissal and removal of children in the workplace. When removing children from the workplace, Business Partners must identify in a proactive manner, measure to ensure the protection of the affected children.

The main international legislation, treaties, and/or standards applicable to this topic are:

[ILO Conventions 138 and 182](#)

[Convention on the Rights of the Child \(UNCRC\)](#)

[Hunkemöller Labour Policy](#)

5.3.1 Special Protection for Young Workers

Young workers (who are legally entitled to work i.e. above the minimum age of employment of 15 and below the age of 18) must not work at night and must be protected against conditions of work which are prejudicial to their health, safety, morals, and development. Where young workers are employed, Business Partners must ensure that (a) the kind of work is not harmful to their health and development; (b) their working hours do not interfere with their attendance in school, their participation in vocational orientation is approved by the competent authority, or their capacity to benefit from training of instructional programs.

Business Partners shall set the necessary mechanisms to prevent, identify, and mitigate harm to young workers; with special attention to the access young workers have to effective grievance mechanisms and to Occupational Health and Safety training schemes and programs. Young workers shall immediately be removed from any hazardous work or source of hazard when such cases are identified, and the scope of their work shall be redefined without any loss of income to the young worker.

[Hunkemöller Labour Policy](#)

5.4 No Precarious Employment

Business Partners must ensure without prejudice that (a) their recruitment process and employment relationships do not cause economic vulnerability for their workers; (b) work is performed on the basis of a recognized and documented employment relationship, established in compliance with national legislation, customs or practices, and international labour standards, whichever provides greater protection.

Before entering into employment, Business Partners shall provide workers with understandable information in their own language and ensure they are aware about their rights, responsibilities, and employment conditions, including working hours, remuneration, and terms of payment. Business Partners shall provide decent, and where relevant flexible working conditions that also support workers, irrespective of gender, in their roles as parents or caregivers, especially with regard to migrant and seasonal workers whose children may be left in their hometowns. Special consideration and protection must be given to the rights of those most vulnerable including but not limited to pregnant workers.

Business Partners shall not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes – but is not limited to – (a) apprenticeship or training schemes where there is no intent to impart skills or provide regular employment; (b) seasonality or

contingency work when used to undermine worker's protection; (c) labour-only contracting; (d) contract substitution. Furthermore, the use of sub-contracting may not serve to undermine the rights of workers.

When homeworkers are used, all local laws and internationally recognized standards must be followed. At a minimum, hours and wages must be tracked and homeworkers must be guaranteed proper compensation and access to minimum social provisions, such as maternity and statutory social security protection.

5.5 The Rights of Freedom of Association and Collective Bargaining

All workers have the right to freedom of association and collective bargaining. Employees are free to form and join trade unions and bargain collectively in accordance with the applicable laws. Employees will not be subjected to intimidation or harassment in the exercise of their right to join or to refrain from joining any organization. Business Partners shall protect this right and (a) respect the right of workers to form unions in a free and democratic way; (b) not discriminate against workers because of trade union membership; (c) ensure meaningful representation of all workers, without distinction, specifically of gender and (d) respect workers' right to bargain collectively.

Business Partners shall not prevent workers' representatives from having access to workers in the workplace or from interacting with them. The decision whether or not to associate should be made solely by the workers and Business Partners and factory management must not prevent, or discriminate against, workers who wish to lawfully and peacefully associate, organize or bargain collectively,

When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, Business Partners shall respect this principle and human right by allowing workers to freely elect their own representatives with whom the company can enter into dialogue about workplace issues.

The main international legislation, treaties, and/or standards applicable to this topic are:

[ILO Conventions 11, 87, 98, 135, and 154](#)

5.6 Fair Remuneration

Workers have the right to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder.

Business Partners shall comply, at a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher. All legal requirements on wages must be complied with including the provision of any fringe benefits required by law or contract.

Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills, responsibility, seniority, and education of workers, as well as the cost of living, and shall refer to regular working hours. Workers must be provided with clear written details of how their wages have been calculated in a language they understand. Overtime payments must be paid at a premium rate, compatible with local legislation.

If the compensation paid does not meet the workers basic needs and provide some discretionary income, Business Partners are required to take appropriate actions that seek to progressively realized a level of compensation that does.

Where employees are paid according to their output (piece work), their wage must still meet the legal minimum wage standard and should reflect and cover a decent living wage standard. A formal, agreed piece rate calculation must be in place which ensures that workers are paid fairly and are able to meet the legal minimum wage standard, or above, within normal working hours.

The existent pay gap shall be assessed regularly and accurately, and Business Partners must ensure that all workers of all genders and demographic and identity characteristics such as migrant and local workers, receive the same remuneration for equal jobs and qualifications. Female employees are entitled to maternity protection (leave and benefits as well as protection against discrimination) in accordance with requirements of national laws and regulations or ILO Conventions 3, 103, and 183, whichever is higher.

The main international legislation, treaties, and/or standards applicable to this topic are:

[ILO Conventions 3, 12, 26, 95, 100, 101, 102, 103, 131, and 183](#)

[Convention on the Elimination of All Forms of Discrimination Against Women \(CEDAW\)](#)

[International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families \(ICRMW\)](#)

5.6.1 Living Wage

Business Partners must ensure that wages paid for a standard working week shall reflect and cover a decent living wage standard. This means that workers should be able to meet the needs of themselves and their direct family members and have discretionary income as well. Employers shall not ask their workers for a deposit or withhold wages of workers; minimum wage does not include wage compensation for overtime work or allowances.

5.6.2 Benefits

Business Partners shall ensure social insurance participation for employees in accordance with the law and pay social insurance fees; production facilities/offices are recommended to submit the progressive coverage plan for social security to ensure 100% coverage for all workers in the production facilities/offices.

5.6.3 Deductions

Deductions will be permitted only under the conditions and to the extent allowed by law or fixed by collective agreement. The cost of clothing and personal protective equipment required to perform work safely must be paid in full by the employer. Deductions from wages or any form of financial penalty must not be used as a disciplinary measure.

5.7 Decent Working Hours

No workers should work more than the regular and overtime hours permitted under the law of the country where they are employed. Business Partners must respect and observe this principle and ensure that workers are not required to work more than 48 regular hours per week, without prejudice to the specific expectations set out hereunder. However, Hunkemöller recognizes the expectations specified by the ILO, in which overtime is permitted. Applicable national laws, industry benchmark standards or collective agreements are to be interpreted within the international framework set out by the ILO. Working hour practices that enable a healthy work-life balance for the workers must be promoted.

The use of overtime is meant to be exceptional, voluntary, paid at a minimum premium rate of 125% the regular rate, shall not represent a significantly higher likelihood of occupational hazards and under no circumstance, exceed the legal limit established by national legislation. Business Partners shall grant their

workers the right to resting breaks in every working day and the right to at least one day off in every seven days, unless exceptions defined by collective agreements apply. Workers must be able to refuse overtime work without any form of penalty and workers who refuse overtime must not be denied the opportunity to work overtime in the future.

The main international legislation, treaties, and/or standards applicable to this topic are:

[ILO Conventions 1 and 14](#)

[ILO Recommendation 116](#)

5.8 Occupational Health and Safety

All workers and local communities have the right to healthy working and living conditions without prejudice. Business Partners must respect and protect this right and vulnerable individuals such as – but not limited to- young workers, new and expecting mothers, and persons with disabilities, shall receive special protection.

Business Partners must comply with national occupational health and safety regulations, or with international standards where domestic legislation is weak or poorly enforced. Active cooperation between management and workers, and/or their representatives is essential to develop and implement systems towards ensuring a safe and healthy working environment. This may be achieved through the establishment of Occupational Health and Safety Committees. The latter should also aim to represent the diversity of the workers. Business Partners must ensure that systems to assess, identify, prevent, and mitigate potential or actual threats to the health and safety of workers are in place and that they are regularly reviewed, in accordance with the procedure of due diligence proposed in the OECD guidelines.

Business Partners shall take effective measures to prevent workers from having accidents, injuries or illnesses arising from, associated with, or occurring during work. These measures must aim at minimizing, so far as is reasonable, the causes of hazards inherent within the workplace. Moreover, records of all health and safety incidents in the workplace and all other facilities that are provided or mandated must be maintained by the Business Partners. In case of an accident, Business Partners must work towards improving workers protection including through compulsory insurance schemes. All departments and individuals must be trained on occupational health and safety regularly throughout all stages of employment and Business Partners must provide information on potential occupational health and safety risks to workers and the public, including affected communities.

Business Partners must take all appropriate measures and obtain all relevant licenses and documentation required by national legislation, to see to the stability and safety of the equipment and buildings they use, including residential facilities for workers when these are provided or mandated by the employer or a recruitment partner, as well as to protect against and prepare for any foreseeable emergency. Business Partners must provide awareness to workers and respect their rights and responsibility to exit the premises and/or stop working without seeking permission in case of imminent danger.

Business Partners must ensure adequate occupational medical assistance and related facilities and provide equal access for all workers to these services. Health services (including insurance) should serve the distinctive needs and concerns of all genders and ages. Business Partners must ensure access to clean and safe drinking water, clean and safe eating and resting areas free of charge, as well as clean and safe cooking and food storage areas, where applicable. Additionally, Business Partners must always provide effective Personal Protective Equipment (PPE) to all workers free of charge taking into consideration the needs of different worker categories, such as pregnant and nursing women. Furthermore, Business Partners must

provide an adequate number of safe, separate toilets with adequate levels of privacy for all genders, paper towels, and washbasins with hand soap in all work areas.

The main international legislation, treaties, and/or standards applicable to this topic are:

[ILO Convention 155](#)

5.9 Building Safety

Production facilities must be able to display, with relevant permits, that production buildings and installations in such buildings, are of the correct standard for how they are being utilized. A Lightning Protection System should be installed on the facility roof. This should be inspected by a qualified third party on a yearly basis. There must be a management system to ensure that operational loads (including occupational loads) do not, at any time, exceed the facility floor loading limits.

There must be an automatic fire alarm system. Fire drills and testing of emergency systems must be conducted on a regular basis, but at least twice a year. In case of multi-tenancy, the Building Certificate and Fire Certificate must cover the whole building, and the fire alarm should be centralized in the whole building. The fire drill should be a joint fire drill.

All safety equipment (such as firefighting equipment etc.) must be available in sufficient numbers throughout the production facility, maintained and stored as prescribed, and easily accessible to workers. A sufficient number of workers must be trained in firefighting techniques. Buildings must have a clear and unobstructed exit for all occupants to safely evacuate, this includes (but is not limited to) a sufficient number of clearly marked, unlocked, and unblocked exits and safe and unobstructed exit pathways leading out of the premises. Evacuation plans must be in place and be posted at the entrance to all exit staircases.

Electrical systems, panels, and wiring must be installed by a certified electrician and must be properly documented and maintained in good working order. The generator and boiler must be kept separately from the production area. There must be proper ventilation, windows, fans, air conditioning, and/or heating in workplaces so that circulation, ventilation, and temperature requirements are met. Production facilities must ensure that the noise level is acceptable. Additionally, there must be sufficient lighting to ensure a safe working environment. If the facility produces food for its workers, the canteen, in which food is stored and prepared, must be located separately from the production area and must be clean and in good condition and have valid kitchen certificates.

The main international legislation, treaties, and/or standards applicable to this topic are:

[ILO Convention 155](#)

[ILO Recommendation 164](#)

5.9.1 International Accord for Health and Safety in the Textile and Garment Industry

Business Partners with production facilities in Bangladesh or other countries in which the Accord is active that are manufacturing products for Hunkemöller are expected to join the International Accord for Health and Safety in the Textile and Garment Industry, also if the Business Partner acts as an intermediary (e.g. trader or agent) between Hunkemöller and a production facility. When becoming a signatory, the intermediary is expected to take full responsibility for their production facility by taking over the Lead Brand position for the factory in order to ensure effective CAP development and coordinated, timely, and successful remediation of all CAP issues. The intermediary does so by:

- Acting as the chief spokesperson, coordinator, and intermediary with the RSC, the factory owner, and the other Accord companies present at the factory
- Organizing meetings and discussions with other Accord companies about the factory's participation in the RSC program, including: preparation for inspections; finalisation of CAPs; confirming remediation is financially feasible; coordinating with other companies, the factory, and RSC to ensure remediation is on track; escalating delays or problems with remediation to the RSC; and keeping the RSD updated on progress and ultimately, on CAP completion
- Coordinating with the Accord and RSC to assist the factory owner regarding any potential media queries

Additionally, intermediary production facilities are expected to:

- Open their supplier factories to fully independent inspections by qualified experts and engineers
- Allows the results of these inspections to be reported publicly, in a searchable database

[International Accord for Health and Safety in the Textile and Garment Industry](#)

5.10 Housing Conditions

Business Partners who provide housing facilities for its employees must follow all requirements regarding health and safety set under point 5.8 "Occupational Health and Safety". The dormitory must be separate from the workplace and have a separate entrance. Dormitories must have sufficient living and storage spaces for workers, and all necessary services must be provided. Employees should have free access (and should be free to leave at any point) to the dormitory and have a place where they can lock their private belongings.

Dormitories should be kept secure, clean, and have safety provisions (such as fire hoses/extinguishers, first aid kits, emergency lightning etc.). Emergency evacuation drills need to be conducted at least twice a year. The dormitories are ideally located on the ground floor. When they are located on a higher level, they need to have direct access to at least 2 unobstructed emergency exits. Cooking should take place in a dedicated kitchen area.

5.11 Ethical Business Behaviour

Business Partners must observe without prejudice the goals and expectations set out in this clause, and ensure that they are not involved in any act of corruption, extortion or embezzlement, nor in any form of bribery – including but not limited to – the promising, offering, giving, paying or accepting of any improper monetary or other incentive – directly or indirectly, material or immaterial – to any person, foreign/domestic public or political official, political party, party official, employee of a state-owned enterprise, a candidate for public or political office or any other third party to induce such officials or third party to use their influence with a government or other entity.

There shall be no improper advantage sought, including the payment of bribes, to secure the delivery of goods to Hunkemöller, or to influence the outcome of an independent audit or review. This includes audits that are commissioned directly by the supplier, or on behalf of other customers.

Business Partners shall develop and adopt adequate internal controls, programs or measures for preventing and detecting corruption, extortion, embezzlement or any form of bribery, developed on the basis of a company-specific risk assessment. Additionally, Business Partners are expected to keep accurate information regarding their activities, structure, and performance, and should disclose these in accordance with applicable regulations and industry benchmark practices to enhance the transparency of their activities. Falsifying such information or any act of misrepresentation of the supply chain is prohibited. It is of utmost importance that business partners provide awareness to their workers regarding policies,

controls, programs, and measures against unethical behaviour and promote compliance within their companies through trainings and open communication.

Business Partners must collect, use, and otherwise process personal information (including that from workers, other business partners, customers, and consumers in their sphere of influence) with reasonable care. The collection, use, and other processing of personal information must comply with national and international privacy and information security laws and regulatory requirements.

Business Partners shall be liable and indemnify Hunkemöller for any and all bribery, money laundering, and/or corruption violations on the part of the supplier and/or its affiliates, including but not limited to losses, actions, proceedings, costs (including without limitation legal costs), expenses, damages, claims, demands, and liabilities of any kind arising out of or as a result of such violations and as incurred by Hunkemöller. Neither the Business Partner, nor any of its subsidiaries, directors, officers, employees or agents, shall use the agreement(s) with Hunkemöller to attempt to disguise the sources of illegally obtained funds. The Business Partner further represents and warrants that no such attempt of the sort described in this paragraph has been made prior to the date of an agreement with Hunkemöller.

Business Partners shall seek to ensure compliance with (international) sanction regulations and laws and as such are expected to implement adequate processes ensuring compliance therewith. Business Partners should note that Hunkemöller reserves the right to withdraw orders immediately and without notice if there is evidence of any non-compliance with (international) sanction regulations. In addition, Business Partners shall be liable and indemnify Hunkemöller for any and all acts of non-compliance on the part of the Business Partner and/or its affiliates, including but not limited to losses, actions, proceedings, costs (including without limitation legal costs), expenses, damages, claims, demands, and liabilities of any kind arising out of or as a result of such violations of sanction regulations and as incurred by Hunkemöller.

5.11.1 Unauthorized Sub-Contracting

The sub-contracting of any part of a purchase order to a production facility without prior written authorization from Hunkemöller is considered a zero-tolerance issue. Hunkemöller reserves the right to immediately and permanently discontinue business with any facility engaging in unauthorized sub-contracting, including the right to refuse delivery of the relevant products, without payment and prevent the sale of those products

5.11.3 Community

We encourage Business Partners and their employees to get involved in local social and environmental community charity efforts by volunteering time and/or providing other types of support.

5.12 Protection of the Environment

Business Partners are required to comply with all applicable international and national environmental laws, rules, and regulations at their facilities and in the communities in which they operate, particularly with respect to water, energy, hazardous chemicals, air quality, waste, and take the necessary measures to avoid environmental degradation. In cases where national environmental legislation is weak or poorly enforced, Business Partners are expected to comply with international standards. Complying with all relevant laws and regulations regarding the protection and preservation of the environment includes obtaining and maintaining all required environmental permits, approvals, and registrations. Business Partners must identify and assess significant environmental impact of operations and establish effective policies and procedures that reflect their environmental responsibility. They will seek to implement adequate measures to prevent, mitigate, and remediate adverse impacts on the surrounding communities, natural resources, and the overall environment. Business Partners must implement a process and risk-based environmental

due diligence management system in their business practices, adjusted to the business model of the company.

[Hunkemöller Environmental Policy](#)

[Hunkemöller Microfibre Policy](#)

5.12.1 Resource Use, Emissions, and Pollution

Business Partners must take measures to continuously improve energy efficiency in buildings, transport, and production, and make reasonable efforts to use renewable or less carbon intensive energy sources. Production facilities must continuously monitor, and if requested, disclose to Hunkemöller their energy and natural resource usage, emissions, discharges, carbon footprint, and disposal of wastes, and take a proactive approach to minimize negative impacts on the environment. Additionally, measures must be taken to minimize noise pollution and emissions to air, soil, and groundwater.

5.12.2 Waste Management

Business Partners must implement measures to reuse or recycle waste from all their production facilities and offices. Detailed records of resource consumption as well as waste production and emissions must be kept to ensure effective monitoring. If requested, this information should be made available to Hunkemöller. Business Partners must work towards the elimination or reduction of waste by practices such as modifying production, improved maintenance, materials substitution, conservation, recycling, and re-use of materials. Any waste and in particular hazardous waste must be taken care of in a responsible manner and in accordance with local legislation.

[Hunkemöller Circularity and Waste Policy](#)

5.12.3 Water

Water is a scarce resource in many parts of the world and must be used as efficiently as possible. Production facilities/offices must try to reduce their water consumption through improving water efficiency and aiming to reuse and recycle water where possible. All outgoing wastewater from wet processes must be treated before it is discharged. The treated wastewater quality must meet the requirements in local legislation or the ZDHC Wastewater Guidelines, whichever is stricter. Business Partners must have a water sampling program in place if utilising ground (well) or surface water as a source for facility provided drinking water. Samples must be tested at least quarterly for all parameters required by local law or in the absence of local law, international standards of water quality. Additionally, Business Partners with a wet processing facility must submit their ZDHC ClearStream Certificate biannually to Hunkemöller.

5.12.4 Energy Use

Business Partners must work towards the reduction of the consumption of electricity, gas, oil, and other fuels through improved employee awareness, investment in energy saving equipment, and improvement of production efficiency. All emissions that are produced during production must be monitored, controlled, and treated as required by law.

5.12.5 Hazardous Substances

Business Partners must ensure that any chemicals used are in compliance with Hunkemöller's Restricted Substance List for the relevant product type and that they comply with Hunkemöller's Chemical Policy. All chemicals and hazardous materials must be safely handled, transported, and disposed in accordance with legal requirements. Chemical containers must be properly labelled and safely stored. A material safety data

sheet (MSDS) must be available (in the local language) in the workshop/ the instructions in the MSDS must be followed.

[Hunkemöller Chemicals Policy](#)

[Hunkemöller Restricted Substance List](#)

5.12.5.1 Oeko-Tex

All our textile products must be certified in accordance with the Oeko-Tex 100 Standard. All production facilities must submit an Oeko-Tex 100 Standard Certificate for each relevant production site for review.

5.13 Product Quality and Safety

Business Partners must meet generally recognized or centrally agreed quality requirements and comply with all safety and legal standards, as well as all legal labelling requirements and specifications. Production facilities must have clearly documented quality system and quality improvement plans. This system must include reliable “in process” and final finished goods checks. These checks must be performed by qualified parties. Finally, if requested, our Quality Control staff members must be given the autonomy and support they need to provide a neutral check and report on the quality of a selected shipment of finished goods.

5.13.1 Product Conformity

All goods delivered by Business Partners must meet the Hunkemöller General Purchasing Conditions, Hunkemöller Restricted Substance List, Hunkemöller Material and Testing Procedure, and the Hunkemöller Packaging and Delivery Instructions. These documents can be found on: <https://suppliermanual.hunkemoller.com>

5.13.2 Material Manual

Business Partners are expected to share Hunkemöller’s commitment to source materials in an ethical, transparent, and responsible manner. Materials used in goods produced for Hunkemöller must not be derived from practices or origins which violate our principles as defined in the Hunkemöller Material Manual, the Hunkemöller Animal Welfare Policy or from regions with serious human rights violations. Hunkemöller’s policy for material must be respected by all Business Partners and implemented throughout their supply chain.

[Hunkemöller Material Manual](#)

5.14 Animal Welfare

Business Partners are expected to share Hunkemöller’s commitment to strictly comply with all applicable animal welfare laws, conventions, and regulations. Manufacturing processes must not be harmful to animals and no animals should be slaughtered to specifically produce goods for Hunkemöller. Materials of animal origin must be sourced in a humane, ethical, and sustainable manner with respect to animal welfare and species conservation. No productions in full or part are to be sourced from endangered species listed by the Convention on International Trade in Endangered Species (CITES) or International Union for the Conservation of Nature (IUCN).

The main international legislation, treaties, and/or standards applicable to this topic are:

[Hunkemöller Animal Welfare Policy](#)

[Convention on International Trade in Endangered Species \(CITES\)](#)

[International Union for the Conservation of Nature \(IUCN\)](#)

6. Hunkemöller's Responsibility and Commitment

At Hunkemöller, we understand that human rights and environmental due diligence requires a collaborative approach, and it is also our responsibility to work in partnership with our Business Partners to drive the practical implementation of respect for human rights and the environment through effective HREDD processes. At Hunkemöller we take our responsibility seriously and we commit to complying with all new and upcoming ESG regulations and legislation and constantly striving to ensure protection of human rights and the environment are kept at the forefront our work.

At Hunkemöller we commit to regularly and transparently reporting on our sustainability initiatives through our yearly sustainability report and meeting all necessary sustainability legislative reporting requirements. We are committed to improving alignment and fostering a culture where HREDD is embedded in our business model. Additionally, Hunkemöller will regularly review and work towards continuously improving our policies and purchasing practices to ensure that together with our Business Partners we can meet HREDD and ESG legislative requirements.

Business Parties may reasonably request additional HREDD- related information from Hunkemöller, so long as such requests are sufficiently defined, limited in scope, and necessary for the requesting party to effectively carry out their own HREDD obligations and commitments. Hunkemöller has the right to refuse requests for HREDD-related information at its sole discretion. The requesting party shall use the information obtained solely for the purpose of meeting their respected HREDD obligations and they must keep the information confidential.

6.1 Responsible Purchasing Practices

As a globally operating company with complex global supply chains, Hunkemöller takes its responsibility seriously and is committed to working hard to adopt and ensure a holistic sustainable approach to all its business processes, striving for the right balance between people, planet, and profit. We recognize the role that our purchasing practices have on our Business Partners' ability to provide decent working conditions and ensure a positive environmental impact. We also recognize that responsible, non-discriminatory, and sustainable purchasing practices are essential to the core of our business and essential for the achievement of the financial, social, and environmental goals of our Business Partners and Hunkemöller.

Wherever existing purchasing practices are identified as having a serious negative impact on our supplier's compliance with this Code and/or (national) legislation reasonable action shall be taken for remediation and realignment. In the event of any human rights or environmental issues identified within our supply chain as a result of irresponsible purchasing practices, such as excessive overtime, unauthorized subcontracting or low wages, we will work collaboratively with our suppliers to develop and implement a corrective action plan. The goal is to address issues promptly, improve practices, and prevent future occurrences. Hunkemöller is committed to refining its purchasing processes in line with the following commitments.

[Hunkemöller Responsible Purchasing Practices Policy](#)

Principle 1: Integration and Reporting

At Hunkemöller, we understand the importance of stakeholder engagement, therefore considering feedback from our Business Partners, we will regularly conduct risk assessments and continuously work on improving our policies and buying practices. We will build a culture of open communication by fostering cross-functional dialogue and decision making and creating a shared understanding of RPP by regularly

providing RPP trainings to relevant teams. Additionally, we will use input from suppliers to avoid negatively impacting supplier's ability to meet their human rights and environmental requirements.

Principle 2: Equal Partnership

We are committed to building stable, long-term, and equitable partnerships with our Business Partners. We prioritise partnerships that foster mutual trust, respect, and collaboration. This ensures consistent and effective implementation of quality, transparency, and ethical business standards throughout our supply chain. We strive to build and maintain open, clear, and accurate communication with all our Business Partners. We are committed to transparently communicate about our responsible purchasing practices to stakeholders including customers, employees, and investors. We will periodically report on our progress and actions towards improving our purchasing practices and making them more responsible. We will not use the information shared by suppliers about their business partners for commercial advantage purposes. This data will be used on pre-competitive scenarios to guarantee compliance with legislation and requirements. When reviewing our business relationships, we take the labour rights, working conditions, and payment of workers into consideration in balance with other business requirements and needs. In the rare event that a supplier relationship needs to be terminated, we will do so responsibly. We will provide adequate notice, collaborate on a smooth transition and a clear phase-out plan, and consider the well-being of workers and the local community.

[Hunkemöller Responsible Exit Strategy](#)

[Hunkemöller Supplier Escalation Policy](#)

Principle 3: Collaborative Production Planning

We engage in collaborative production planning and forecasting with our suppliers to accurately predict demand and avoid unnecessary fluctuations. This minimizes waste, reduces over-production, and helps maintain a sustainable supply chain. We strive to provide forecasts and updates in advance, to have clarity of supplier's production capacity and to spread order volume to minimize large order fluctuations. We will mutually agree with suppliers on each party's responsibilities for meeting the critical path deadlines. If Hunkemöller causes a delay in the production process, we will openly discuss related costs with suppliers. We will mutually agree and clearly communicate, in writing, what situations trigger a claim. Penalties should be reasonable, fair, and proportionate. In case of delay of shipments or quality defects, we will make an effort to avoid a claim and will work together with the supplier to find an appropriate solution. Additionally, we plan our lead times to be reasonable for the supplier to order and receive raw materials in due time and aiming for production to take place within normal working hours, reducing the risks of excessive overtime, and/or of authorized subcontracting. We recognize that market demands may change over time. When requesting order volume changes, we will provide reasonable notice to suppliers to accommodate adjustments and avoid disruption to their operations. We commit to refrain from making several and consecutive order changes.

Principle 4: Fair Payment Terms

We are committed to providing fair and timely payments to our suppliers. Payment terms will be agreed upon in advance. Payment terms should not adversely impact compliance with this Code, specifically the clauses on wages and compensation. We strive to work with our suppliers to implement and monitor living wage standards.

Principle 5: Sustainable Costing

We strive for transparency and fairness in costing. Our price negotiations will take into account the financial resources suppliers spend to comply with social, environmental, and product sustainability requirements and certifications. We will request suppliers to share cost price calculations on request. This includes cost of direct and indirect labour, materials, overhead, margin etc. This will avoid that buying prices are below cost price.

Declaration

We, the undersigned hereby confirm

- That we have read and understood the standards set in this Two-Way Code of Conduct and will comply with all requirements
- That we are aware of all relevant laws and regulations of the country or countries in which our company operates
- That we will inform all of our subcontractors of the contents and requirements of this Code, and that we will ensure that they also comply with the provisions incorporated therein.
- That Hunkemöller and any organisations acting on its behalf may carry out audits with or without notice at our business premises and the business premises of our subcontractors at any time
- We will have ongoing and open dialogue with Hunkemöller about their purchasing practices production capacity, and order volume so Hunkemöller orders do not negatively impact our working conditions and environmental performance
- We will provide Hunkemöller, upon request and with reasonable notice, access to accurate records related to labour standards and working conditions in our production facilities and offices
- We will ensure that a complaints/grievance mechanism is in place for reviewing and resolving any complaints
- We will develop and implement systems for managing and continuously working towards the improvement and protection of the human rights of our employees and the environment

Date.....

Name of Supplier.....

Name.....

Address.....

Signature.....

Company Stamp/Seal

This document must be signed by a duly authorized representative of the company and returned to Hunkemöller.



Brian Grovy, CEO Hunkemöller B.V

Appendix I – Hunkemöller Circularity and Waste Policy

1. Introduction

Clothing represents more than 60% of the total textiles used (Ellen MacArthur Foundation). By moving away from the conventional model of “take-make-waste” to a circular system, the textile industry can have a positive impact on resources, improve long-term resilience & efficiency and unlock economic opportunity. Our double materiality analysis has shown that resource use and waste are among the most critical elements. We therefore focus on minimising resource consumption and responsible waste management. This requires a new mindset and developing new strategies focused on implementing change. Moving away from the conventional model of “take-make-waste” is not only about recycling, but about rethinking the way we produce, use and extend the life of resources and products.

Hunkemöller operates with transparency, responsibility, and sustainability, aiming to reduce environmental impact, and closing the loop. We adhere to relevant EU regulations and guidelines, which guide our efforts in minimizing waste, promoting recycling, and reducing our overall environmental footprint. The aim of this policy is to set unified standards for Hunkemöller in managing circularity and waste within our operations. By doing so, we strive to enhance our sustainability practices, ensure regulatory compliance, and foster a culture of continuous improvement in environmental stewardship.

2. Scope

This policy covers all Hunkemöller global operations, employees, as well as upstream and downstream value stakeholders and focuses on actions at high risk, impact and opportunity areas.

3. Principles of Circularity

Principle	Explanation	Example of Action
Eco-Design	Designing products, and (packaging) materials to minimize environmental impact from the outset.	Increasing the use of preferred textile materials; reducing the use of virgin materials; using cardboard packaging made from recycled materials and certified by FSC; minimizing production waste through supplier commitments.
Reduce	Minimizing the use of raw materials and optimizing processes to reduce waste.	Improve order and stock planning; shipping products in the manufacturer's original packaging when possible; reduce use of polybags; consolidating orders into a single package in fulfilment centres; encourage customer use of click-and-collect.
Reuse	Extending the lifespan of materials and products through reuse initiatives, including the	Processing waste paper into packing fillers; encouraging customers to participate in return and reuse programs.

	use of reusable (packaging) materials.	
Recycle	Ensuring effective recycling systems to recover and reintegrate materials into the production cycle.	Collaborating with waste management companies and suppliers; supporting recycling innovations to enhance process efficiency.
Post-Use Management	Managing post-consumer waste through collection, sorting, recycling, and proper disposal.	Educating customers on responsible product care and disposal; implementing systems for efficient collection and recycling of post-consumer waste.

4. Our Circularity and Waste Reduction Approach

Our circularity and waste reduction approach is aligned and in tune with our climate and biodiversity strategies. These three strategies work together to progress towards a circular economy model that transforms waste into resources. It is our aim to integrate this approach at every level of our organisation, from design and production processes to managing our stores, logistics and offices. In this context and guided by the Ellen MacArthur Foundation's report *Vision of a Circular Economy for Fashion*, we are working on a holistic and strategic approach to changing the linear "take-make-waste" model to one that keeps products and materials in use while regenerating nature. The model starts with soil, promotes biodiversity, educates designers on materials and the durability of design, explores closed-loop systems, considers microplastics, eliminates single-use plastic and invests in new technology and new skills to recycle and regenerate materials efficiently and cleanly. Simultaneously, we are engaging across our value chain to identify opportunities and reduce impact in resource and material consumption, and waste generation

Our approach is to identify closed-loop processes, source advanced materials, and create an environment which increases circular innovation throughout the value chain:

- Design - design innovative products according to circular economy principles and phase out substances of concern.
- Materials - continue to increase our use of preferred materials and reduce waste.
- Stakeholder engagement – work with stakeholders that accelerate the transition to a circular economy and support innovations to enable industry-wide circularity.

5. Product Design and Circularity

Circular products are designed for the next use. At Hunkemöller we are striving to incorporate (circular) EcoDesign design concepts in our processes whereby we take an holistic approach to product design and think about the entire footprint of a garment or packaging material - from raw materials to end-of-life. We want our products and materials to be durable and safe and ensure that they can be reused or recycled into new items. We recognise our responsibility to design products with durability in mind, in terms of physical longevity, repairability and recyclability, while making sure that a product has long-term relevance and desirability. To be able to capture the value of the materials used in a product once it is discarded, we therefore have to ensure from the start that its design aligns with the recycling processes that are available

today. We also have to shift our production practices to reduce waste, energy and water use, and to eliminate microfibre leakage and single-use plastics.

6. Product Safety

We work hard to ensure product quality and safety, aiming to meet or exceed industry standards, legal requirements, and our customers' expectations. We also collaborate with others in our industry to raise standards across the apparel sector. To provide the greatest possible safety for our customers, we perform random due diligence chemical smart test checks on products to ensure they meet our expectations and contain no hazardous chemicals in line with our RSL. All of the textile fabric materials we use are Oeko-Tex Standard 100 certified, an independent testing and certification system for textile raw materials, components, and end products. This confirms that our fabrics, yarns, components, and trims have undergone a rigorous test for harmful chemicals.

7. Materials Use

Raw material design and selection influences the impact of our products and is therefore key to our commitment to using lower-impact materials. It is our aim to increase the use of recycled materials, which avoid the need to extract new raw materials and reduce waste generation. This, in turn, eases pressure on natural resources such as water and fertile land and helps preserve the environment and reduce greenhouse gas (GHG) emissions. That is why we aim to use 35% preferred textile fibres by 2027, as part of our goal to increase our use of lower-impact textile raw materials. This is a challenging goal for us and for the textile industry. At present, textile waste collection and sorting technologies and infrastructure are not capable of recovering large volumes of waste and transforming it into resources. An additional challenge is to ensure that recycled fabrics maintain a quality comparable to the original fabrics.

To preserve natural resources and biodiversity, we are looking to increase our use of natural fibres such as cotton and linen. As a first step we are increasing our overall use of certified materials as well as the use of materials that are verified or certified as organic. We are a member of Better Cotton (BC), an initiative involving actors in the cotton supply chain aimed at training farming communities in best practices for growing cotton. Where possible, we will use recycled cotton, which is made from production cutting scraps or post-consumer waste and which undergoes a recycling process to make it into new cotton fibre. In our nightwear collections, we use organic cotton, i.e. cotton that does not involve the use of synthetic fertilisers and pesticides, or of genetically modified seeds. We have also started using linen in our nightwear collection. This fibre comes from a lower impact source and allows us to minimise emissions in the cultivation and production of this raw material. Regarding the man-made cellulosic fibres used in our products, we are working to only using fibres from FSC certified sources. By choosing natural materials that are not just high quality but are also cultivated in a way that restores and respects nature, we can make a net positive impact in terms of carbon and greenhouse gas emissions for materials that are grown appropriately.

For our product packaging we are working on reducing the amount of packaging materials that we use and increasing our use of lower-impact materials. In 2023 we already introduced a new brief hanger that is built to fit all standard brief sizes. Moreover, all the plastic hangers that we use in the Netherlands, Germany and Belgium are designed to be reused. This process involves using reverse logistics to collect and inspect used hangers, reusing them if they pass inspection, or recycling the materials to mold them into new hangers. This significantly lessens the need for new raw materials, reduces waste, and combats the challenges posed by single-use plastics. Finally, we are looking to reduce our use of hangtags and have started looking into more sustainable alternatives for our kimball/fastener and adhesive hygiene labels.

8. Waste Management

Hunkemöller adheres to the Extended Producer Responsibility (EPR) directive and complies with local laws in every country where we operate. Our waste management strategy includes:

- Segregation Systems: Effective waste segregation in all workplaces.
- Partnerships: Collaborations with recycling service providers.
- Regular tracking and reporting of waste generation and recycling activities.

9. Garment Use and End-of-Life of our Garments

To progress towards an efficient circular model, we need to maximise the life of our products and optimise the use of materials in their manufacture. One of the ways we aim to do so, is by informing our customers how the consumer-use phase of a textile has impacts on biodiversity, through microfibre shedding, waterway pollution, and water and energy use from laundry. By educating them how to care for their products, how to launder and dry them, they can prolong their lifespan and reduce microfibre shedding. Another way is by understanding our customers' needs and designing and producing emotionally, aesthetically, and physically durable products. Our product teams also try to anticipate the purchasing requirements of our customers so that we only order and stock what is necessary, avoid surpluses and can so optimise our inventory. We also combine inventory from our physical stores and online platforms, enabling our customers to access all of our products through our store network or online, which maximises the chances of selling every item.

Once our products cannot be used anymore, we need to turn them into useful resources, maximising their value and improving our impact. This will allow the value of the materials to be captured at different levels. However, in order to scale this process and do so efficiently, there are still barriers to overcome. At present, textile waste collection, sorting technologies and infrastructure are not yet capable of recovering large volumes of waste and transforming it into resources. Whereas some technologies, like mechanical recycling of pure cotton, are already established, others like chemical recycling of polyester are still subject to intense R&D. Moreover, advanced, accurate, and automated fibre sorting and pre-processing are not yet developed. Finally, to reach their full potential, the fibre-to-fibre recycling technologies must further expand their ability to handle fibre blends, lower their costs, and improve their output quality. We will keep on monitoring the latest developments to ensure that we are on top of new innovations that we can potentially use for our products.

10. Raw Materials Use and Waste

Raw materials use has the potential to generate wastes across all environmental media (air, water, land). Textile production is estimated to be responsible for about 20% of global clean water pollution from dyeing and finishing products. Textile waste ends up in landfills. This means that a priority must be placed on waste reduction and pollution prevention. This includes source reduction, where the materials generated as waste by-products of production processes are minimized, managed, and disposed of safely and responsibly. As part of responsible management practices, we must identify opportunities to reduce waste streams by re-engineering processes to eliminate waste produced through processes (source reduction), generate less hazardous wastes, and determine if wastes can be reused or recycled. For those wastes that cannot be avoided, eliminated, reused, recovered, or recycled, we will focus on pollution prevention through responsible management and proper disposal using best industry practices and regulatory standards. There will also be an ongoing focus to not just manage these waste streams properly, but also looking for ways to avoid generation of wastes to landfills, especially hazardous wastes. Like other aspects of sustainability, some of the most significant opportunities in this field rely on collaboration with our value chain, and directly engaging and coordinating with our customers, industry groups, NGOs and other

stakeholders. Maintaining these open channels is critical to continue improvement of waste reduction & circular economy adaptation.

Hunkemöller is focused on minimising resource consumption and responsible waste management. We are engaging across our value chain to identify opportunities and reduce impact in resource and material consumption, and waste generation.

Minimising our resource consumption is the most important first step to not only reduce ecological impact from raw material extraction, but also to contribute to reducing our emissions, water, and waste footprint – less materials required means less drain of natural resources, leading to a smaller logistics and transportation footprint, and a smaller footprint overall. In this way, every opportunity we take to reduce our consumption has a compounding effect on our overall environmental footprint.

11. Strategy

Integrated into our corporate strategy and our Sustainability Roadmap, circularity encompasses the entire business model: from the various processes carried out along the value chain to the management of commercial space, including logistics, product design and the company's offices and DCs. We therefore strive to achieve a more resilient and sustainable activity in the long term.

We have committed to a 5-year EcoDesign plan to work towards a more circular industry. On this journey we are educating the product teams as they are developing the products. The main topics that we are focusing on are:

- Increasing traceability: traceability and transparency play a key role in circularity to ensure that our products are made with the most environmentally-friendly raw materials and production processes. By using branded preferred materials and scope certificates, we can track raw materials back to its origins. Furthermore, traceability and transparency are two fundamental tools for empowering consumers, providing them the necessary information on the origin, impact and characteristics of the preferred materials in our collections and on Hunkemöller's various websites, so that they can make more responsible choices. We are mindful of the importance of transforming the concept of waste into a valuable resource that can be recovered and reintroduced as a raw material in the various production systems.
- Training: to ensure that our designers, buying and product teams master the best practices in circularity and sustainability, we will provide them with training focused primarily on sharing with them Hunkemöller's vision of sustainability, inspiring them, and informing them of the variety of available preferred materials, the most efficient and cutting-edge manufacturing processes, and the corporate tools we have to ensure, for example, the traceability of the processes, among other aspects
- Inventory Stock Management: by producing only what is needed we can minimise excess stock and avoid the environmental burden of packaging and textile waste. We review the needs of our customers on a quarterly basis; ensuring that we are buying the correct products for the correct business areas based on previous sales trends and forecasted sales of new collections. We analyse the best performing products and use this data to produce products and sizes bought by our customers. This information allows Hunkemöller to strategically avoid overproducing sizes and styles that will not sell.
- Repurposing Stock Materials: using unused stock materials reduces the need for raw materials and helps conserve natural resources such as water, energy, and raw fibers. We are committed to using leftover materials if and where possible. Utilizing liability waste can help reduce waste going to landfill or incinerators, contributing to less environmental pollution and reducing the overall carbon footprint of production.

- Damaged or faulty goods: the growth of online shopping, flexible return practices, and changed consumer preferences have resulted in increased shares of returned and unsold textiles. These goods are associated with direct and indirect environmental and climate impacts. By offering a discount on items with minor defects we can prevent these items from being discarded, reduce landfill waste and support the circular economy. Moreover, we work with outlet partners who specialize in damaged goods for items which are highly unsellable. These partners have the ability to refurbish, recycle, or resell products that would otherwise end up in landfills.

Finally, and apart from our preferred material target, we have aim to:

- Increasing our use of recycled materials by 20% in 2028
- Decreasing the amount of fiber blends of synthetics with cellulose in (textile) products by 15% in 2028

12. Policy Monitoring and Review

This policy will be regularly reviewed and updated at least every year to ensure its relevance and effectiveness in line with the latest environmental protection trends and regulations. The policy was approved by the Board of Directors, ensuring it complies with the law and adheres to relevant guidelines. The policy's biennial review and updates guarantee that Hunkemöller remains proactive in its environmental responsibilities, continually aligning our strategies with evolving best practices and regulatory requirements.

Appendix II – Hunkemöller Responsible Purchasing Practices Policy

1. Introduction

As a globally operating company with complex global supply chains, Hunkemöller (HKM) takes its responsibility seriously and is working hard to adopt a holistic sustainable approach to all its business processes, striving for the right balance between people, planet and profit.

In recent years, purchasing practices and their impact on suppliers' ability to provide decent working conditions and positive environmental impact have come under increasing scrutiny worldwide and has therefore become a greater part of companies' strategies. There is a strong commercial case for both suppliers and buyers to act more responsibly. Responsible purchasing practices are essential to the core of businesses, because businesses can only sell their products when these have been delivered on time by suppliers, according to the agreed (quality) specifications and prices. Success factors to achieve this, are leadership by the buyers and accountability of both parties, knowledge on responsible purchasing practices, responsible management of conflicting priorities, focus on long-term targets and effort to create long-term and win-win relationships with suppliers. Lastly, it is important for buyers to be aware of the power they exercise on supplier so they can use it responsibly to avoid abuses in the supply chain due to tight targets, for example.

Buying professionals are responsible for the selection of their suppliers and whether the relationship that develops from that results either in exploitation or in the improvement of social and environmental conditions. To be able to act sustainably, buyers need to understand the impact of their decisions and avoid bad practices. It is known that purchasing practices can either stop or promote suppliers from complying with local (national) legislation and our Code of Conduct standards, which as a consequence, may put lives and dignity of workers in supply chains at risk.

This is why brands and retailers have to commit to improve their purchasing practices. Sustainable purchasing practices are, therefore, essential for the achievement of the financial, social and environmental goals of both the suppliers and Hunkemöller.

2. Objective

This policy defines Hunkemöller's commitments to Responsible Purchasing Practices and, where applicable, it should be read in conjunction with the Sustainability Manual for Buyers. These high-level commitments should be used by the different departments to inform overall approaches to purchasing processes.

3. Scope

This policy applies to Hunkemöller's departments engaged in sourcing and purchasing of products across all product categories.

All relevant employees engaged in development, planning, costing, sourcing, and purchasing activities are expected to conduct their work consistently with the commitments of this policy. Owners of development, planning, costing, sourcing, and purchasing policies, and related procedures, are expected to ensure these are aligned with and support these commitments.

4. Commitments

Responsible Purchasing Practices are to be embedded in all relevant sourcing and purchasing policies and procedures. These shall support decision making and processes that are aligned with the following overarching commitments:

a. Stable, Long-Term Relationship:

We are committed to building stable, long-term and equal partnerships with our suppliers. We prioritize partnerships that foster mutual trust, respect, and collaboration. This ensures consistent and effective implementation of quality, transparency, and ethical business standards throughout our supply chain.

We strive to build and maintain open, clear and accurate communication with our suppliers.

b. Collaborative Production Planning and Forecasting:

We engage in collaborative production planning and forecasting with our suppliers to accurately predict demand and avoid unnecessary fluctuations. This minimizes waste, reduces overproduction, and helps maintain a sustainable supply chain.

We strive to provide forecasts and updates in advance, to have clarity of supplier's production capacity and to spread order volume to minimize large order fluctuations.

c. Critical Path Adherence

We will mutually agree with suppliers on each party's responsibilities for meeting the critical path deadlines. If HKM causes a delay in the production process, we will openly discuss related costs with suppliers.

We will mutually agree and clearly communicate, in writing, what situations trigger a claim. Penalties should be reasonable, fair and proportionate. In case of delay of shipments or quality defects, we will make an effort to avoid a claim and will work together with the supplier to find an appropriate solution.

d. Reasonable Lead Times:

We plan our lead times to be reasonable for the supplier to order and receive raw materials in due time and aiming for production to take place within normal working hours, reducing the risk of excessive overtime and/or of unauthorized subcontracting.

e. Order Volume Changes:

We recognize that market demands may change over time. When requesting order volume changes, we will provide reasonable notice to suppliers to accommodate adjustments and avoid disruption to their operations. Order modifications should always be mutually agreed between the parties.

We commit to refrain from making several and consecutive order changes.

f. Fair Payment Terms:

We are committed to providing fair and timely payment to our suppliers. Payment terms will be agreed upon in advance and will take into consideration the supplier's cash flow needs, allowing them to sustain their business operations effectively. Payment terms should not adversely impact compliance with HKM's Ethical Code of Conduct, especially the clauses on wages and compensation.

g. Sustainable Costing:

We strive for transparency and fairness in costing. Our price negotiations will take into account the financial resources suppliers spend to comply with social, environmental and product sustainability requirements and certifications.

We will request suppliers to share cost price calculations upon request. This includes cost of direct- and indirect labour, materials, overhead, margin etc. This will avoid that buying prices are below cost price.

h. Living Wage:

We work towards ensuring that all workers involved in the production process receive a living wage that covers their basic needs, including food, shelter, education, healthcare, and other essentials. We strive to work with our suppliers to implement and monitor living wage standards.

i. Responsible Exit Strategy:

In the rare event that a supplier relationship needs to be terminated, we will do so responsibly. We will provide adequate notice, collaborate on a smooth transition and clear phase-out plan, and consider the well-being of workers and the local community.

For more detailed information, please refer to the procedure on Responsible Exit Strategy.

j. Transparency and Reporting:

We are committed to transparently communicate about our responsible purchasing practices to stakeholders, including customers, employees, and investors. We will periodically report on our progress and actions towards improving our purchasing practices and making them more responsible.

We will not use the information shared by suppliers about their business partners for commercial advantage purposes. This data will be used on pre-competitive scenarios to guarantee compliance with legislation and requirements.

5. Protocol in case of potential negative impacts

Wherever existing purchasing practices are identified as having a potential negative impacts on our suppliers' compliance with Hunkemöller's Ethical Code of Conduct and/or (national) legislation, such as last minute order changes, steep decrease or increase of orders with a supplier, prompt action shall be taken for remediation and realignment. The CSR Department should always be consulted and informed prior to any remediation actions.

In the event of any human rights or environmental issues identified within our supply chain, such as excessive overtime, unauthorized subcontracting or low wages, we will work collaboratively with our suppliers to develop and implement a corrective action plan. The goal is to address issues promptly, improve practices, and prevent future occurrences. The CSR Department will lead the collaborative work with the suppliers and will involve the relevant Buyers where necessary.

6. Policy Review

Senior management will regularly review this policy and related procedures to ensure they remain relevant and effective.

Hunkemöller will continue to refine its purchasing processes in line with the above commitments, with the Common Framework on Responsible Purchasing Practices (CFRPP) and with the learnings from the Learning and Implementation Community.

Appendix III – Hunkemöller Responsible Exit Strategy

Hunkemöller strives to have a consolidated supply chain with long term business relationships. However, inevitably and for many different reasons, Hunkemöller may also end business relationships. This document describes the required steps for ending business relationships in a responsible way, taking the effect on workers' lives into consideration. In this policy Hunkemöller distinguishes in required steps for two different processes: (1) ending a business relationship because of labour-rights violations and (2) ending a business relationship because of any other reason.

Supply Chain Responsibility

Hunkemöller adheres to 'Supply chain responsibility' which requires companies to make purchasing decisions that ensure good working conditions wherever their goods are made. Labour conditions are consistently monitored, and improvements ensured. By collaboration with business partners Hunkemöller's aim is to improve working conditions, rather than leaving the facility if problems are found, inevitably a willingness to work on improvements must exist.

Hunkemöller strategic setup of the supply chain is a focus on a limited supplier base which makes it possible to build good collaborations and enables buyers to invest sufficient time and resources towards strengthening and improving the relationships. However, the supplier base needs to include as many suppliers as necessary to fulfil the requirements of Hunkemöller to serve its market needs. Hunkemöller focuses on the consolidation of its supplier base which positively impacts quality, transparency, value of the product as well as lowers the risks of labour rights violations.

Scope

The standards in this policy apply to all Hunkemöller Buyers. Hunkemöller requires all Buyers to be informed about the standards set in this policy and ensure their actions meet the applicable requirements. It is the responsibility of Hunkemöller's Buyer to inform other relevant employees about Hunkemöller's Policy for Responsible Exit Strategy and ensure the policy is implemented in a diligent way. The guidance in this policy is based on global industry standards and regulations.

I. Evaluation & Consolidation

A systematic evaluation is the first step to prevent and mitigate adverse human rights impacts when ending business relationships. The evaluation is a prerequisite when selecting new suppliers as well as through continuous assessments during the relationship with suppliers. The evaluation must cover legal, industrial, environmental, and technological requirements and standards, but also needs to assess potential and actual human rights risks and violations. The requirement of financial as well as human rights due diligence will provide additional assurance that business partners are fulfilling all necessary requirements to start a long-term cooperation.

In cases where additional manufacturing capacities is necessary, Hunkemöller must first try to grow within its existing supplier base to limit the cost of investments over time such as training, relationship building, new technologies, machines etc.

II. Reasons for Ending a Business Relationship

There can be several reasons creating the need to end a business relationship, which are mostly inherent to obligations towards the consumer. The reasons are diverse and a combination of factories is common. The below list is by no means exhaustive:

- Change in demand
- Consolidation of suppliers

- Constant delivery problems
- Constant quality problems
- Poor factory & management performance
- Structural unwillingness to resolve labour rights violations
- Pricing arbitrage/price negotiations
- Trade regulations, including Foreign Trade Agreements (FTAs)
- Geopolitical developments
- Availability of new technology & innovation
- Agents' or suppliers' decision to relocate production

Hunkemöller recognise that most of the causes that are internal to the supplier such as quality, delivery problems and poor management, can be improved by continuous improvement processes and dialogue. Poor quality and or delivery performance of a supplier may also be connected to Hunkemöller's buying practices, planning and communication which in each separate case must be investigated.

Externally driven factors such as change in demand, trade regulations including FTAs, geopolitical influence and consolidation are foreseeable to a certain extent and should be openly communicated and discussed as early as possible with the supplier. Therefore, Hunkemöller commits to continuously observe these changes and include them in the planning, evaluation and communication with the supplier.

III. Internal Communication and Initial Risk Assessment

The relevant departments involved with the design, development, procurement and manufacturing of products and services must take appropriate steps to show that measures were taken to address reasons for exiting. Hunkemöller's engagement with the agent/supplier/factory needs to be appropriate to the type of orders the relevant buying department(s) were placing. The following information should be collected by the relevant departments and filled into form "Hunkemöller Factory and Supplier Exit Form":

1. Supplier and factory details (including name, country of production, teams using the factory).
2. Reason for exiting.
3. Information on the history with the supplier including discussions on improvement plans.
4. The exiting order volume as a percentage of factory capacity (based on the previous 12 months of production) and whether this percentage has varied significantly in recent months.
5. The anticipated final order placement and final shipment dates for all goods manufactured in the factory.
6. Duration of the business relationship with the factory.
7. If relevant, other factories within the vendor group doing business with other Hunkemöller sourcing teams or business relationship with third parties.
8. Any other relevant information.

IV. Ending a Business Relationship for Reasons of Labour Rights Violations

Hunkemöller values leverage for improvement and believe in collaboration, therefore immediately leaving a supplier in case of a labour rights violations is not preferable. Hunkemöller is committed to support all supplier in remediating violation and ensure procurement practices do not cause or contribute to adverse impacts at our suppliers' operations.

In case the supplier shows structural unwillingness to cooperate and improve, (the threat of) ending the business relationship may be a last alternative. In such case the exit should be handled with great care and in line with the OECD due diligence guidance. The step of disengaging should only be taken when steps to prevent or mitigate negative impacts have failed or are not feasible. Withdrawing from a non-compliant supplier should only happen as a last alternative when no more effect on solving the issue can be gained from other strategies. In cases when solving the violation is too difficult, Hunkemöller is committed to consult global and local stakeholders and NGOs to help evaluate.

When improvement options are exhausted and the decision has been made to end the business relationship, the following steps must be taken into consideration:

1. Hunkemöller should involve relevant stakeholders, particularly unions, NGO's, and/or labour inspection where applicable.
2. Hunkemöller commits to determine the social impact of exiting and the role Hunkemöller must play to mitigate or prevent the negative impact based on leverage¹. When functional trade union(s)/worker representation exists in the factory, they should be included in the evaluation of the social impact.
3. Formally communicate the decision to the supplier and use this communication as leverage and as last step to engage supplier in change. Hunkemöller also commits to explain the upcoming disengagement is due to an identified continued violation of labour rights after failed attempts to prevent and mitigate impacts and no corrective actions taken by the supplier. Timing should not be influenced by business decisions (e.g. finishing orders, next season) but by the ongoing labour rights violation.
4. Hunkemöller commits to ensure – to the best of its abilities – the supplier is compliant with severance laws and monitor whether the supplier is financially able to cover those costs.
5. In case the production location is part of a conglomerate of production units under the same ownership, Hunkemöller commits to investigate whether the labour rights violation(s) in question may have or might occur at the other production units where Hunkemöller's products are manufactured. If similar labour rights violation(s) occur in other production units, additional factory exits must take place on the same terms as stated above.
6. Hunkemöller will – to the best of its abilities – cooperate from the start with other customers of the factory, and to do so also in remediating problems.

V. Ending a Business Relationship for Other Reasons

Causes that are internal to the suppliers such as quality, delivery problems and poor management and that cannot be improved by improvement processes and dialogue requires a different approach. This also includes externally driven factors. When options are exhausted and the decision has been made to end the business relationship, the following steps must be taken into consideration:

1. Analysing the reason for ending the relationship and weigh options for leaving versus staying with the business partner.
2. Inform the business partner as soon as the decision has been made internally, at a minimum one season ahead, to allow the factory management to find new customers and orders to fill their

¹ Leverage is partly defined by the share of the production volume Hunkemöller buys from a factory and the length of the business relation but is not a static concept. It can be influenced by a range of mechanisms, including the size and power of Hunkemöller in the wider industry, but also through collaboration with other customers or parties.

capacities. The information should include a transparent explanation about the reasons for ending the business relationship.

3. In consultation with the supplier and stakeholders, Hunkemöller shall determine the social impact of its decision and the role it should play to mitigate or prevent the negative impact based on leverage².
4. Hunkemöller commits to ensure – to the best of its abilities – the supplier is compliant with severance laws and monitor whether the supplier is financially able to cover those costs.
5. In consultation with the supplier, define phase-out plan. Based on the above evaluation, determine a phase-out plan of production orders with a clear timeline. When functional worker representation or union exists in the factory, they must be consulted. It should address the support needed to minimize the social impact and allow the factory to find new customers. It should include a plan for lowering the orders over time, temporary short timer work, reduction of shifts etc. The extent to which these measures come into place depends on the leverage and therefore differs on a case to case basis.

VI. Exclusion criteria

There is a difference between long- and short-term relationship. In cases when Hunkemöller works with a supplier for one season or when Hunkemöller places a one-off order under a prior agreement of the buying character.

A second scenario is active factories (ongoing communication and monitoring) without active orders (depending on season or year). In those cases, an exit as described above is not required. Each case needs to be viewed separately and proactive planning and information flow is crucial to manage expectations on both sides.

However, following all steps under section IV and V is only applicable when:

1. The business relationship has existed for over a year, and the supplier has been used for at least 2 orders/seasons.
2. The decision to end the business relationship is Hunkemöller's decision and not the business partners.

Additional Information

Hunkemöller's Buyers are expected to familiarize themselves with the Policy for Responsible Exit Strategy and operate accordingly. If Buyers are violating any of the policy elements, please bring these issues to our attention by contacting us at Corporateresponsibility@hunkemoller.com. All information received will be kept in strict confidence and your identity will be protected.

Questions regarding the Hunkemöller's Responsible Exit Strategy and our Sustainability program can be addressed to Corporateresponsibility@hunkemoller.com

ANNEX II

Responsible Exit Checklist

² Leverage is partly defined by the share of the production volume Hunkemöller buys from a factory and the length of the business relation but is not a static concept. It can be influenced by a range of mechanisms, including the size and power of Hunkemöller in the wider industry, but also through collaboration with other customers or parties. When functional trade union(s)/worker representation exists in the factory, they must be included in the evaluation of the social impact.

- ☐ A joint assessment of the impact associated with the exit was performed and information was added to Hunkemöller Supplier and Factory Exit Form.
- ☐ A timeline appropriate for the exiting percentage of factory capacity was determined and shared with the supplier in writing.
- ☐ All relevant paperwork has been received by the supplier.
- ☐ Where possible Hunkemöller engaged with trade union(s) in the factory to assess the possible negative impact on workers of the exit.
- ☐ Where it is apparent that capacity cannot be filled, Hunkemöller has engaged with the supplier to ensure that any terminations are done according to the law and the principles outlined in the responsible exit policy.
- ☐ In the event that suppliers could not maintain capacity in the factory, all reasonable measures were taken to ensure that all wages and legally entitled severance payments were made.
- ☐ Where negative impacts to workers as a consequence of Hunkemöller's exit were brought to the attention of Hunkemöller, they engaged with relevant NGOs in a process of mediation and where applicable agreed on remediation.
- ☐ All relevant information as outlined in the Hunkemöller Policy for Responsible Exit Strategy was shared with the Hunkemöller CSR team.

Appendix IV – Hunkemöller Supplier Escalation Policy

INTRODUCTION

Social Responsibility at Hunkemöller indicates that we do business while upholding human rights, trading ethically and protecting the environment. As a rapidly expanding company we recognise that we must ensure good ethical and environmental practices both in our direct operations, throughout our supply chain as well as in the communities we operate.

SCOPE

The Hunkemöller Supplier Escalation Policy sets out the minimum standards we expect our suppliers to comply with. This policy approach is based on the standards of the *International Labour Organisation* (ILO) conventions and is in line with the *United Nations Guiding Principles on Business and Human Rights* (UNGP) Framework. In aligning with the UNGPs, we follow national law in compliance with internal human rights standards. Where the two differ, the higher standard is considered. Where the two conflict, national law is respected, while we seek to respect the principles of international human rights. We further align our principles and this policy with the *amfori BSCI Code of Conduct*.

Hunkemöller maintains detailed standards that explicitly define our expectations for compliance within our Ethical Code of Conduct (CoC). Non-compliance topics include: child labour, young workers, forced/bonded labour, freedom of association and collective bargaining, health and safety, working hours, no discrimination, privacy, employment practices, no harsh or inhumane treatment, ethical business behaviour and protection of the environment. Hunkemöller's Supplier Escalation Policy is to be read in parallel to Hunkemöller's Labour Policy, which spreads light on the zero tolerance approach we take, in line with Amfori BSCI's zero tolerance protocol. Amfori BSCI's zero tolerance protocol allows Hunkemöller to identify critical issues in our supply chain and work towards remediation. Hunkemöller defines a zero tolerance finding to be one where there are severe risks to human rights and therefore does not accept child, forced or bonded labour and/or unethical behaviour at any direct manufacturing locations or in its supply chain. To encompass an environmental zero tolerance approach, Hunkemöller does not accept any production facilities that pose occupational health and safety risks, such as from the use of hazardous chemicals. In the case of a zero tolerance finding, Hunkemöller results to immediately terminating the business relationship with the supplier, whilst simultaneously investigating into the exact situation as well as the conditions of the case.

Hunkemöller's Supplier Escalation Policy is applicable to all suppliers, their subcontractors and other business partners, hereafter collectively referred to as "Business partners", who do business with Hunkemöller. We require our suppliers to adopt similar expectations in dealing with their own suppliers and to share this policy with respective suppliers, with the aim of cascading our principles through the supply chain. We encourage our suppliers to improve their operations and we are committed to working collaboratively with them in light of mutual benefit. We expect our suppliers to capacity build in order to

show commitment and compliance with this policy. This includes the implementation of management systems, a designated staff member to ensure social and environmental compliance and record keeping in order to document improvements and progress. Where necessary we commit to supporting our suppliers to monitor and improve their ethical sourcing performance and to implement this policy throughout their own supply chains, in line with the ultimate objective to achieve compliance.

THE ESCALATION PROCES

I. ESCALATION STAGE 1

Hunkemöller expects its suppliers to cooperate with third party social and environmental audits in order to evaluate compliance with our Ethical CoC. A production facility has to provide a Corrective Action Plan (CAP) following an issue that has been raised, allowing Hunkemöller to address the gap between the requirements set out by our Ethical CoC and the actual conditions and practices in the production facility. Production facilities are expected to take direct, immediate responsibility for any non-compliance issues raised and act accordingly to correct them. After a non-compliance issue has been raised, a production facility should provide a CAP within 60 days. Hunkemöller will follow up the CAP to confirm the remediations of violations committed. Suppliers failing to undertake improvements within the stipulated time-frame will jeopardise their relationship with Hunkemöller and escalation of the facility takes place. More specifically, we make the decision to escalate a factory to stage 1 when there is non-compliance. This includes if the factory has had an invalid audit cycle for more than one month after persistent reminders from us and/or if there is lack of transparency of the production facility business address and/or the business addresses of sub-contractors. In terms of environmental compliance, more specifically if the production facility fails to be transparent in giving information referring and/or an address of its wet processing unit, which is not compliant with zero discharge of hazardous chemicals and hold a Manufacturing Restricted Substances List.

II. ESCALATION STAGE 2

The unwillingness to cooperate and/or repeated serious violations of Hunkemöller's Ethical CoC and local law will lead to less business and ultimately the termination of the business relationship with Hunkemöller as a last resort. More specifically, we make the decision to escalate a factory to stage 2 if an issue identified worsens and have the right to send a warning letter after a period of 15 days. If facilities are based in Bangladesh under the International Accord for Health and Safety in the Textile and Garment Industry, a meeting is held between the Accord, the factory and company signatories as well as sending a letter.

III. ESCALATION STAGE 3

At escalation stage 3, Hunkemöller makes the decision to send a letter of termination to terminate the business relationship as soon as legally feasible but no later than 6 months. There are three warnings before a supplier is terminated. Termination of the business relationship will result if the following expected fail to be met:

- Persistent and serious issues of non-compliance;
- Persistent disregard for our Ethical CoC;
- No commitment shown to comply with the Ethical CoC or to continually improve compliance levels;

Any deliberate attempt to mislead Hunkemöller or Hunkemöller representatives (e.g. auditors) of ethical performance;

Withholding of information regarding CMT (cut-make-trim) facilities, secondary suppliers in integrated/verticalized units and fabric manufacturers in integrated units.

With Hunkemöller's continued expansion, we will review the policy on an annual basis and will communicate to our suppliers whenever the requirements have been updated.