

A photograph of three models of different ethnicities posing on a light-colored sofa. The model in the foreground is a Black woman with short hair, wearing a black bra and underwear. Behind her are two white women, one in a white bra and the other in a beige bra. They are all looking towards the camera. The background is a plain, light-colored wall.

HUNKEMÖLLER'S SUSTAINABILITY REPORT 2023



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ABOUT THIS REPORT

In 2023, the environmental, social and governance (ESG) disclosure landscape evolved significantly in response to growing investor and stakeholder expectations and the realities of the dynamic regulatory and policy landscape, including aspects such as: the pandemic recovery, the war in Ukraine and the Israeli-Palestinian conflict, the climate crisis, the rapidly shifting macroeconomic conditions and new legislation on sustainable textiles and apparel for circular economy initiatives. These dynamics underscore the need for us to understand the geopolitical and regulatory changes and require us to proactively address the strategic opportunities and risks stemming from these changes. They also highlight the importance of transparent and comprehensive reporting and stress the urgency of our ESG commitments.

This Non-Financial Statement (2023 NFS) is presented as a separate document and covers the national and international events and activities of Hunkemöller B.V. from 1 January to 31 December 2023, unless otherwise indicated. This report provides, among other things, the information needed by the reader to understand the companies' development, results, situation and key performance indicators along the environmental, social and governance ("ESG" dimensions). The contents of this report are based on material subjects and our stakeholders' need for information. It follows the United Nations Sustainable Development Goals (UN SDGs), the United Nations Guiding Principles (UNGPs), the Ten Principles of the United Nations Global Compact (UNGC), the OECD Guidelines and the general guidelines of the Global Reporting Initiative (GRI).

We report on the progress we make toward our goals, our current projects and the challenges we face. To advance our sustainability agenda, we continually aim to adapt and respond to the complex and rapidly changing social, environmental and governance landscape, whilst simultaneously advancing our long-term commitments. Developed in collaboration with teams across Hunkemöller and based upon figures from independent third parties and data covering our Scope 1, 2 and 3 emissions, this report reflects our aim to increase our data transparency and responds to the need of stakeholders across our business, the industry and beyond. While we have not obtained external assurance for this report, we will begin external assurance of key data sets in 2026 in line with the EU Corporate Sustainability Reporting Directive.


Do you want to know more about Hunkemöller and sustainability? If you have a question or feedback, please contact us at corporateresponsibility@hunkemoller.com





1. OUR BUSINESS MODEL

we inspire and empower women to be their most beautiful and authentic selves together we lift each other up



empowering We empower each other to be ourselves, unlocking full potential through support and encouragement.	playful We have a playful & cheeky culture that sparks creativity, collaboration and growth.	in touch We learn and grow by listening, learning and collaborating with each other.
inclusive We create a place where everyone belongs and can truly be their authentic selves.	inspiring With our passion we want to create a WOW experience each and every day.	responsible We take responsibility and care for one another and the world around us.

1.1 About Hunkemöller

Hunkemöller was founded in 1886 by Wilhelm Hunkemöller and his wife Josephina Lexis under the name Hunkemöller Lexis. The company started out producing corsets, and soon expanded by opening stores in Amsterdam, Rotterdam and Utrecht. From 1974, Hunkemöller changed hands several times. Firstly, to the company Vendex subsidiary Confendex B.V and was given its current company name. Then in 2015, the company was sold to the American investment company Carlyle and finally, in 2022, the investment fund Parcom and Opportunity Partners bought the company, whereby Hunkemöller once again became a majority Dutch-owned company. These days, our collections are sold in more than 850 stores across Europe, our webstores, franchise partner stores in the Middle East and Europe, through wholesale partners and retail concession. Retail lies at the core of our business, and we are known as a creator of sexy and sophisticated lingerie, shapewear, nightwear, loungewear, swimwear, sports clothing, hosiery, fragrances and accessories.

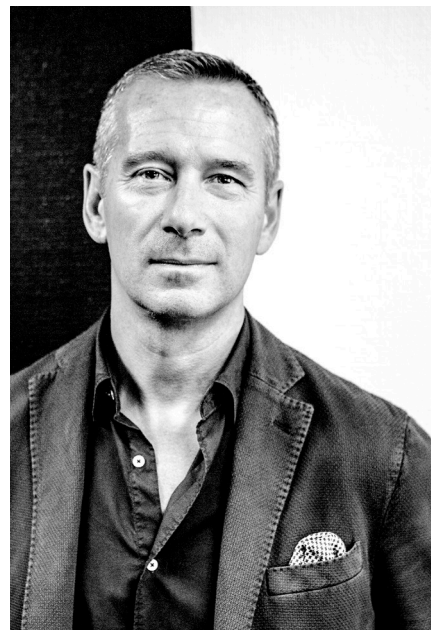
1.2 Brand Story

At Hunkemöller, women are at the heart of what we do: in our designs, our words, our behaviour. “Sheroism” is the unifying and overarching belief behind all our creative content. Sheroism is a movement and philosophy we live by: women lifting each other up and celebrating their most beautiful and authentic selves. With over 130 years of legacy and expertise, we believe lingerie has the magic power to unlock your inner self-confidence and make you feel beautiful. We understand the joy and pleasures as well as the pressures and insecurities women face. This is why we go beyond lingerie to build a community in which women understand, connect and support each other. A safe and inclusive space where, together, we lift each other up.

1.3 A Note from Our CEO

After leading this amazing Brand for the last 15 years, I have taken the strategic decision to step down as CEO and pass the relay baton over to Brian Grevy to help drive the brand to its new strategic goals and further enhance our Together Tomorrow strategy.

In my tenure, I have seen a huge shift in the mindset of our employees and customers on the importance of people and the planet. This mindset shift has enabled the brand to focus on how we can develop a clear strategy to really improve the lives of people and the planet and has allowed us to put in place key measures that ensure we deliver on our promises. We all believed that after COVID-19, the world would return to being the same place that we left at the end of 2019. Unfortunately, this has not been the case. As we emerged from the COVID-19 pandemic, the Russia-Ukraine war started, causing supply chain disruptions and talent shortage. We were also faced with the huge impacts of climate change. As the Russian-Ukraine conflict stalled, new conflicts emerged, further destabilizing the world and creating global unrest. On top of this geopolitical tension, in December 23, Iran-backed Houthis attacked ships in the Red Sea, putting further pressure on the global economy.



We realise that in these uncertain times, the need for industrial transformation and collaboration has never been more urgent. At Hunkemöller, we are still focused on delivering on our strategic sustainability goals. We continue to put sustainability at the forefront of our actions and have embedded these into our values and business operating model. We continue to engage with our shareholders, stakeholders and investors in impactful projects that advance a sustainable future and contribute to the achievement of the Sustainable Development Goals (SDGs). We would like to show you, through this report, how we are responding to this transformation. We will provide an overview of our commitments, focus on our key policies and approaches, the challenges and opportunities that we are facing and how we are responding to these. We will also share the achievements made across our different initiatives in 2023.

2023 saw one of our pivotal projects toward decarbonization in calculating the baselines for our Scope 1, 2 and 3 emissions. In 2022, the executive board and shareholders committed to setting 10-year carbon reduction targets. By committing to setting Science Based Targets, we can identify climate risks across our operations and act on resource-saving climate opportunities. The project focused on data gathering and implementing scalable ways to measure emissions across all aspects of our business operations. As EU regulators are requiring companies to disclose more and more information and data on environmental issues such as the collection, treatment and recycling of textiles and waste, metrics will become an even more important area of focus. The carbon foot printing project has ensured that we have made great steps forward, but also came with more challenges than we had initially expected, in terms of data collection and aligning all departments within the business with our long-term strategy. It has proven to be a big learning curve and highlighted to us that we need a huge amount of collaboration to ensure we deliver our benchmarks and targets.

The years ahead are pivotal as we will set Science Based Targets and by doing so, lay the foundations for setting greenhouse gas emissions reduction targets for our entire operations. To make real progress we need the support of all our colleagues, our partners and our stakeholders. As we work side-by-side, we will continue to evolve and improve. We are optimistic and excited about the progress we will make by combining our passions and working together for a better tomorrow. I want to personally thank all of our 7500 staff members, suppliers, stakeholders, shareholders and investors for their commitment to achieving a better planet. Hunkemöller is an amazing brand, with people and the planet at the centre of its brand DNA. I am truly proud to have been part of this incredible transformation and I again want to thank the whole team for the commitment, passion and vision over the years.

Great People Power Great Brands



Philip Mountford

1.4 2023 Highlights

♥ Social

We developed solutions to responsible purchasing practices and shared learnings with peers, experts and supply chain partners as part of the 'Learning and Implementation Community' of the Multi-Stakeholder Initiative Working Group of the Common Framework for Responsible Purchasing Practices; creating an action plan for Responsible Purchasing Practices (see page 31).

We joined MADE in Myanmar to enhance our due diligence efforts in workplace safety, labour law compliance and environmental performance in our Myanmar factories (see page 15).

We launched SpeakUp, a Grievance Mechanism which empowers external stakeholders to report potential human and/or environmental rights violations or non-compliances with the Hunkemöller Ethical Code of Conduct (see page 30).

👤 Product

We won the Green Future Club Green Product Award in the category Fashion for the Wies capsule collection (see page 09).

We increased the number of products that use preferred materials (see page 37).

🌱 Environmental

🌱 We officially committed to Science Based Targets and plan to set 10-year carbon reduction targets by July 2025 latest (see page 45).

We finalised Phase A of the Better Mills Initiative in Bangladesh (see page 41).

We finished the construction of our DC in Almere which we are looking to get BREAAAM certified in 2024 (see page 48).

1.5 Our ESG Strategy

In carrying out its business activities, Hunkemöller upholds high standards of responsible business conduct throughout its value chain and is guided by ethics, social responsibility and respect for the environment. Our success depends on respect for shared rules, practices and principles and this respect has been key to our ability to build trust-based relationships with our customers, employees, suppliers, shareholders and communities. We have integrated environmental, social and governance (ESG) criteria into our business model and have built our sustainability initiatives around three main pillars: People, Planet and Product.

In 2022, the Trading Board approved the 2022-2025 ESG Strategy, which sets specific targets for our social and environmental management. When defining these targets, Hunkemöller adheres to and/or endorses the following leading sustainability initiatives:

- The United Nations Global Compact, so assuming its principles on human rights, labour rights, environmental protection and the need to prevent and fight corruption.
- The United Nations Sustainable Development Goals (SDGs), which are the compass for its sustainability targets.
- The United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and, especially, application of the International Labour Organisation's fundamental conventions.
- The principles and targets contained in the European Union's Green Deal.
- The United Nations Framework Convention for Climate Change 2015 Conference of Parties agreement and targets (the Paris Agreement).
- The United Nations Children's Rights and Business Principles.
- The United Nations Global Compact Women Empowerment Principles.

1.5.1 Sustainable Development Goals

The Sustainable Development Goals (SDGs) were established by the United Nations as an ambitious roadmap towards a sustainable future for all. The success of the SDGs predominantly hinges on the ability of the private sector to unleash their power and make them a success. As a company, we have aligned our Together Tomorrow ESG strategy with the seventeen goals and have selected eight main themes, which we, as an organisation, think we can have the most positive impact on. These eight goals are listed on page 09. We know that all seventeen SDGs are interconnected and acknowledge that our business affects more goals than our eight most prioritised SDGs. Using the SDGs is key to our successful collaboration across the industry; by embedding the SDGs within our corporate disclosures, we can embrace sustainable strategies and practices.

Goal 3, Good Health and Well-being

According to the UN, at least 400 million people have no basic healthcare, and 40 percent lack social protection. SDG goal number 3 strives to “Ensure healthy lives and promote well-being for all at all ages”. Good health is a fundamental prerequisite for a person’s ability to reach their full potential and contribute to the development of society.

Examples of our contribution: Internal ‘fun, vital, happy programme’, health workshops for employees, healthy lunch options, setting requirements and ensuring healthy working conditions in the supply chain.

Goal 5, Gender Equality

This goal aims to achieve gender equality and empower women and girls. Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world. Based on data from 87 countries, harmful practices, such as child marriage, steal the childhood of 15 million girls under age 18 every year. Women do 2.6 times more unpaid care and domestic work than men.

Examples of our contribution: Signatory of the UN Women Empowerment Principles. Work for diversity and equality internally and in our supply chain. From a marketing perspective, we support diversity and inclusion and emphasise this message across communication channels. Gender and Gender Based Violence training in Bangladesh.

Goal 6, Clean Water and Sanitation

Water is a basic prerequisite for all living things on Earth, and thus also a prerequisite for sustainable development. 650 million people in the world do not have access to safe water. SDG goal 6 aims to ensure access to clean and sustainable water and sanitation for everyone.

Examples of our contribution: Working towards more sustainable processes and limiting chemicals in the production of our garments. Better Mills project in Bangladesh (see page 41).

Goal 8, Decent Work & Economic Growth

Safe and fair working conditions should be the norm for all workers. However, more than half of the world’s workers are in precarious employment, often trapped in a vicious circle of low productive professions with poor pay and limited access to both education and social security. SDG 8 aims to ensure inclusive and long-term sustainable economic growth, full and productive employment with decent working conditions for everyone.

Examples of our contribution: Setting requirements and monitoring for decent working conditions in our supply chain and in our own operations. Actively participating in the Learning and Implementation Community (LIC) on Responsible Purchasing Practices (RPP).

Goal 10, Reduced Inequalities

Economic development can lead to reduced poverty for individuals and society. Up to 30 percent of income inequality is due to inequality within households, including between women and men. Women are also more likely than men to live below 50 percent of the median income. We must work to ensure that access to resources and the opportunity to participate in and influence social development are fair. SDG 10 aims to reduce inequalities within and between countries.

Examples of our contribution: Developing a roadmap towards living wages in the supply chain.

Goal 12, Responsible Production & Consumption

The world’s resources are finite, and with a population projected to grow to 9.7 billion people by 2050 (UN), the estimation is that we will need the equivalent of four Earths to sustain our current lifestyles. Conversion to sustainable consumption and production of goods and services is therefore a necessity to reduce the negative impact on the climate and people’s environment and health. SDG 12 promotes sustainable consumption and production patterns.

Examples of our contribution: Taking responsibility for the environmental compliance within our production facilities, and having products made using preferred materials. Launch of the Wies collection, which received the 2023 Green Product Award in the Fashion Category from the Green Future Club.

Goal 13, Climate Action

From 1901 to 2010, the global average sea level rose by 19cm. The extent of the Arctic’s Sea ice has shrunk in every successive decade since 1979. Global emissions of carbon dioxide (CO₂) have increased by almost 50 percent since 1990. We need to take urgent action to combat climate change and its impacts and look for affordable, scalable solutions enabling cleaner, more resilient economies. Climate change is a global challenge that affects all, and solutions need to be cross-sectoral.

Examples of our contribution: Taking responsibility for the production environment, offsetting greenhouse gas emissions and by committing to Science Based Targets in 2023.

Goal 17, Partnership for the Goals

This goal calls for a global partnership for sustainable development. The goal highlights the importance of global macroeconomic stability and the need to mobilise financial resources for developing countries from international sources, as well as through strengthened domestic capacities for revenue collection.

Examples of our contribution: Participating in joint collaborations such as the International Accord, amfori BSCI and the Sustainable Apparel Coalition (SAC). In 2023 we became a member of MADE in Myanmar (see page 15).

1.6 Together Tomorrow

As people, we are much more interdependent and connected than we realise. We share the same biodiversity, climate, land, ocean and water. Whether we like it or not, we must work together to build and protect the future of our planet. Our Together Tomorrow strategy is our guiding principle in our journey to make progress towards our environmental, social and governance targets and has three strategic focus areas that drive our sustainability activities – social compliance, environmental compliance and product compliance. Within these areas, we focus on 25 priorities, each with a specific,

measurable and time-bound target. In 2023 we updated our strategy by officially committing to setting Science Based Targets, with the aim to set 10-year carbon reduction targets by 2025, speed up progress, and increase transparency to achieve our ESG commitments. Our 2023-2025 Together Tomorrow targets remain the same within this new framework. We are proud to share the progress we have made in our Together Tomorrow journey so far and the steps we are taking to secure a better tomorrow.

Reduce negative impacts	Increase impacts to 100%	Improve the lives of our employees and across the value chain
Carbon Emission Reduction <ul style="list-style-type: none"> Set 10-year carbon reduction targets in line with the SBTi by 2025. Reduce the amount of inbound air freight to below 5 percent by 2024. 	Transparency <ul style="list-style-type: none"> 100% of Tier 2 suppliers mapped by 2025. 	Foster inclusion and diversity <ul style="list-style-type: none"> Further integrate the Diversity and Inclusion strategy by including it in all Global policies by 2025 at the latest.
End waste <ul style="list-style-type: none"> 100% of our packaging should be reusable, recyclable or compostable by 2030. 	Source ethically <ul style="list-style-type: none"> 100% of Tier 1 suppliers and nominated Tier 2 will meet or exceed our social and environmental. 	Empower women <ul style="list-style-type: none"> 50/50 percent of board male/female representation by 2028. 50 percent of managers in our Tier 1 suppliers are female by 2025. Further integrate the Diversity and Inclusion strategy by including it in all Global policies by 2025 latest.
Eliminate hazardous chemicals and microfibers <ul style="list-style-type: none"> Maintain RSL & REACH compliance rate on material and product level above 90%. Full alignment with ZDHC wastewater testing guidelines by 2027. Have full insight into the chemical management and chemicals used in our supply chain by 2030. Water leaving our wet processing facilities will have zero hazardous chemicals by 2030. 100% of all Tier 1 and nominated Tier 2 suppliers have verified their Higg FEM by 2024. 100% of our textile materials are sourced from suppliers with Oeko-Tex Standard 100 by 2025. Research microfiber shedding in different materials and set parameters on the release of microfiber fragments during wet processing by 2030 latest. 	Advance living wages <ul style="list-style-type: none"> Finalise our Living Wage Roadmap by the end of 2024. Introduce a two-way Ethical Code of Conduct in 2024. 	Employee engagement <ul style="list-style-type: none"> Reduce HQ employee turnover to below 20 percent and Store & DC turnover below 50 percent by 2025. Increase HQ employee promotions to above 15 percent by 2025.
Innovate for circularity <ul style="list-style-type: none"> 25% of our product weight will be made up of preferred materials by 2025. 	Recruit ethically <ul style="list-style-type: none"> 100% of migrant workers at our Tier1 and key Tier 2 suppliers will not pay recruitment fees by 2025. 	Develop talent <ul style="list-style-type: none"> Provide stronger learning content in the Hunkemöller Academy by 2024. Boost Training Ambassador network to improve world class service in stores by 2024.
	Promote safe workplaces <ul style="list-style-type: none"> 100% remediation of International Accord initial safety issues from existing production facilities (from before 2024) by 2025. 	

1.7 Corporate Governance

Sustainability is an integral part of Hunkemöller's business strategy and therefore integrated into our corporate governance. Responsible is one of the six Hunkemöller Values. This means that we try to use our leverage to prevent, mitigate and remediate adverse impacts in everything that we do. As the world evolves, we regularly review and evaluate our practices and policies to reflect the changes in the legal and social sphere and to challenge our own commitments on the topics of human rights and environmental change. Our Code of Conduct applies to all Hunkemöller members of staff and addresses matters such as conflicts of interest, discrimination and harassment. The Trading Board (the Board) - responsible for the oversight of the environmental and social impacts of the company's operations - adopts and oversees the Hunkemöller sustainability strategy and ensures sustainability is integrated and prioritised in our corporate objectives. The Board also checks the reliability of information provided to it and verifies that major risks are properly covered by effective policies.

The ESG Working Committee, set up in 2023, defines Hunkemöller's broad policy as regards social and environmental responsibility. The Committee is chaired by the Sustainability Manager. The Committee consists of appointed senior managers from all departments and the sustainability team, and is responsible for turning policies into principles, methodologies and action plans, for reviewing the company's sustainability progress and priorities, and ensuring accountability at all levels of the organisation. The Committee helps integrate sustainability into the company strategy and daily operations by gathering data, creating strategies & setting goals, roadmaps and policies and by coordinating international reporting and consolidated communication regarding performance. The Committee also assists the Board in fulfilling its oversight responsibilities with respect to Hunkemöller's sustainability efforts and supports the Board in its review of new and existing risks relating to ESG topics.

In 2023, the Hunkemöller ESG team consisted of 4 people: a Sustainability Manager, a CSR Advisor responsible for social compliance, an Environmental Coordinator responsible for environmental compliance and a Sustainable Product Specialist responsible for product compliance.

This team works across the organisation to embed sustainability approaches, policies and goals throughout our business. They identify social, environmental and product risks and opportunities, put these into context and gain information on emerging social and environmental issues. They also visit and audit producers, consult stakeholders such as NGOs and Trade Unions, draw up and monitor policy plans and evaluate whether the Ethical Code of Conduct is complied with. The Sustainability Manager regularly reports to and seeks input from the Global Marketing and Communications Director and the CEO. The role is primarily responsible for the development and implementation of the Hunkemöller sustainability strategy. The Buying Department includes ESG

in their purchasing decisions; Design and Merchandising Departments also integrate social and environmental objectives in their decision-making processes.

1.7.1 Corporate Policies

The following Hunkemöller Corporate policies were reviewed or elaborated on in 2023:

- Animal Welfare Policy
- Biodiversity Policy
- Climate Policy
- Deforestation Policy
- Water Stewardship Policy
- Material Manual
- Code of Conduct
- Ethical Code of Conduct
- Labour Policy
- Diversity and Inclusion Policy
- Safety and Wellbeing Policy
- Responsible Purchasing Practices Policy
- External Grievance Mechanism
- Whistleblower Policy
- Psychological Safety Policy
- Global Illness Policy
- Global HR Brand Standards
- Employee Gift Policy
- Corporate Giving Policy
- Incident Reporting & Personal Data Breach Response Policy and Checklist
- Privacy Risk Assessment Policy
- Data Privacy Governance Framework

1.8 Stakeholder Engagement

Because building a sustainable future is not something that we can achieve alone, it is essential to join forces and collaborate with NGOs, industry peers, trade unions, local communities and other stakeholders to improve our social and environmental impact. Achieving our sustainability goals will require extraordinary effort by all, but only by working and learning together can we connect individuals and communities, share insights and innovations and drive meaningful change to shape a better tomorrow for people and the planet. Stakeholder engagement can help us understand the perspectives of those who might be affected by our activities. It is therefore important that we hear their perspectives, experiences and ideas. Engaging stakeholders is critical for formulating our ESG and broader business strategies and helps us understand where we can make the biggest change and have lasting impact. To drive our Together Tomorrow strategy, we must understand what matters most to both our internal and external stakeholders. We engage with stakeholders in a variety of ways: through relationships that we have built with NGO partners over the years, through surveys and forums, through supply chain assessments and feedback mechanisms, and in conversations with investors, as well as through various other formal and informal means.

Our Stakeholders

Stakeholders	Principle	Topics	Manner of Engagement	Frequency
Customers	Our (potential) customers are our most important stakeholders. We want to make high quality and responsibly produced garments and accessories accessible to as many people as possible.	Transparency; (Sustainable) Material Use; Quality & Product Safety; Product Care; Circular Economy; Diversity, Equity and Inclusion.	Stores, Website, Newsletters, Advertisements and Leaflets, Social Media, Annual Sustainability Report, Customer Service.	Daily
Employees	Our own employees are the core of our organisation. Only with involved, committed employees can we achieve our goals.	Transparency & Traceability; Responsible Purchasing Practices; Working Conditions; Child, Forced and Bonded Labour; Freedom of Association; Carbon Footprint; Circular Economy & EcoDesign; Regulatory Sustainability Developments; Diversity, Equity and Inclusion.	Internal (Online) Communications and training; Works Council; ESG Steering Committee meetings; Management & Trading Board Consultation; Sales & Service days; E-learning.	Daily
Investors	Supervisory board with main shareholders Parcom and Carlyle.	Strategic Decisions and objectives.	Meetings and consultations.	Quarterly
Trading Board	The TB is a body consisting of 9 persons that carries out oversight of the organisation.	Strategic Decisions and objectives.	Meetings and consultations.	Bi-weekly
Suppliers & agents in production countries.	We work closely together with our suppliers and agents and aim for long-term partnerships. To achieve our goals, joint commitment is important.	Transparency & Traceability; Responsible Purchasing Practices, Health & Safety; Working Conditions; Child, Bonded and Forced Labour; Discrimination; Freedom of Association; Carbon Footprint; (Sustainable) Material Use; Circular Economy; Diversity, Equity and Inclusion.	PLM & Supplier Hub (Digital Correspondence); online and in-person visits to Production Facilities; Supplier Meetings and Conferences.	Daily
NGOs, Unions & Industry Associations	We engage in open discussions with NGOs, unions and industry associations for increased transparency, to learn about industry best practices and real time updates in supplying countries.	Transparency & Traceability; Responsible Purchasing Practices; Wet Processing & Chemical Management; H&S; Working Conditions; Child, Bonded & Forced Labour; Freedom of Association; Discrimination; Diversity, Equity and Inclusion; Carbon Footprint; Sustainable Material Use; Circular Economy.	Working Groups; Meetings through Multi-stakeholder Initiatives; Stakeholder Dialogue and Engagement; Annual Sustainability Report.	Bi-weekly
Peers	We seek cooperation with peers to share best practices. Industry-wide consultation is an important part of our strategy.	Responsible Buying Practices & Living Wages, Enhanced Due Diligence, Sustainability Reporting, Transparency and Traceability, Health and Safety, Freedom of Association, Wet Processing, Sustainable Materials, Waste Reduction, Circularity and End-of-Life Solutions.	Responsible Buying Practices & Through Stakeholder Dialogue, International Accord, amfori, SAC, MADE, LIC meetings and other industry events and sustainability conferences.	Frequent
Media	We want to explain the Together Tomorrow strategy, how far we have come, what difficulties we are facing and where there is still room for improvement. We want to be honest about our journey and celebrate the progress we make along the way.	Carbon Footprint, Transparency, Product, Product Quality & Safety, DEI.	Interviews, Stakeholder Dialogue, Annual Sustainability Report.	Frequent

1.9 Materiality Assessment

For our materiality assessment, we have gathered direct and indirect insights to determine the most relevant topics for our company and the impacts that can be directly linked to these topics. To minimise risk and make progress toward positive change, we have determined 25 topics mainly relating to environmental, social and governance matters. Our list is based on business relevance and impact – both positive and negative – and our commitments in relation to the SDGs, so that we can take concrete actions towards achieving these going forward. Our approach considered both internal and external sources. Internal sources include previous Sustainability Reports, audit reports, employee and customer feedback and various publications. External sources included the CSRD (ESRS requirements) & GRI reporting standards and key stakeholders such as government agencies, NGOs and industry associations. The topics take financial, operational, natural, human, and social capital into consideration, as well as relationships. The outcomes of our materiality assessment inform components of our strategy and reporting, helping our efforts and programmes stay relevant and impactful. Finally, the topics were categorised as being an essential priority, a priority or lower priority:

Essential Priority

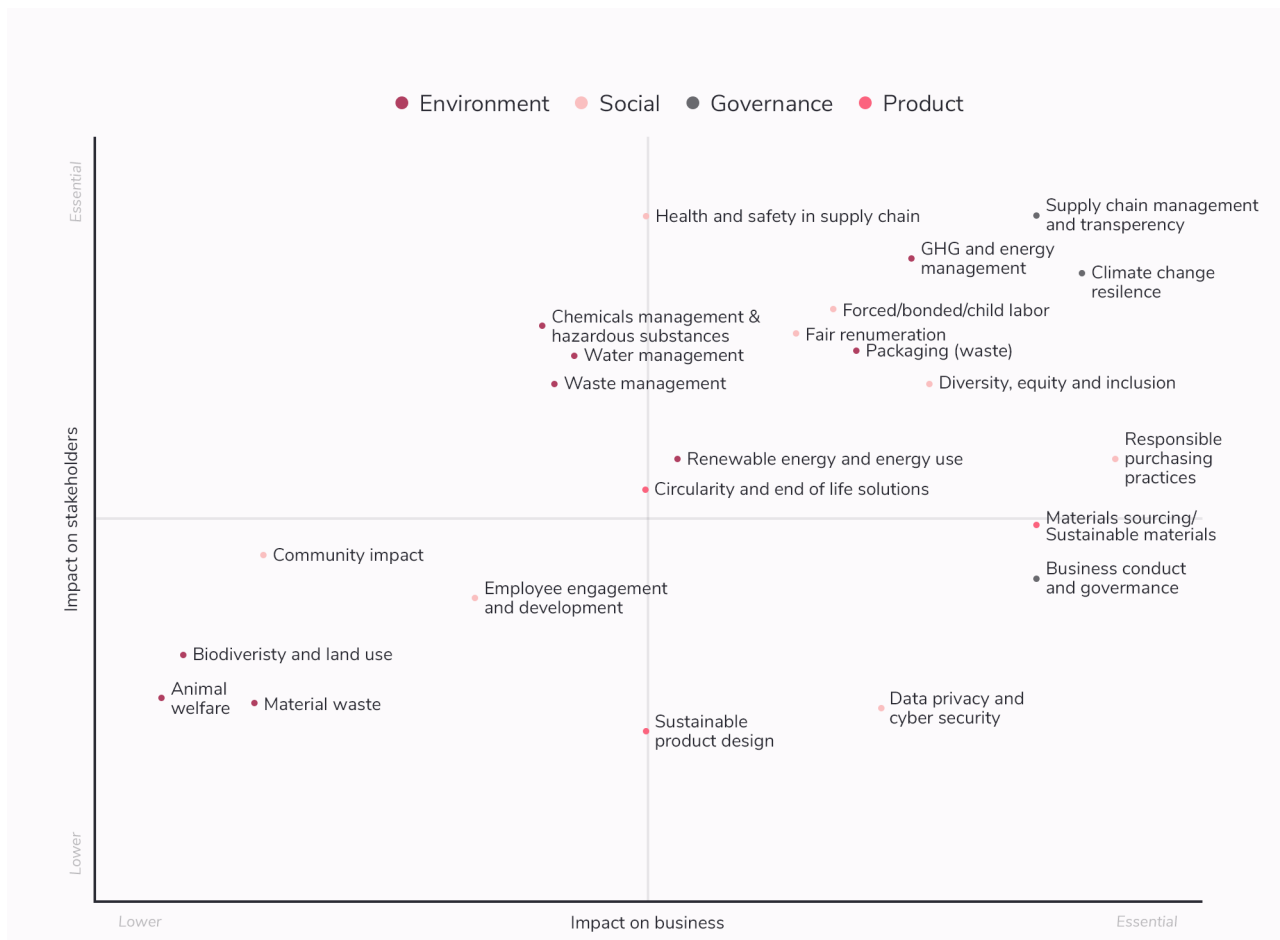
- Business conduct & governance
- Supply chain management and transparency
- Health and safety in the supply chain
- GHG and energy management
- Climate Change Resilience
- Chemicals management& hazardous substances
- Water management
- Waste management
- Packaging (waste)
- Diversity and inclusion
- Forced, bonded- & child labour
- Materials sourcing & sustainable materials
- Fair Remuneration
- Responsible Purchasing Practices

Priority

- Renewable energy and energy use
- Employee engagement & development
- Sustainable product design
- Circularity & End-of-life solutions
- Community impact
- Data privacy & cyber security

Lower Priority

- Biodiversity and land use
- Material waste
- Animal welfare



In 2024 we will conduct a double materiality assessment, with the intent to better link material topics with both financial and real-world physical impacts. With the help of the external consultant Rainbow Collection, we will engage stakeholders across our company and beyond to help us understand which material topics are most critical for the short and long terms. This collaborative process will identify topics relating to environmental, social and governance matters, that will be designated as being material to Hunkemöller. The double materiality assessment will help us continue to identify, manage and report on the issues that impact our business and are of importance to our stakeholders and more efficiently allocate resources.

1.10 Partnerships

Collaboration is an important key to sustainability. Because sustainability is a global problem with no single solution, solving social and environmental challenges requires cooperation. We cannot do it alone. Partnerships bring diverse insights on how we can mutually tackle complex problems; through partnerships we can identify unexplored opportunities and gain access to skills and resources. Our sustainability strategy can therefore only be realised with strong partnerships and cooperation on all levels. This may be global, regional, national, local or even on industry level. Our partnerships are built on common principles and values, a shared vision and shared goals to create a more sustainable and inclusive future for all. These were our partners in 2023:

1.10.1 amfori BSCI and BEPI

Amfori BSCI (Business Social Compliance Initiative) is an international standard that monitors suppliers on the issues of human rights and helps us implement compliance and improvements within our global supply chain. Hunkemöller has been an active member since 2004, and makes use of the Code of Conduct, management tools, monitoring system, capacity-building and external auditing. Due diligence is at the core of the system, so it supported us in implementing a risk-based approach to proactively identify, prevent and address adverse human rights impacts detected in the supply chain. Amfori BEPI (Business Environment Performance Initiative) is a cross-sectorial tool that helps companies, and their business partners identify and address sustainability issues and focus improvement efforts on topics most relevant to their operational activities. BEPI encompasses 8 environmental performance areas which include environmental management systems, energy & climate, emission to air, water & effluents, waste, biodiversity, chemicals and nuisances. The tool is applicable to all industries.

1.10.2 International Accord

In 2023, Hunkemöller re-signed the New International Accord and its Bangladesh Country-Specific Safety Program (CSSP). This is a legally binding agreement to provide safe workspaces for employees working in clothing factories. The International Accord includes independent safety

inspections of factories and public reporting of the results thereof. Through the International Accord, we collaborate with multiple stakeholders to identify and address fire, electrical, structural and occupational safety risks. We work closely with suppliers to identify the root causes behind any safety issues, and partner with them to develop lasting solutions.

1.10.3 Sustainable Apparel Coalition, Higg BRM, Higg FSLM and Higg FEM

In 2021, Hunkemöller became a member of the Sustainable Apparel Coalition (SAC) to drive collective action and positive change. The SAC is a non-profit sustainability organisation with the aim of measuring sustainability performance in the apparel, footwear and textile sector through a universal approach. Today it allows for 250+ global industry peers from 36 countries to work collaboratively, aiming to lower negative environmental impacts and uphold social justice in the garment industry supply chain. Since joining SAC, Hunkemöller rolled out the Higg Index tools, integrating them in our day-to-day business. The Higg Facility Social & Labour Module (Higg FSLM) measures overall social labour practices in production facilities by measuring the social impact of manufacturing across areas such as wages, working hours, health and safety and employee treatment. Production facilities can use the Higg FSLM assessment to understand performance hotspots and reduce audit fatigue. The Higg Facility Environmental Module (FEM) is a standardised tool that uses data to measure the environmental impact of product manufacturing at factories (energy/greenhouse gas emissions; water; wastewater/ effluent; air emissions; waste; and chemicals management). We are further able to measure the direct impact from products in terms of global warming, depletion of fossil fuels, water scarcity, eutrophication and chemicals. In 2021 we started participating in the Higg Brand and Retailer Module (BRM); in 2022 we had our self-assessment externally verified (BRM 2021). In 2022 and 2023, the BRM was updated to more effectively deliver on industry needs. The tool now has greater alignment with 'best in class' frameworks on issues such as biodiversity or responsible purchasing practices. Because of this major overhaul, we did not have our BRM 2022 verified.

1.10.4 Solidaridad

In 2022 we started our partnership with Solidaridad, an NGO operating in over 50 countries, helping to improve supply chains by looking at both social and environmental aspects. Through our collaboration with Solidaridad we can build a more strategic approach to development, improve working conditions and strengthen our sustainability efforts in our entire supply chain. Working with Solidaridad gives us the opportunity to enhance the communities in which we are active and establish sustainability as the norm in the regions in which we operate.

1.10.5 Netherlands Trade Union Confederation

The Netherlands Trade Union Confederation (FNV) is the largest trade union in the Netherlands, campaigning for a just and egalitarian distribution of work, prosperity & power, and well-being for all. Because the FNV and FNV unions are members of and affiliated to European and international partnerships and trade union organisations, they can assist and support unions in other countries through their solidarity programme. Thanks to this international network and their specialist knowledge on the ground, they can help us activate their networks in a specific supplier country, better frame topics that are specific to this country and help articulate actions.

1.10.6 The Centre for Childs Rights and Business

The Centre for Child Rights & Business (The Centre) is an NGO working in major sourcing countries across Asia. Their mission is to promote supply chain transparency, improve corporate practices for businesses, and improve the lives of children and families by working with companies to strengthen children's rights. Working with The Centre helps us prevent and remediate child labour in our production facilities.

1.10.7 Multi-Stakeholder Alliance for Decent Employment in the Myanmar Apparel Industry

In 2023 we joined the Multi-Stakeholder Alliance for Decent Employment in the Myanmar Apparel Industry (MADE in Myanmar). This EU funded project with co-financing by the private sector began its operations in 2022 and has the objective to strengthen and protect responsible business practices in the textile, clothing and footwear sector. MADE builds on the work of the previously successful SMART projects. MADE shall continue and upscale the SMART Factories Programme to cover a minimum of 200 factories with technical assessments, advisory support and access to workshops and remediation. Working with MADE helps us to better raise and monitor standards of conduct in our Myanmar factories.

1.10.8 Women Empowerment Principles

We are a signatory to the Women Empowerment Principles (WEPs), a set of Principles offering guidance to business on how to advance gender equality and women's empowerment in the workplace, marketplace and community. Established by UN Women and UN Global Compact, the WEPs are informed by international labour and human rights standards and grounded in the recognition that businesses have a stake in, and a responsibility for, gender equality and women's empowerment.

WEPs are a primary vehicle for corporate delivery on gender equality dimensions of the 2030 agenda and the United Nations Sustainable Development Goals. By joining the WEPs community, Hunkemöller signals its commitment to this agenda at the highest levels of the company and to work collaboratively in multistakeholder networks to foster business practices that empower women. These include equal pay for work of equal value, gender-responsive supply chain practices and zero tolerance against sexual harassment in the workplace.

1.10.9 ClimatePartner

In 2023 Hunkemöller partnered with ClimatePartner, a consulting agency helping us to calculate our corporate carbon footprint across scope 1, 2 and 3 (direct and indirect emissions). This partnership is key in ensuring that we meet our commitment of setting Science-Based Targets by 2025, as ClimatePartner supports our data collection process and carries out the analysis.

1.10.10 Rainbow Collection

In 2023 we commissioned Rainbow Collection, a creative agency for impact strategy to help us with our Double Materiality Assessment. This assessment shall take place in 2024 and will help us to identify, manage and report on the issues that impact our business and are of importance to our stakeholders. The Double Materiality Assessment is a crucial first step in ensuring compliance with the EU CSRD.

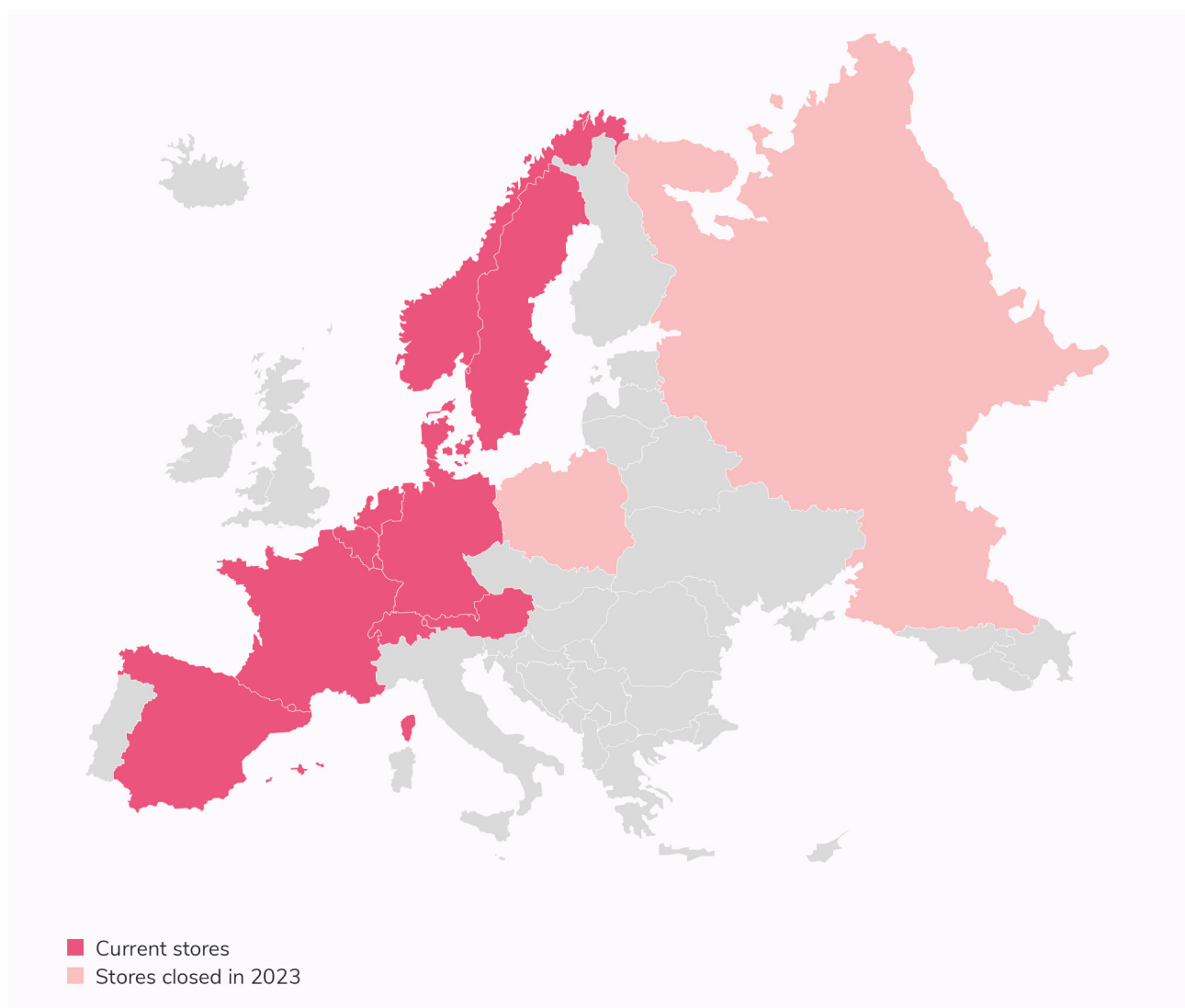


1.11 Our Stores

Stores are touchpoints on our customers' journeys. Every day, we welcome customers to 886 Hunkemöller stores over 30 countries, building relationships and providing them with the relevant services. We want our customers to be inspired by our brand. One of the Hunkemöller Brand Purposes and Values is *Inspiring*. Our stores are where our brand really comes alive and how we connect and interact with our customers. We want to inspire our customers by creating a WOW experience each and every day. We use consistently inspiring store fronts to create brand awareness and incentivise customers to enter the store or view products online. Our commitment to physical store retail and the role we play in towns and cities is second to none. Our stores are no longer just places for our customers to browse and buy: they've become part of a much larger omni-channel journey, which can have multiple start points. Following customer surveys, in 2023, we invested in improving our store portfolio, including undertaking store excellent tests in 30 stores in the Netherlands and Germany. By better understanding how our customers respond to different environments, we can connect with and inspire our customers and create a better in-store experience. The quality of our store portfolio was improved by renovating stores and closing underperforming stores. At the

heart of our retail strategy lies a commitment to exceptional service. Our well-trained staff members act as brand ambassadors, offering personalised assistance and expert advice. Our stores are not just places to buy fashion: they are inspiring and vibrant retail destinations where customers can engage and connect, feel valued and respected. We increase customer convenience by providing omni services, and we continuously elevate our assortment to serve our customers' needs and expectations. Stores are an important part of the supply chain, especially with last-mile options, where customers can combine shopping with omni services such as click and collect and in store pick-up. By adapting how we use our stores and combine different service offerings, we aim to always offer a smooth and flexible shopping experience.

In an era marked by dynamic shifts in consumer preferences, the future of retail has never been more exciting. We believe in not just offering great and beautiful products, but building relationships, and fostering an inclusive environment. In 2023 we started upgrading our store portfolio to ensure we have the right store with the right format in the right place to meet our customers' needs. In some cases, we undertook refurbishments, whereas in other stores we created a new perception and sense of comfort.



1.12 Online Retailing

Our online and physical stores complement one another, strengthening the product offering to our customers. We are firmly committed to our omnichannel strategy and want to provide quality service to our customers irrespective of the sales channel they use to make purchases (physical or online). Through our online services, our customers have access to shopping whenever, wherever and however they want it. We sell our products through our own e-commerce platform, but also via third party retailers. To be able to offer a truly seamless online experience, we are improving the navigation and search experience to help our customers find items they love. In 2023, new features were added to the website and app to facilitate immersive and omnichannel browsing.

To reach our target customers, we have implemented a multichannel marketing strategy with a differentiated media approach including TV, social media, PR events, e-mail, outdoor media and mobile applications, adapted to local markets, with a focus on the right channel on the right device at the right moment to the right customer segment. Our Sheroes can place an online order in-store via Order in Store (OiS), return or collect items ordered or reserved online, or digitally browse the whole collection with our staff.

Our renowned world class service has traditionally meant a welcoming meet-and-greet, inspiring advice and the 'kiss goodbye'. In the current omni-channel retail environment, this has become so much more. Our store staff are trained to offer a seamless experience, regardless of where our Shero starts or ends their shopping journey, which makes them multi-channel brand ambassadors. This could mean retrieving an order, processing an online return, or placing a new order via our app or in-store ordering system. We want all our customers to have a welcoming and inspiring shopping experience. In our stores we can have a positive impact by showing inclusion and diversity as well as advocating for more sustainable consumption. Our service should exceed our customer's expectations, however and whenever they shop with us. We want to encourage our Sheroes to return as often as possible, tell their friends and family about the great shopping experience they've had and help us build a sustainable business.

1.12.1 Cybersecurity

We are continually working to improve our cybersecurity approach and have taken measures to ensure that our organisation, employees and consumers are adequately protected from potential cybersecurity threats. We conduct daily scans of the technical environment for vulnerabilities and assess third-party partners as part of our regular operational risk management activities. To strengthen protection measures, our security awareness program provides all employees with trainings. This Cyber Security training is obligatory for all personnel (new and existing). In 2023, we did not experience any material data breaches, information security breaches or cybersecurity incidents and so did not pay any related fines or fees.

1.12.2 Data Privacy

We aim to protect the interests of our key stakeholders (customers, shareholders, employees, investors, suppliers, partners, etc.) and are dedicated to ensuring that our customers' personal information remains secure and private. To gain and keep their trust, we commit to operate our business based on transparency, accountability and security. As the world grows more digital, we want to ensure that our consumer experience is consistent around the world and carefully consider which personal data we collect and with whom we share it. We want to adhere to the highest industry standards and best practices to safeguard all customer data collected throughout our business operations. We operate a global privacy program, ensuring we use a consistent approach to handling personal data wherever possible. This is embodied in our global policies, procedures and internal guidelines that our employees are trained in annually.



2. OUR SOCIAL DIMENSION

2.1 Our Customers

Target 1: Achieving excellent service and customer satisfaction.

Target 2: Creating an environment, tailored to our customers' needs, that delivers an experience that surpasses expectations.

We serve our customers online and, in our stores, and want to deliver the best shopping experience before, during and after a sale takes place. To do so, it is important that we understand customer perceptions and expectations. Listening to our customer and understanding their wants and needs is therefore the cornerstone of the Hunkemöller customer satisfaction model. We work hard to ensure that our commitments, high quality standards and expert service translate into a memorable experience for our customers. To achieve these goals, we are working on several initiatives:

- Offering personalised and specialist care coupled with a broad range of products and services to satisfy customers' needs.
- Our customer service effort keeps us in close contact with our customers: in-person at our stores or via phone, email or social media.
- We continue to adapt our activities for new technology.
- Online, we continue to reinforce our schedule of agreements with 20+ leading third parties.

We strive to build long-term relationships with our customers, to which end we promote responsible consumer habits, while offering more sustainable product options. We work to foster our customers' health and well-being through the products we sell by guaranteeing compliance with the highest safety standards. We stringently adhere to EU REACH regulations, complying with textile safety standards on the use of restricted chemicals. Finally, our designers and product teams work together to identify trends and understand customer needs. At the same time, our marketing team designs the best creative campaigns, featuring beautiful images of a diverse range of models and body types that convey a playful, multicultural and inclusive story.

At Hunkemöller, we highly value the feedback of our customers. Therefore, we continuously track our customer satisfaction through an online survey. The feedback from this survey is fed back into the business, from senior management to individual stores, so we can improve the customer experience based on the feedback that is provided. In 2023, our Net Promotor Score (NPS) which can range between -100 and +100 and measures customer satisfaction, was +54. This indicates a great satisfaction rate amongst our customer base.

One of our top priorities is to provide customers with a satisfactory, efficient and timely response to any suggestions or complaints that may arise. We have a management model for addressing suggestions and complaints received through the customer services, in our stores or through other channels (social media, email or letter). In 2023, Hunkemöller recorded 1254 incidents. The reasons for the complaints were varied, ranging from a problem with refunds to size availability.

2.1.1 Information Security, Personal Data Protection and Privacy

Target: Ensure that we have the tools in place that are needed to guarantee the confidentiality, safety and protection of the personal data we handle.

As a result of the development of online sales, the way companies develop and deliver their products and services to customers is changing. In this increasingly interconnected world, safeguarding our customers' data is not only a legal obligation but also an ethical imperative. We assign the highest priority to guaranteeing the confidentiality and integrity of information and ensuring the availability of all processes that support sales and distribution channels. The IT Department is the area responsible for ensuring information security and data protection and members of Senior Management oversee the implementation of best practices in security management, compliance with applicable regulations and effective and consistent application of ethical values throughout the company. Our Data Protection Policy sets out a series of principles and commitments that are binding to all employees, managers and senior executives of Hunkemöller. It is our aim to detect, avoid and respond to situations that could jeopardise data protection in order to safeguard individuals' fundamental rights and freedoms, particularly their right to keep their personal data private, further emphasising the companies' commitment to human rights. We also carry out a series of other initiatives such as:

- Conducting register handling risk analysis and ensuing impact assessments.
- Performing risk analysis around new processing activities and their various purposes at Hunkemöller.

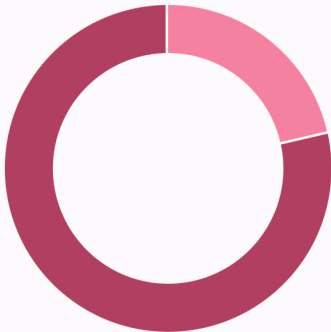
To guarantee the data protection of the various groups whose personal data we process (customers, employees, candidates, etc.), we conduct an analysis of all the trends with an impact on privacy across the retail sector, as well as the obligations entailed by the new regulations and the interpretations of the supervisory authorities, judges and courts. This guarantees compliance with the principles deriving from the data protection and privacy regulations, and particularly those of transparency and the management of the rights of interested parties. Regarding our employees, we foster a culture of privacy in our company through, among other actions, a course on data protection and privacy. This course is aimed at all employees of the company at a global level and is mandatory for all employees that join the company.

2.2 Our People

Happy people power our brand, and they are our greatest asset. We are committed to building an inclusive environment where everyone can be their most beautiful self, realise their individual purpose and cope with the challenges and stresses of life, whilst respecting others for who they are. Well-being, vitality and absence prevention are part of our corporate social responsibility efforts which are at the heart of our business. By providing resources, programmes and tools to foster a mentally and physically healthy lifestyle, we aim to continually improve the welfare of our employees. Topics range from mental to physical health and support in various life stages from parenting, caregiving and the menopause to career path coaching.

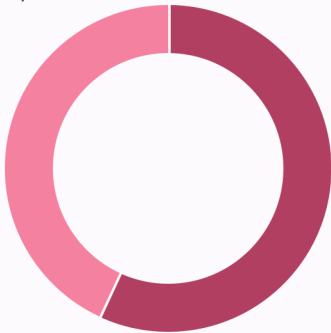
Board Age

- 20-49
- 50-59



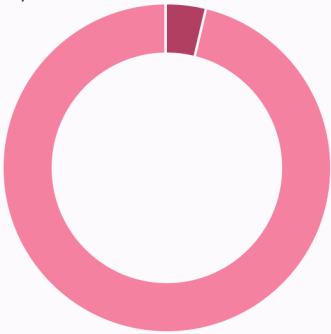
Board Gender

- Non-Binary
- Female
- Male



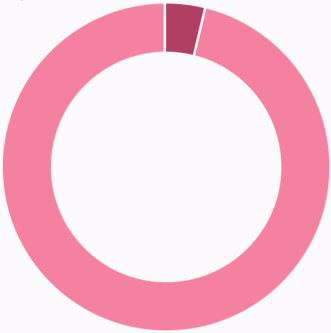
Employees

- Non-Binary
- Female
- Male



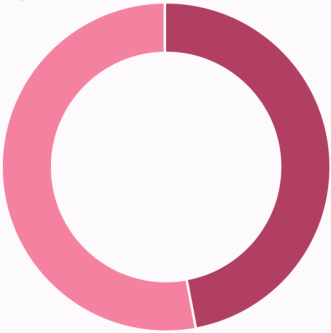
Managers

- Non-Binary
- Female
- Male



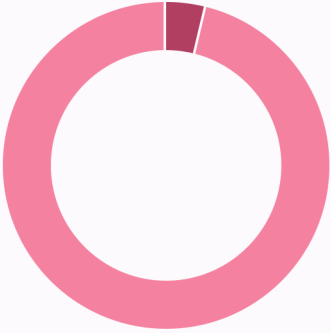
Senior Managers

- Non-Binary
- Female
- Male



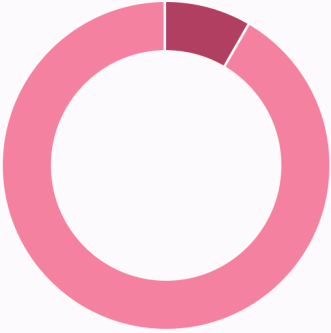
Permanent Contracts

- Non-Binary
- Female
- Male



Full-time Contracts

- Non-Binary
- Female
- Male



2.2.1 Talent Attraction and Development

Target 1: Provide stronger learning content in the Hunkemöller Academy by 2024.

Target 2: Boost Training Ambassador network to improve world class service in stores by 2024.

One of the pillars of our Brand Purpose and Values is Empowering. At Hunkemöller, we empower each other to be ourselves, unlocking full potential through support and encouragement. We are committed to attracting and fostering a diverse, inclusive, and talented workforce. Because the best talent is quite often right under our noses, we want to retain and develop our employees by nurturing and growing their skills. This will not only serve our customers and communities, but also the company. Our recruitment strategy is captured by our motto: 'hire for attitude and train for skill'. Our digital recruitment process is designed to be engaging, flexible and sustainable and has the candidate experience at its heart. Once new hires join us, we offer an extensive induction programme that is tailored to their role. For example, for non-retail colleagues, we offer a head office induction, so new hires understand who we are and what we stand for. Our retail induction programme ensures we provide the same training wherever someone may start.

Thanks to a constantly changing world and new customer behaviour, the complexity of the retail business keeps on evolving. We therefore invest heavily in the continuous learning, training and development of all employees – especially in our physical stores. Technical developments, changing fashionable products, retail and process innovations all require this from us. To create consistent service training is essential, and to make this happen we use online training to ensure our staff have up-to-date evaluated and certified expertise. Our global network of training ambassadors supports our online programmes by offering in-store training that focuses on and maintains high service levels. The quality of customer service is dependent on the skill, knowledge and experience of the product experts in our stores and online. To stay competitive and meet increased customer demands, we continue with our transformation work, which encompasses all parts of the company and includes, among other things, new store concepts, enhanced digitalisation and new ways of working. In 2023, we opened 11 new stores. In total, we recruited almost 5790 new employees. At the end of the year, 7004 people were directly employed by Hunkemöller. In addition, 4949 employees left the company. It is very common to have high employee turn-over in retail store positions, as a large proportion of employees join Hunkemöller when they are studying and work for a short period of time and for a limited number of hours.

In 2023, Hunkemöller was once again certified as Top Employer in The Netherlands and Germany by the Top Employers Institute Certification Programme. For the first time, we are also certified Top Employer in Denmark. This programme assesses the people practices of companies through an independent audit and survey. This is a great acknowledgment of the effort we have invested in making Hunkemöller a great place to work.

2.2.2 Employee Well-being and Safety

One of the pillars of our Brand Purpose and Values is Playful. At Hunkemöller we have a playful and cheeky culture that sparks creativity, collaboration and growth. Our strong values support the business and guide our employees to stay engaged and contribute to an open culture. The companies' culture and values are actively and consciously integrated throughout the entire organisation. At Hunkemöller we want everyone to feel safe and comfortable. Consequently, we prioritise and invest in the well-being of our employees, supporting their physical and emotional well-being, particularly in the areas of work-life balance and the freedom to be themselves. We actively focus on eliminating the stigma associated with mental health issues, creating a common language for employees to openly discuss mental health in the workplace and addressing issues that may hold them back from better mental health. Besides providing information on specific mental health topics such as anxiety, mindfulness and navigating change, in 2023 we provided mental health awareness training to our managers so they can identify behaviours that may signal that a mental health challenge is impacting an employee. Empowered with this training and tools, managers can empathetically talk with employees about their concern and help them connect with mental health support resources. In 2023, 50 managers participated in our health awareness training.

With a focus on physical well-being, workstations are looked at in terms of improving ergonomics and physical workload. To provide safe working environments we ensure that our facilities and stores are following corporate safety standards, and that safety policies and procedures are aligned with governmental regulations. Retail store operations regularly walk the stores in order to identify risks and potential hazards.

2.2.3 OpenUp

To help our employees prioritise their mental and physical health and reduce symptoms of stress, anxiety and depression, they have access to OpenUp. OpenUp is an online platform where they can find mental support by sharing their personal thoughts, emotions and challenges with an online psychologist on a confidential basis in a 1-on-1 consultation. In 2023, a total of 74 employees attended a 1-on-1 consultation (2022: 78 employees).

2.2.4 Working from Home and Abroad

We want to create a work environment where our employees feel supported. Because many of them have their roots or families in different countries – sometimes even on different continents – they can feel disconnected from their loved ones. To help them stay connected, they are given the opportunity to work from abroad one week per year; from 2024 onwards, this will be two weeks. As was the case during the pandemic, hybrid working has now become fully integrated into our workflows. Depending on their preference, employees can work from home two days a week. The benefits of hybrid working are a better work-life balance and more leisure time as a result of less time spent commuting.

2.2.5 Internal Workplace Grievance Mechanisms

We want to maintain a safe, healthy and pleasant working environment for everyone. In case employees or third parties have a complaint, they can raise issues directly with us through an external confidant (in case of inappropriate behaviour, harassment, sexual intimidation, discrimination or aggression in the workplace) or through a whistle-blower scheme (in case of criminal offences, failures to comply with legal obligations, miscarriages of justice and damage to the environment by the company). This way employees can safely and confidentially report illegal or unethical conduct in a protected manner and without retaliation. All reports are followed up immediately and, if confirmed, appropriate measures are taken. In 2023, we received 8 reports of alleged violations. Out of these 8 reports, 25 percent came from our HQ, 25 percent from DC and 50 percent from Stores.

2.2.6 Works Council Committee

At Hunkemöller we have three Works Council Committees. Their task is to promote and protect the interest of employees as well as to protect the interests of the company by being a sparring partner in decision-making.

- The Dutch Works Council is represented by 9 employees across the company (HQ, DC and Stores).
- The European Works Council is represented by 17 employees across the company globally (HQ, DC and Stores).
- The Belgium Works Council is represented by 5 employees across the company (HQ, DC and Stores).

2.2.7 Staying Fit, Vital and Happy

Our 'Fun, Vital & Happy Programme' offers various activities and initiatives to support staying fit, vital and happy. This includes deep relaxation sessions, healthy lifestyle workshops, mindfulness workshops, nutrition & stress management workshops, various sporting events, a stop-smoking course and coaching. To reduce stress and relieve muscle tension or pain, HQ employees can book a session in our massage chair. To promote a supportive workplace and culture, we provide health promotion strategies for carer-employees. Carer-employees are employees who provide care and assistance to individuals living with physical, mental or cognitive conditions such as a parent, spouse, relative or friend. Carer-employees sometimes find it difficult to find the right balance between work and private life. In case they need support, they can get free coaching sessions from Fello, an organisation that helps and supports employees who care for a loved one. For mothers returning from maternity leave, we entered a partnership with Partner Inc. Partner Inc. wants to reduce the dropout rate of working parents. Through the development of programmes to better combine parenting and family, they want to make sure that employees do not drop out, that they feel supported, confident and less stressed. In 2023, between 12 to 20 employees attended our monthly relaxation sessions and 12 employees joined our weekly Monday work-out. Fello has been used once and Parent Inc. has been used 8 times.



2.2.8 Employee Engagement

Target 1: Reduce HQ employee turnover to below 20 percent and Store & DC turnover to below 50 percent by 2025.

Target 2: Increase HQ employee promotions to above 15 percent by 2025.

We want all our employees to feel happy, motivated and empowered in their day-to-day roles. Therefore, their feedback is very important to us. It helps us to get more insight into the needs of our employees and understand how we can improve their overall engagement. Because we operate in a diverse, dynamic and fast changing business environment, it is important that we foster an open, continuous and two-way dialogue with our employees.

In Touch is one of the six Hunkemöller Brand Purposes and Values. We learn and grow by listening and collaborating with each other. Ensuring our employees' voices are heard and their feedback is addressed is an important part of our approach to employee well-being. We listen to our people at every level across all functions to understand what they need to be able to thrive in our organisation. To better meet employees' needs, we engage with office, DC and store-based employees through 2-3 pulse surveys across several topics, from employee well-being to leadership performance. Pulse surveys expand upon engagement surveys to deliver real-time feedback at regular intervals and provide strategic alignment to help identify areas of opportunity. Pulse surveys are completely anonymous. The two most important questions in our survey are:

- "How happy are you working at Hunkemöller"? and
- "Would you recommend Hunkemöller as a great place to work"?

In 2023, 2310 of our employees responded to these surveys. This equates to a participation rate of 31 percent; per group this is 57 percent (HQ), 56 percent (DC) and 29 percent (Stores). This is higher compared to 2022, where we saw a participation rate of 30 percent. Despite the objectively low participation rate in 2023, the surveys showed scores on the higher ends of the scale for the two engagement questions mentioned above. Here we scored 76 percent and 70 percent respectively.

These results encourage us to continue with our surveys and further build on the actions that have been implemented in 2022 to strengthen employee engagement. The results of the survey were communicated at global and departmental level, whereafter they were shared with individual teams and any next steps or follow-up measures were defined. We have integrated the feedback we received with practical responses in the form of new campaigns about work-life balance, mental health, internal mobility and learning opportunities and greater well-being services for employees.

At Hunkemöller, we highly value the feedback of our customers. Therefore, we continuously track our customer satisfaction through an online survey. The feedback from this survey is fed back into the business, from senior management to individual stores, so we can improve the customer experience

based on the feedback that is provided. In 2023, our Net Promotor Score (NPS) which can range between -100 and +100 and measures customer satisfaction, was +54. This indicates a great satisfaction rate amongst our customer base.

2.2.9 Diversity, equity, and inclusion

Target 1: 50/50 percent of board male/female representation by 2028.

Target 2: Further integrate the Diversity and Inclusion strategy by including it in all Global policies by 2025 latest.

One of the pillars of our Brand Purpose and Values is Inclusive. At Hunkemöller, we create a place where everyone belongs and can truly be themselves. Inclusion and Diversity define who we are as a company and how we operate as a business, and we are committed to creating a more inclusive, diverse and equitable industry for all.

Diversity and inclusion are two intertwined concepts but many mistake them as identical. Diversity focuses on demographics such as gender, age, race, sexual orientation, and professional background whereas inclusion ensures that all employees with the aforementioned traits feel supported, valued, and content in the organisation. Inclusivity is crucial for diversity efforts to succeed.

At Hunkemöller, Diversity, Equity and Inclusion (DEI) are very important to our brand: we proactively strive to achieve and improve standards to strengthen our commitment to DEI. We promote diversity and equality through products and communication, and advance inclusion in our communities. It is our mission to be a much-loved, social and inclusive brand, powered by our people. Creating a diverse and inclusive workplace that represents the communities in which we operate and where our talented employees can thrive is vital to that mission. We champion diversity and inclusion, from how we attract, recruit and develop our colleagues to retaining diverse talent. Our goal is to achieve an equitable and inclusive culture in the workplace, to unlock the potential of diverse teams to deliver high performance.

As a global company with colleagues from 93 nationalities, we represent many different cultures and backgrounds and are so exposed to different views and definitions. This is one of our main strengths, as it brings a wealth of diverse knowledge, experience and perspectives that enable creativity and innovation. Our diversity makes us strong, and we actively work to create inclusive and welcoming workplaces where everyone is encouraged to be themselves and respect others for who they are. As a company, we want to reflect the diversity of our workforce, the consumers we serve and the communities where we live and work.

Our Learning & Development team drives the DEI agenda within Hunkemöller and ensures we are a diverse and inclusive brand. This role is closely aligned with HR strategy development. Some of the focus areas of the Learning & Development team are to help us evaluate our diversity policies, deal with intercultural communication, diversity, inclusion and belonging and identify development areas. To achieve this, we will continuously put effort in embedding our view on DEI in all aspects of what we do. We do this by offering training and creating awareness on the following topics:

- Inclusive Communication: Focusing on how to communicate inclusively so that everyone feels included and that the company's vision and message resonates with them.
- Inclusive Leadership: Defining and promoting leadership skills and behaviours that support and create inclusive teams.
- Inclusive recruitment: Increase awareness of unconscious bias to make sure we create equal opportunities for everyone.

Unconscious bias refers to deep-rooted prejudices that we are unaware of. After identification of potential biases, the D&I Expert will develop policies that will address these biases and help support everybody. To make real progress, the organisational culture must change its status quo. To further educate ourselves, we designed a DEI module for all employees.

2.2.10 DEI, Advertising and Communication

Fashion has the power to challenge stereotypes, break down barriers, and create a more inclusive society. Fashion is not just clothing; it's an expression of our identity and a reflection of our culture. Our brand is open to everyone no matter what their appearance, ethnicity or gender identity and we want our products to reflect the diverse society we live in. It is important that our communication and advertising reflect this commitment. This means that we proactively educate our teams on inclusive language and practices, embrace body sizes and shapes and promote body positivity. We educate our marketeers to be role models for LGBTQI+ inclusion and portray the community in ways that bypass societal preconceptions. We do this through responsible, honest and inclusive marketing communications which:

- Feature diverse models and influencers;
- Listen to the voices of all communities to learn from their experiences; and
- Rethink traditional beauty standards to redefine what it means to be beautiful.

In 2023, we provided training sessions on inclusive communication skills in which 3572 employees took part. Communication is about connecting with people, and inclusive communication is essential for creating an inclusive community, in which everyone feels valued. We are committed to advertising ethically and transparently.

Where animals perform in our advertising or communication, there must always be an independent person with species-specific animal welfare experience on site, tasked with ensuring that the animal's physical, health and behaviour needs are met before, during and after the performance.

2.3 Our Supply Chain

Our supply chain covers the production, logistics and distribution of our products. Supply chains should be agile and flexible. Even though production has become more effective and efficient, supply chain management still faces poor downstream chain traceability, delays and lack of real-time information sharing. To optimise the flow of goods, maximise customer satisfaction and minimise negative environmental and social impacts, we need to improve the way we develop and transport our products. Key drivers for achieving this are ensuring better precision in our quantification, allocation, pricing and personalisation. By using AI and better data, we are optimising production processes and streamlining our supply chains.

Respect for human rights is a key priority when it comes to our supply chain. We continuously and rigorously monitor our supply chain and conduct Human Rights due diligence on all our suppliers. We expect our suppliers to fully meet our standards and requirements, which covers standards for ethical conduct, human rights, environmental sustainability and product safety. Additionally, we demand that our suppliers adhere to global social and environmental standards, laws and regulations. The principles we follow for responsible supply chain management are enshrined in our Ethical Code of Conduct and are essentially as follows:

- We respect and promote respect for the natural environment.
- We respect and promote respect for human and labour rights across the entire business and in all our relationships with business partners and third parties.
- We view child labour, forced labour, health and safety hazards and unethical behaviour as being incompatible with our Code of Conduct and Ethical Code of Conduct.
- We observe and respect labour rights, especially those enshrined in the core Conventions and Recommendations of the International Labour Organization (ILO).
- We seek to build a sustainable business culture, driving innovation and enabling sustainable development over the long term.
- We control and manage any and all risks and opportunities that might affect Hunkemöller, considering the impact and results of environmental and social action plans.
- We report yearly on our sustainability performance.

The textile supply chain is long and complex, spanning multiple countries and types of company, all with their own social and environmental challenges. To fully understand where a product came from and whether its production was fair and sustainable, we need to be able to track it from cradle to grave. In 2023 we introduced a PLM system, which will help us with mapping and monitoring our upstream

suppliers. Only by having long-term partnerships and working together, can we build capacity, share information, accelerate innovation and realise our sustainability strategy. Our ambition is to expand the application of our social and environmental standards to the manufacturing of all products and materials – from raw materials to end product. From 2023 onwards, all of our Tier 1 and nominated Tier 2 suppliers must be Oeko-Tex 100 certified. From 2025 onwards, all our nominated Tier 2 suppliers must be Oeko-Tex 100 certified, BSCI/SMETA audited or SLCP verified, and have their Higg FEM verified.

2.3.1 Key Supply Chain Developments in 2023

In 2023, we made further progress in nurturing stakeholder alliances which underpin the companies' supply chain management:

- International Accord: this initiative has been up and running for 10 years in Bangladesh and has proven to be hugely successful in ensuring the safety of workers by allowing for inspections of structural safety, electrical and fire safety installations across the country's textile industry. In 2023 we extended our commitment to the International Accord.
- Sustainable Apparel Coalition (SAC): in 2023 we achieved the Foundational Plus Level for the 2022 requirements cycle. This recognises our work in making tangible and sustainable improvements in our value chain. Considering that we joined the SAC in 2021, this is a great recognition of our efforts. We are looking forward to continuing working with SAC to improve our achievement level every year and increase our positive impact on sustainability.
- Science Based Target initiative: in 2023 we officially committed to the Science-Based Targets initiative (SBTi) to set greenhouse gas reduction targets for our entire supply chain by 2025 at the latest. Science Based Targets are a clear pathway for companies to reduce their GHG emissions. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – namely to hold the increase in the global average temperature to well below 2°C above pre-industrial levels as well as pursuing efforts to limit warming to 1.5°C above pre-industrial levels.
- MADE: in 2023 we joined the MADE in Myanmar Programme, a programme funded by the European Union and co-funded by private sector partners (retailers and factories). MADE builds capacities across the industry to improve working conditions, promoting improved labour and environmental standards and reducing labour rights abuses in Myanmar's textile, clothing and footwear industries. By joining MADE, we can conduct ongoing and heightened due diligence and prioritise workers' rights.
- Reduction in inbound air freight: we met our target of reducing inbound air freight to below 5% by 2024, only transporting 3.7% of orders (0.7% by weight) by plane in 2023.



2.4 Our Suppliers

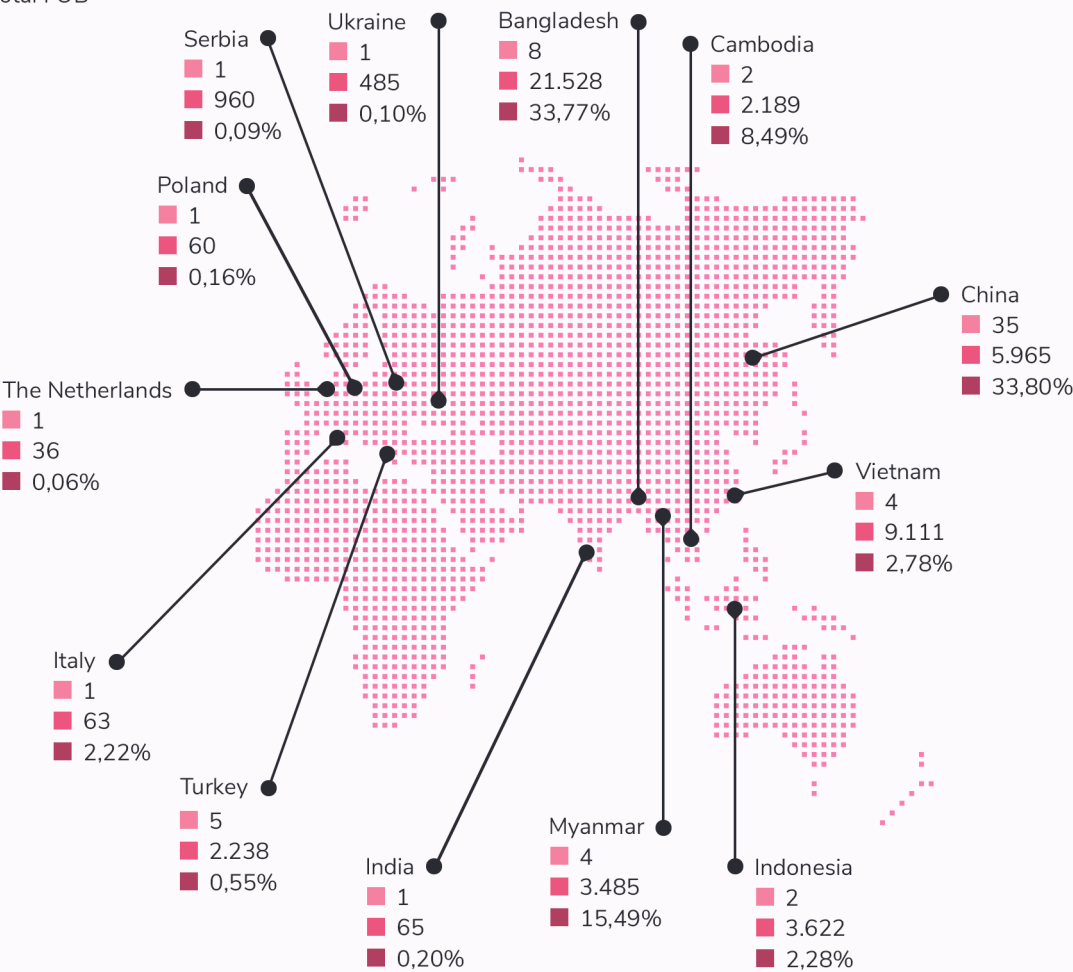
Target: 100 percent social and environmental validation of 2nd Tier nominated suppliers by 2025.

Our supply chain involves many people around the world such as big multinationals, but also producers who provide us with goods and services such as raw materials and logistics. Our suppliers play a critical role in our business. Without them, we cannot build a fair & inclusive world, slow climate change and protect natural resources. We try to work with a limited number of suppliers, since this allows for better control over

the quality of materials and products and makes it easier to establish consistent quality standards. We see the relationship with our suppliers as a process of continuous support and improvement. Maintaining strong relationships with a small group of suppliers allows for better communication, collaboration and supply chain transparency. In 2023, Hunkemöller’s direct supplier base (Tier 1 suppliers) comprised a total of 66 factories in 13 countries, employing more than 49 thousand people. This number refers to the volume of active suppliers, i.e., those with whom Hunkemöller made purchases during the year.

Our Supply Chain

- Number of factories
- Number of workers
- % Total FOB



2.4.1 Supply Chain Due Diligence

Target: To exercise due diligence along the entire value chain through a management system that identifies and prevents the risk of adverse ESG impacts, or otherwise mitigates or remedies them should they materialise.

The Hunkemöller responsible supply chain management model is based on the due diligence approach, which is essential to prevent and mitigate the negative impacts of any inadequate performance by our suppliers. Our due diligence approach is guided by several mechanisms and fosters good environmental, social and governance practices, especially regarding the protection and respect of human rights and environmental impact.



A key aspect of “Prevent” is laying out supplier requirements. Our requirements cover social, environmental and product compliance. To ensure product compliance we require facilities adhere to our RSL and have Oeko-Tex Standard 100 certification. Our social and environmental requirements are shown in the table below, alongside our new targets for 2024, aiming to increase our coverage across Tier 2 facilities.

2023 Supplier Requirement	2024 Supplier Requirement
All Tier 1 suppliers must have a verified social audit.	All Tier 1 and nominated Tier 2 suppliers must have a verified social audit.
All Tier 1 suppliers must have a verified environmental audit.	All Tier 1 and nominated Tier 2 suppliers must have a verified environmental audit.
All wet processing Tier 1 suppliers must provide a wastewater and sludge test report.	All Tier 1 wet processing and nominated Tier 2 suppliers must provide a ClearStream test report.

Because we are subject to the different applicable laws and regulations in every country in which we operate, we proactively monitor and identify the social and environmental legislation in each country and stay up to date with the latest changes in laws and regulations. We expect our suppliers to comply with the standards as laid out in our Ethical code of Conduct which is based on recognised international standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization (ILO) alongside ILO’s Fundamental Conventions. We ask our suppliers in turn for compliance from their suppliers—who ask the same from their suppliers. This will create a cascade of sustainable practices that flows smoothly throughout the entire supply chain. We are aware that cascading sustainability requirements through our extended supply chain remains a challenge since the concept has not yet become fully institutionalised and/or suppliers might not always feel compelled to comply with these standards. We see the relationship with our suppliers as a process of continuous support and improvement. We are in constant dialogue with our suppliers, as well as with other stakeholders such as industry associations, trade unions and NGOs, among others. This ongoing dialogue enables us to identify and understand concerns and what is expected of us and can help solve common challenges.

2.4.2 Supply Chain Policies

We are proud of our company values and the trust we have built with our employees, suppliers and partners. Our employees and relations should always comply with the legislation and regulations of the countries in which they are active and the values and standards that apply within Hunkemöller, which have been laid down in our Ethical Code of Conduct (ECoC). The ECoC underpins our Code of Conduct and sets out the non-negotiable standards of behaviour expected from all our suppliers. We review our policies every year to ensure they reflect the current operating context and the latest legal requirements. In addition, we provide awareness and training programmes which can vary depending on the business priorities.

Ethical Code of Conduct

The Ethical Code of Conduct (ECoC) outlines the Hunkemöller’s ethical, social and environmental requirements vis-à-vis its suppliers. It is based on Hunkemöller’s vision and commitment to improve health, safety, equality and development, and ensure fair and decent working conditions. This ECoC is applicable to all suppliers, their subcontractors and other business partners who do business with Hunkemöller and states that they must take ultimate responsibility for the work performed by their own subcontractors. Standards equally apply to permanent, temporary and agency workers, as well as piece-rate, salaried, hourly paid, legal young workers (minors), part-time, night and

migrant workers. The Hunkemöller ECoC has been created to fulfil our commitment to our employees, customers, shareholders and other stakeholders. In case of changes to the law and changes in society, the ECoC is updated.

Labour Policy

The Hunkemöller Labour Policy describes our Zero Tolerance approach, the requirements for business partners and remediation processes in the event of child, bonded or forced labour allocation. Hunkemöller does not accept child, forced or bonded labour at any locations in the supply chain. It is essential for Hunkemöller that workers are not put at risk and/or children deprived of an education or childhood. The labour policy was updated in 2022 to comply with the latest developments in the garment and textile industry.

Environmental Strategy

Hunkemöller's Environmental Strategy, which draws on (inter)national laws, industry good practices and important principles of sustainability, expects suppliers and their subcontractors to manufacture our garments in a way that minimises the impacts on the natural environment. This involves the development of an Environmental Management System and specific guidelines to enable proper chemical management, facilitate the reduction and elimination of air emissions, prevent groundwater pollution and appropriate disposal of water and (hazardous) waste generated throughout the supply chain. Permits/certifications for proof of compliance with environmental regulations are asked when necessary. In the event of environmental impact identification, Hunkemöller is prepared to support suppliers by putting a remediation plan/programme in place. The Hunkemöller Environmental Strategy includes separate Climate-, Biodiversity-, Deforestation- and Water Stewardship Policies.

Material Manual

Hunkemöller is committed to source materials in an ethical, transparent and responsible manner. Our requirements for sourcing of materials are set out in the Hunkemöller Material Manual, which replaced the Hunkemöller Material Policy in 2023. The Material Manual is an informative document providing key information and guidance that will enable both Hunkemöller employees and suppliers to understand and meet Hunkemöller's high material standards. We recognise that producing fibres and materials requires a lot of non-renewable resources such as water, energy and chemicals, which can all have a major effect on people and the environment. Our material policy includes our general standpoint on sourcing of materials, and it covers mainly raw material production and expectations when sourcing sustainable materials. It also includes material specific requirements since sourcing of these materials require due diligence processes at supplier level to ensure that any risks are identified and addressed. By working closely with business partners and expert organisations we aim to source more sustainable materials to reduce our carbon, water and waste footprint but also limit chemical and pesticide usage, prevent deforestation and protect fresh water and biodiversity.

Responsible Packaging Policy

Packaging plays an important role in our way of life. It protects the products we value by ensuring that they are protected and not damaged during transportation to our stores or as they are delivered to our customers. However, packaging becomes litter or waste when discarded and therefore can be a great threat to the environment. Because packaging materials take many years to decompose, they are responsible for a broad range of environmental issues, including overflowing landfills, greenhouse gas emissions and litter pollution of both water and land. The Hunkemöller Responsible Packaging Policy helps us improve the sustainability of our packaging, avoid the use of excess packaging materials and boosts reuse and recycling. It is our aim to work across the industry to innovate our packaging solutions and minimise the environmental impact of our packaging and so create lasting change.

Restricted Substance List (RSL)

Hunkemöller is committed to responsible chemical management procedures for all products, including accessories attached to garments, prints and packaging materials. We expect the same commitment from our suppliers. The Hunkemöller Restricted Substances List (RSL) is recognised across our industry and includes the strictest legal requirements both inside and outside the EU, which are mostly covered by REACH. We encourage employees and business partners to report code or policy violations using our confidential, anonymous grievance mechanism. This allows us to detect the first signs of wrongdoing quickly and carry out corrective measures. We continue to develop and update this policy on an ongoing basis to ensure we do not use banned or restricted chemicals in our products.



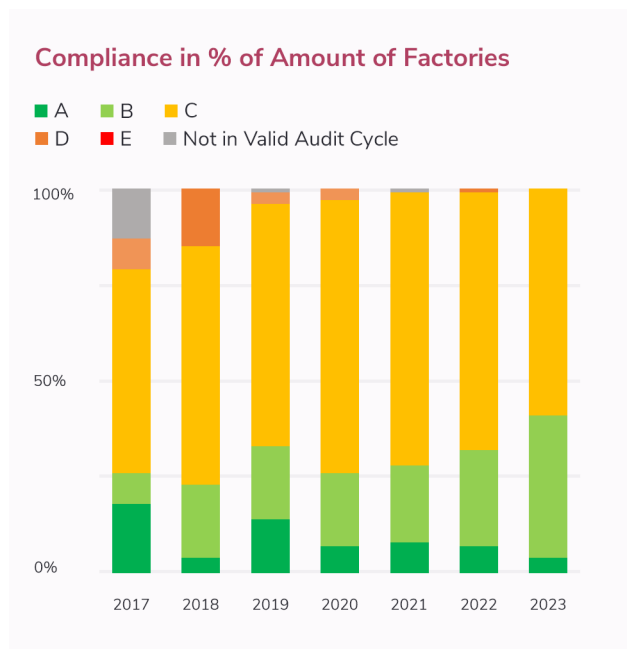
2.4.3 Supply Chain Mapping

Target: 100 percent of 2nd Tier wet suppliers mapped by 2025.

Supply chain traceability is a prerequisite for ensuring responsible practices are adopted by our suppliers and essential to building robust information systems for products and customers. For this reason, we need to know about every link in our supply-, processing- and manufacturing chains. At Hunkemöller we currently map our strategic Tier 1 and Tier 2 (wet processing) supply chains with the aim to identify and mitigate all environmental, social and ethical risks. Knowledge of these risk factors is critical to implement effective and responsible practices. From 2024 onwards, we will require nominated Tier 2 facilities to share their suppliers' details with us, helping us gain more visibility further down our supply chain.

2.4.4 Supply-Chain Monitoring

We monitor the compliance of our production facilities through our ECoC and by using data from different social, environmental and labour programmes such as Higg FEM, amfori BSCI, SMETA and SLCP/Higg FSLM. For social compliance, we rate each supplier production unit on a scale from A to E, with A being the highest rating. It is our aim to source 100 percent of our product volume from A and B-rated suppliers. In 2023, we assessed 66 first tier production locations. Compared to 2022, our sourcing from A and B-rated facilities, in terms of number of factories, increased from 31 percent to 41 percent, and our sourcing from C-rated facilities decreased from 67 percent to 59 percent.



Audits are a picture in time, a snapshot of a company's performance. They do not provide a complete picture of daily conditions. This is why it is important to actively engage with our suppliers to build long-term relationships with a shared responsibility. Only by working together can we see a structural improvement in building safety and working

conditions. In 2023, 50+ factories were audited by one of the third-party schemes we accept. Factories are checked on various aspects during such an audit. Audit findings ranged from an emergency exit being blocked to non-usage of Personal Protective Equipment (PPE) and insufficient first-aid boxes being readily available. In cases where suppliers do not comply with our Code of Conduct, we work with them to increase their awareness of key requirements, answer questions, make them accountable, provide training, and build stronger relationships.

2023 was the first year which required all Tier 1 facilities to verify their Higg FEM (environmental data) and provide us with a wastewater and sludge test report if wet processing took place in the facility. We plan on analysing the data and establishing environmental guidelines for our suppliers to ensure that we minimise potential environmental harm from our production processes.

2.4.5 Supplier Evaluations

A safe and healthy supply chain is critical to the success of our business. We want factory workers to be treated with respect and make sure that they have access to decent, meaningful jobs with fair compensation and benefits, in safe and secure workplaces that are free from discrimination and with the right to freedom of association. We collaborate with around 39 suppliers, representing more than 66 Tier 1 factories and 25 nominated Tier 2 suppliers that also produce for other brands. We only enter partnerships with partners who share our respect for people and the environment and who are willing to work with us to improve their practices. Our buying and ESG teams work with our suppliers to form long-term relationships and support them in raising their social and environmental performance through capacity building and training. We also collaborate with other retailers and businesses, local NGOs and governments such as the International Accord.

To fulfil our due diligence responsibilities and to map out ethical, social and environmental risks in our supply chain, our ESG team routinely carry out virtual and in-person checks and controls at our suppliers' production sites to follow up on the issues found in previous visits and to support them in the improvement process. Our suppliers are also audited by an independent third party to ensure their practices are compliant with the international standards and the Hunkemöller ECoC. In addition, they are required to make a contractual commitment to be open and transparent about their supply chain and the raw materials used. Despite not having offices in our sourcing countries, in 2023, we carried out 18 on-site factory visits and 17 virtual factory visits.

Continuous Improvement

We believe in continuous improvement as a key to advancing towards our goals and strategies. In case a supplier does not meet our social standards, corrective action plans (CAPs) are drawn up, and their progress is monitored by the ESG team. Based on these CAPs we can open a conversation with the supplier with the objective of continuously improving the compliance in the production facility, not only regarding

social standards, but also environmental standards. In our experience up until now, most of the suppliers cooperate and are interested in remediating and preventing non-compliance in the factories. However, if a factory is unwilling to remediate the issues within the required deadlines, this will be flagged and, if the issue persists, we will initiate our protocol of responsible exit for structural unwillingness to improve factory performance and eventually end the business relationship with the noncompliant supplier. In 2023, more than 30 Corrective Action Plans were elaborated by the factories and accompanied by Hunkemöller's CSR Department to improve on the findings of the external third-party audits. Deriving from the on-site and virtual visits we directly carried out, more than 10 Corrective Action Plans were elaborated in cooperation between the factories and Hunkemöller's CSR Department. These plans were duly followed until the factory could provide evidence that the finding was remediated.

2.4.6 Grievance Mechanism

Target: 100 percent of the grievances within scope remediated on time.

Grievance processes – or mechanisms – which enable workers to raise issues in the workplace are an important aspect of enforcing labour rights. These channels can be used to report and investigate any infringement or violation of corporate values or ethical principles. Our approach to support workers is two-fold: we work with suppliers and factories to help improve internal workplace grievance mechanisms in line with our ECoC, and we support existing and new industry-wide grievance mechanisms. We feel it is important that workers voices and experiences are heard, and workers can report work-related complaints that they come across during their work, preferably to their own management. If complaints cannot be discussed with factory management, it is important that these complaints can still reach us through an external complaints' mechanism. Multistakeholder initiatives such as the International Accord and amfori BSCI have complaints mechanisms through which workers in our supply chain can raise and escalate these concerns. When a complaint is reported, it will be shared with us. We consider a high number of complaints a positive sign; it indicates both awareness of the mechanism's existence and confidence that it provides a credible first avenue of recourse. Moreover, complaints help us identify potential problems and offer valuable information on how we can improve our operations. In 2023, 4 complaints were reported. From these 4, 2 were from Bangladesh, both of which are already remediated, and 2 from Myanmar. Regarding the latter 2 complaints, one has been fully remediated, and the other one has its remediation in progress. We expect this remediation to be finalised by May 2024.

It is important to make sure that all workers are listened to and can voice their complaints through a grievance mechanism, even if they have no access to an existing industry-wide system. In 2022, we took the first steps in establishing a company-based external grievance mechanism for these workers. The aim of this mechanism was to provide a mechanism for individuals, communities or organisations

that were not covered by the amfori or International Accord grievance mechanisms to raise a grievance about perceived or real instances of wrong or unfair treatment. Because it has proven difficult to ensure that the affected stakeholder groups, for whom the mechanism was intended, found easy access to the Hunkemöller grievance mechanism, we felt that it failed to serve its purpose. In 2023 we therefore joined SpeakUp, a well-established international whistleblower and case management platform where direct and indirect suppliers, workers at all levels of production, customers etc. can report misconduct and where grievances can be addressed and remediated early, before they escalate to a major problem.

2.4.7 Salient Human Rights Impacts in the Supply Chain

We operate in a diverse range of geographies and regulatory environments. Against this backdrop, it is important to understand where our operations and sourcing impact adversely on individuals and to prioritise our efforts in these areas. As part of our due diligence procedures, we map our business operations and supply chains to evaluate human rights risks and impacts on people according to industry sector and geography. In 2023, we conducted our annual Risk Assessment using both proprietary and public domain data. This assessment focused on a holistic view of what it means to be a sustainable business and consolidated both social and environmental data to determine salient issues and the risks they pose to our business and our environmental, social and governance efforts. All risks identified for the supply chain relate to Tier 1 and Tier 2 only, unless otherwise noted:

- **Supply Chain Monitoring:** human rights infringements happen at all stages of the supply chain. It is therefore important to gain visibility and control of our entire supply chain to help identify human rights risk and take effective measures to mitigate those risks.
- **Ethical Recruitment:** we work with our suppliers to prevent the practice of soliciting recruitment fees and ensure that workers are recruited ethically. Our risk assessment shows that migrant workers are at an increased risk of being requested to pay recruitment fees, which, in turn, is a pointer to an instance of forced and bonded labour.
- **Gender Equality:** This is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.
- **Gender-based Violence and Harassment:** this is a common issue amongst many cultures and societies, including those where apparel is made. Our ECoC includes a clear prohibition on gender-based violence and harassment, and if any of these zero-tolerance violations is discovered, we require the supplier and factory to remediate the issue following a clear timeline.
- **Discrimination (and Women's Rights):** we are committed to inclusion and diversity and believe everyone should feel comfortable at work and be able to be themselves. We have a zero-tolerance approach to discrimination and unacceptable behaviour.

- **Child, Forced- and Bonded Labour:** forced labour, modern slavery and human trafficking are unacceptable and must not occur in our production chain. Moreover, children belong in school, not at work and employment must be chosen freely.
- **Freedom of Association and Collective Bargaining:** we believe that workers' rights to freedom of association is an important enabling right that must be respected. Among other things, this means that workers should be able to join a union, form a union, and engage in a dialogue with management, as this is an integral part of a free and open society.
- **Health and Safety:** all suppliers must provide a healthy, safe, and clean workplace for all workers. Employees must be able to do their jobs without risking their physical or mental health.
- **Living Wages:** the legal minimum wage in our manufacturing countries is set by the government. However, this minimum wage is often not enough to meet basic needs, like housing, transportation, food, and care. Therefore, many steps still need to be taken so wages can be sufficient to meet the primary needs of life. In 2024, we will work on drafting a Living Wage Roadmap with the support of external specialists in the field and based on the LIC learnings we have had so far.
- **Working Hours:** we recognise that our buying and sourcing practices may affect how our suppliers plan for production and can have significant impacts on wages and working hours. To address these challenges, we have joined the LIC to learn from peer brands and experts on how we can improve our purchasing practices, such as forecasting and production planning.

Focusing on salient human rights issues provides a framework for us to monitor our progress against internationally recognised human rights standards, including the UNGPs.

2.4.8 Responsible Purchasing Practices

Target 1: Introduce a two-way Ethical Code of Conduct in 2024.

Target 2: Review buying policies and procedures to embed a RPP lens.

Responsible Purchasing Practices can help create an environment that is conducive to improving working conditions, wages and benefits for workers in the supply chain. Poor purchasing practices (inaccurate forecasting, late orders, short lead-times etc.) can have a profound impact on human rights, but also lead to more unmanaged spend. We believe that a lasting improvement of wages and working conditions can best be achieved through collective bargaining agreements at industry level, supported by responsible purchasing practices. Responsible Purchasing Practices (RPP) can promote better working conditions; poor purchasing can contribute to poor working conditions and wages which do not cover the basic needs of workers and their families.

Example: Learning and Implementation Community
To further enhance our understanding of Responsible Purchasing Practices, we joined the 'Learning and Implementation Community' (LIC) to learn from peer brands and experts on how we can improve our purchasing practices, such as forecasting and price negotiation. Because poor planning and forecasting are associated with lower wages or with excessive worktime, by developing and implementing efficient and sustainable solutions for our purchasing practices, we hope to be increasing the wages of factory workers, of which so many are women, and improving the social conditions in the factories where our products are produced. The project which started in 2022, will last for two years and help us plan, develop and implement efficient and sustainable solutions for our purchasing practices. The LIC is based on the principles from the Common Framework for Responsible Purchasing Practices (CFRPP), developed by representatives from a series of Multi-Stakeholder Initiatives such as Ethical Trading Initiative, Fair Wear, Ethical Trade Norway, in consultancy with ACT (Action Collaboration Transformation), Better Buying Institute, Better Work and amfori. The Learning Community will ultimately help garment companies committed to improving their purchasing practices to take new steps towards progress in their purchasing practice and develop solutions.

Throughout 2023, we provided additional training to several departments on the concept of RPP and the impact their daily activities have on it. Besides this training, the group that is directly involved in the LIC meetings was trained on transparent cost prices and living wages. This same internal group elaborated the RPP Action Plan that was presented to and approved by the Chief Product Officer and the Head of Buying. In 2024, we will start taking further steps to put this plan in practice after its final approval by the Board of Directors.

2.4.9 Living Wage

Target 1: Increase stakeholder engagement for benchmark calculation, collective bargaining and social dialogue to support the payment of a living wage.

Target 2: Finalise our Living Wage Roadmap by the end of 2024.

A living wage is the minimum income necessary for a worker to meet their basic needs for food, housing, and other essential needs such as the schooling of children or transport to work. This should be earned during legal working hour limits (i.e. without overtime). A living wage can reduce poverty and inequality as it will allow a worker to afford a basic but decent standard of living through work without help from the government. A living wage is different from the minimum wage, because the latter can fail to meet the requirements for a basic quality of life. Publicly available data shows that in most of the countries we are currently producing in, the minimum wage is far from being considered a living wage. When workers are paid a living wage, they are more likely to find their way out of poverty. A living wage can differ per country, region and city. Unfortunately, there is currently no universally agreed upon definition of a living wage, nor standardised methods or data to calculate a living wage. This means that we are unable to report comparable supplier wage data. Nonetheless, we will keep on collecting the data that we require our suppliers to submit.

2.4.10 Child, Forced- and Bonded Labour in the Supply Chain

Target: Monitor our suppliers to ensure zero cases of child, forced- and bonded labour in our supply chain.

Child, forced- and bonded labour issues are a very important topic for Hunkemöller. We do not tolerate and work to prevent any form of child labour or modern slavery in our production chain. We prohibit our suppliers from using child labour, or any other form of bonded labour, forced labour or human trafficking. Our suppliers commit to this when they sign our Ethical Code of Conduct and Labour Policy. Furthermore, we exercise our due diligence obligations to prevent child, forced and bonded labour issues through audits and stakeholder engagement and remediate non-compliances according to best practices. Nonetheless, we are aware that the deeper you go into the supply chain, the greater the labour risks. Issues often occur with our suppliers' own suppliers, so the factories that we have no direct relationship with and have less influence over. Therefore, these phenomena will remain largely invisible to us if we do not have full insight into our entire supply chain. Because tracing the origins of a final product and its components requires the right data and systems, in 2023 we introduced a PLM system, which will help us better map and monitor our upstream suppliers. In 2023, the following geographical risks of child, forced and bonded labour were in play:

- Cotton production in the Xinjiang region of China where an ethnic minority is forced to work the cotton fields and spinning mills;
- Cotton production in Turkmenistan where there is state forced labour working the cotton fields;

- Minorities from the Xinjiang region in forced labour in other parts of China;
- Syrian refugees in forced labour in Türkiye.
- Child & forced labour in spinning mills in Tamil Nadu, South India;

In 2023, one case of a young worker came to the fore in Myanmar. We worked with The Centre for Child Rights and Business in Myanmar to conduct a rapid assessment of the case, collect further information, visit the family and carry out the remediation plan. The young worker started to receive training and a living stipend and will be monitored by The Centre until she turns 16.

Example: Work

No Child's Business Project in Vietnam. In 2022 we implemented the project Work: No Child's Business in one of our production locations in Vietnam, which continued in 2023. The project is a comprehensive multi-stakeholder child labour eradication programme implemented by The Centre for Child Rights & Business and sponsored by the Dutch Ministry of Foreign Affairs that aims to contribute to concerted global efforts to end all forms of child labour by 2025.

2.4.11 Ethical Recruitment

Target: 100% of migrant workers at our Tier 1 and key Tier 2 suppliers will not pay recruitment fees by 2025.

Most migration is motivated by the search for jobs. When searching for jobs, migrant workers are often exposed to risks of exploitation, including practices such as recruitment fees. This is the payment of recruitment fees to intermediaries and is a widely recognised indicator of forced labour. We work with our suppliers to ensure that migrant workers are recruited ethically. In 2022, we updated our Labour Policy by including guidelines about the recruitment process, making it part of our due diligence process. Through the analysis of social audit reports throughout 2023, we identified that the majority of the indirectly hired workers are not production workers, but security, cleaning and food service providers. In addition, through the same analysis process, we found zero cases of non-compliances, as was the case in 2022.

2.4.12 Gender Equality, Freedom of Association and Collective Bargaining

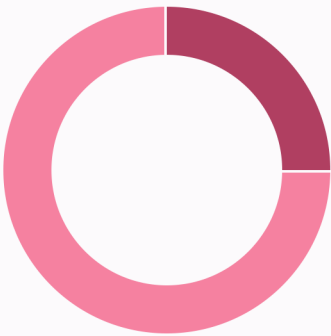
Target: 50 percent of managers in our Tier 1 suppliers are female by 2025.

According to the ILO, women are undeniably and persistently underrepresented at all levels and in all arenas of social dialogue. To promote gender equality, we therefore first need to address the issues of representation by giving women a voice, including within collective bargaining forums. We work with our suppliers and multi-stakeholder initiatives to improve social dialogue between management and employees and ensure that (female) worker representatives (preferably trade unions) are elected independently to improve the working conditions in their factories. This means that (female) workers are allowed to be organised within the factory and exercise their rights by joining a union, forming a union, and engaging in a dialogue with management (social dialogue). This way they can negotiate working conditions and ensure that the production facility has a functioning grievance mechanism in place that is accessible, transparent, confidential and based on engagement and dialogue to resolve internal disputes and employee complaints. Nonetheless, some countries – for example China - restrict collective bargaining by law. In these cases, we expect our suppliers to help workers establish alternative forms of worker representation and negotiation. In 2023, 67 percent of the workers' representatives in our Tier 1 production facilities were female.

Regarding women and wages, according to the ILO, wage inequality remains a considerable challenge in the garment industry. This is why we have aligned our ESG strategy with SDG10 which aims to reduce income inequalities for women. Even though women account for the bulk of employment in the industry, they consistently lag behind men in terms of earnings. In 2023, 45 percent of the managers in our Tier 1 production facilities were female. Meanwhile, the big majority of the workforce is female, accounting for 76 percent of the total workers in our tier 1 supplying facilities. Even though we cannot tackle this topic on our own and also need governments to take concrete measures to fight inequality, we will keep on working to uplift the status of women in our supply chains.

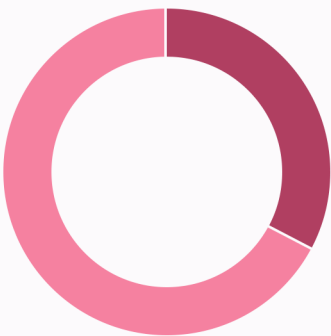
Workers Tier 1 Suppliers

Female
Male



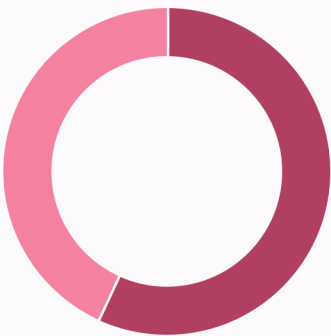
Workers' Representatives Tier 1 Suppliers

Female
Male



Managers Tier 1 Suppliers

Female
Male



2.4.13 Health and Safety in the Supply Chain

Target: 100 percent remediation of International Accord initial safety issues from existing production facilities (from before 2024) by 2025.

Building and fire safety hazards are among the most serious human rights risks in the garment industry. Ensuring the health and safety of all people involved in making our products is therefore essential. Through the International Accord - a legally binding safety agreement - we collaborate with multiple stakeholders to identify and address fire, electrical, structural and occupational safety risks. We work closely with suppliers to identify the foundational causes behind any safety issues and partner with them to develop lasting solutions. By signing the 2023 International Accord, we have shown our continued commitment to safer conditions in the textile and garment industry. In 2023, our 10 production facilities in Bangladesh remediated 90 percent of the initial safety issues found at their sites (compared to 76 percent in 2022). The International Accord initial findings progress rate was 88 percent in 2023.

2.5 Environmentally Responsible Sourcing

As an internationally active brand, we are responsible for our products along the entire value chain, from the cultivation of the raw materials to final recycling or disposal of nonrecyclable products. Some of the fibres used in our products come from agriculture, and agricultural activities can affect the ecological and chemical state of the environment. We are also aware that an increasing pressure on ecosystems can impact the availability of the raw materials needed for our products. In view of increasingly limited resources, climate change, and the extinction of species, we have an extended responsibility as a retailer to make the production of our products as sustainable as possible.

We provide our global suppliers with the Sustainable Apparel Coalition's Higg FEM to evaluate their environmental footprint, helping us identify key areas for improvement and efficiencies at the manufacturing level. As part of the Hunkemöller onboarding and assessment process, suppliers need to join Higg FEM, fill in the SAQ and have it independently verified. This allows us to drive progress and remediate environmental non-compliances within our supply chain using the power of aligned industry tools and standards.

2.6. Our Community

We care about the social and environmental impacts of our activities and want to make a positive impact on the communities in which we work and operate. We want to foster and cultivate inclusivity, equity and diversity, promote sustainability and drive innovation. To improve people's lives and the communities in which we operate, we collaborate with partners to support societal and environmental awareness and education, and create opportunities in the fashion industry. Our community engagement is reflected in

initiatives and projects which mainly focus on:

- Gender equality: the gender perspective is a priority that cuts through every aspect of our community engagement projects and is aimed at advancing respect for diversity and the struggle for gender equality in every aspect of their lives (economic, social, cultural, workplace, political etc.). As well as being a fundamental human right, gender equality is a main building block for creating a peaceful, prosperous and sustainable world.
- Education: initiatives that seek to ensure the right to quality education at every stage of life and generate decent work opportunities, from a standpoint of equality and inclusion.
- Emergency relief: humanitarian actions that donate goods to displaced females, refugees and other vulnerable groups facing emergency situations triggered by, among others things, natural catastrophes, wars or similar situations.
- Environment: activities that foster the preservation and resilience of natural ecosystems, through an increased use of preferred materials.

The initiatives that we promote and the projects that we embark upon must be voluntary; non-profit and focused on a social and/or environmental benefit and we must be able to measure their outputs and impacts. In 2023, we collaborated with the following organisations and advocated the following initiatives:

Pink Ribbon:

In 2016, Hunkemöller entered into a partnership with Pink Ribbon. The pink ribbon is an international symbol of breast cancer awareness. We support the Breast Cancer Organisation during the Breast Cancer Awareness Month in October and help their cause of research in the field of treatment, aftercare and long-term effects of breast cancer. To raise awareness on early detection of breast cancer and create change for those affected by the disease, we opened the discussion with our social campaign #TittyTalks. We also sold Pink Ribbon customised products such as bracelets in our physical and online stores. The profit for each product's sales is donated to the Pink Ribbon organisation. In 2023, we donated 50.000 euro to Pink Ribbon in the Netherlands and 20.000 euro to Pink Ribbon in Germany.



3. OUR PRODUCT

The Together Tomorrow strategy helps us accelerate the transition to a circular economy by transforming how materials and products are made, tested, used and reused. We want to drive progress guided by our sustainability commitments by increasing the usage of more sustainable materials in our collections, reducing the use of hazardous chemicals in our supply chains, focusing on circularity and increasing transparency. We continuously think about how we can improve our products and ensure that these products have a longer lifespan. Because we design our own garments, we have full control over the design and creation of these products and the materials that we use. Our choice of raw materials will have an impact on people and the environment. The more sustainable choices we make, the smaller our impact. This is the reason why we aim to use as many certified materials as possible, such as Lenzing™ EcoVero™, REPREVE®, GRS and RCS. In 2023 we used 20,4 percent certified materials, a 1,9 percent increase from 2022. We also look at how we can minimise the packaging for our products. Our aim is to reduce our negative impacts as much as possible and improve lives throughout our value chain — for all stakeholders, their families and their communities.

3.1 Regulated Substances List

We are committed to providing products that are safe for both people and the environment. We ban the use of certain chemicals in our products and specify limits for other chemicals in our finished products. As part of our chemical management, Hunkemöller requires all suppliers to comply with substance requirements in the Regulated Substance List (RSL). This listing of chemical substances brings together all the legal, industry, and voluntary requirements to which Hunkemöller is committed regarding the chemical substances contained in our products. Compliance with the RSL is an integral part of any commercial agreement between Hunkemöller and its suppliers. The RSL is updated regularly to ensure it captures the latest requirements and concerns. To ensure that the finished products meet these stringent requirements, our suppliers must implement regular testing and quality assurance programs subject to our review.

3.2 Product Testing on Hazardous Chemicals and Microfibers

Target: Aim for 100 percent of Hunkemöller products being safe for use.

Chemicals are commonly used in the textile and apparel industry. Processes like finishing and dyeing use chemicals which can be harmful to production workers, local communities, consumers and the natural environment. The management of chemicals during the production phase is therefore very important. We are working hard to ensure product quality and safety by eliminating hazardous chemicals from processing activities. To support the development of safe clothing with no hazardous chemicals present, we have implemented a restricted substances policy – the Hunkemöller

Restricted Substance List (RSL). Besides this policy, all our suppliers must comply with EU REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals) and the applicable laws in their country with regards to hazardous materials, chemicals and substances. They also must ensure their safe handling, movement, storage, recycling, reuse and disposal. Finally, we collaborate with others in our industry to raise standards across the textile sector. Regarding product testing, we have a risk-based chemical testing approach according to product, industry and country of origin.

Microplastics

Target: Water leaving our wet processors to be filtered for harmful microfibers by 2030 latest.

Microplastics are small plastic particles less than 5 millimetres long and they come from a variety of sources, including synthetic fibers. Microplastics are a byproduct of the manufacturing, wearing and washing of textiles made from synthetic fibers. During these processes these microplastics can be released directly into the environment and today they are found in the oceans, the arctic, drinking water and food. We are not yet testing our synthetic materials on microfiber shedding. Because loose textile constructions such as polyester fleece fabrics shed more microfibers than non-loose textile constructions and our share of fleece items is limited, it currently is not a priority. Nonetheless, we are trying to better understand microfiber shedding in our product portfolio. 1st Tier and nominated wet process suppliers are encouraged to implement mitigation measures to reduce microfibre leakage at the manufacturing phases, actively research technologies for microfibre removal from- and invest in systems that capture microfibre particles in wastewater. Our long-term goal is to become a signatory of the Zero Discharge of Hazardous Waste, which works closely with the Microfibre Consortium in developing a testing methodology which accounts for microfibres.

3.2.1 Notable Achievements

Performance toward our supplier chemical management expectations is measured and verified through the Sustainable Apparel Coalition's Higg FEM. In 2023:

- 100 percent of Tier 1 and nominated Tier 2 suppliers were RSL compliant;
- 20,9 percent of Tier 1 suppliers reached at least 25 percent in the Chemicals Management module of the FEM.

3.3 Product Safety and Quality

Target: 100 percent of our textile materials are sourced from suppliers with Oeko-Tex Standard 100 by 2025.

We are committed to guaranteeing the highest standard of product safety to protect the health of our customers. However, chemicals in a fabric cannot be seen with the naked eye. For this reason, all our suppliers need to align with the most stringent legislative (e.g. EU Reach) and industry standard updates. Because our textile products come in direct contact with the skin, they also need to comply with the limits set by STANDARD 100 by OEKO-TEX®. This is an independent and internationally uniform testing and certification system that aims to ensure that textile products are free of harmful substances and therefore safe for human health and the environment. In many cases, the STANDARD 100 limits are significantly more stringent than national and international legal requirements. We engage actively with all our textile suppliers to verify that all materials and components used in our textile products are OEKO-TEX® certified. In 2023, 80 percent of our suppliers sourced materials from suppliers with OEKO-TEX® 100 standard certification. This is not a 100 percent coverage because not all our products are made from textiles. Especially in the accessories category, our products can contain other materials such as metals, plastics, rubber etc. These specific materials are not covered by OEKO-TEX® and are therefore tested separately.

3.4 Preferred Materials

Target: 25 percent of our product weight will be made up of preferred materials by 2025.

We consider a preferred material one that has a reduced impact on the environment and society compared to conventional alternatives. We are focusing on using preferred material alternatives across our core materials: cotton, polyester, polyamide (nylon), and man-made cellulosic fibres - in particular viscose - and require our preferred materials to be substantiated by third-party standards. In 2024 we will be introducing organic cotton in our collections while simultaneously increasing our use of recycled cotton. The production of recycled cotton emits significantly less carbon dioxide than conventional cotton, as it reuses existing resources. Cotton is also a water-intensive crop to grow, so we are looking into the use of alternative natural fibres, like linen, where water consumption during production is significantly less. Where possible, we aim to use recycled polyester and polyamide, to reduce our carbon emissions and quantity of raw materials required. To reduce the environmental impact of our viscose garments, we try to use Lenzing™ EcoVero™, which uses at least 50% less water and emits at least 50% less carbon dioxide than generic viscose fibres according to Higg MSI.

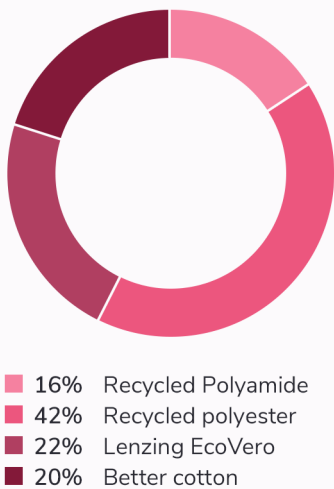
In 2023, we met our target of 20 percent preferred material usage by weight, achieving 20,4 percent across the year, compared to 18,5 percent over 2022. The fluctuations

across the quarters can be seen in the table below. These fluctuations occur due to differential use of preferred materials across departments, and department volumes varying seasonally e.g., swimwear.

Time period	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023 Total	2022 Total
Preferred Material	18,82%	36,84%	14,3%	16,4%	20,4%	18,5%

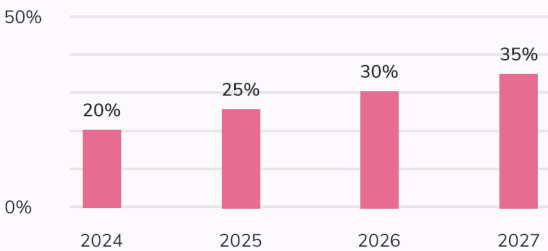
The split across preferred materials usage over 2023 is shown below.

Preferred Material Breakdown



Moving forward, we have decided to exclude BCI from our preferred materials. This decision was made due to issues with traceability to product level of Better Cotton and because Better Cotton is sourced via a chain of custody model called mass balance. This means that Better can be mixed with conventional cotton along the supply chain and is not physically traceable to end products. We are looking to replace Better Cotton with other preferred materials such as recycled cotton or organic cotton, or other natural fibres such as linen. By using preferred materials, we contribute to the realisation of Sustainable Development Goals 12 and 13 of the United Nations.

Roadmap of Preferred Materials Usage By Weight



3.4.1 Cotton

Conventional cotton farming and production processes have a much more negative impact on people and the environment than preferred cotton options, because they use more water and chemicals. The chemicals used in conventional cotton farming pose a risk to the health of farmers and the wider community. Hunkemöller is a proud member of Better Cotton. Through its implementing partners, Better Cotton trains farmers to use water efficiently, care for soil health and natural habitats, reduce the use of the most harmful chemicals and respect workers' rights and well-being. Better Cotton is sourced via a chain of custody model called mass balance. This means that sourcing from Better Cotton is not about a content claim on a product but rather about creating demand and encouraging more farmers to adopt sustainable practices. In 2023, 48,5 percent of our cotton consumption consisted of BCI cotton. Because we do not classify cotton grown in accordance with BCI principles as fully sustainable – it is neither organic nor fully traceable – we are looking to source more sustainable alternatives. In 2024 we will therefore introduce alternative natural fiber options in our nightwear collection such as linen, and look into increasing our usage of organic and recycled cotton where possible.

3.4.2 Man-Made Cellulosic Fibers

Viscose, Modal and Lyocell are all MMC fibers obtained from cellulose, mostly derived from the dissolved pulp of trees and are associated with several risks. Dissolving wood pulp is an energy and chemically intensive manufacturing process. To produce viscose rayon, many trees are being logged and these trees are sometimes sourced from ancient and endangered forests, as well as from plantations that have replaced forests. To tackle biodiversity loss and ensure that our sourcing of man-made cellulosic materials does not contribute to deforestation, we need to know where our raw materials originated. For this reason, we aim to use preferred viscose in our collections, such as Lenzing™ EcoVero™. Ecovero™ viscose fibres come from sustainable wood and pulp and certified (EU Ecolabel) and controlled sources. These fibres can be identified in the final product through blockchain technology and enables us to identify the fibres used across each production and distribution step. In 2023, 4,7 percent of our total material usage (Kg) was Lenzing™ EcoVero™.

3.4.3 Polyester

Polyester makes up the bulk of Hunkemöller's material use and carbon impact. Polyester is a man-made fibre made from fossil fuels. It is our intention to steadily increase our use of recycled polyester. Recycled polyester utilises waste, helps us reduce our dependence on petroleum as a source of raw material and reduces greenhouse gas emissions. In 2023, 8,6 percent of material fibres used by Hunkemöller were recycled polyester. The main barriers to adopting more recycled polyester in our collections are higher prices and the need for solutions in order to recycle textile waste back into textiles. As textile-to-textile recycled polyester is not yet scaled, we still rely on polyester made from plastic bottles such as REPREVE®. We see textile-to-textile recycling solutions such

as chemically recycled polyester as a key enabler to closing the material loop and reducing virgin resource consumption. In order to rely less on synthetics from non-renewable sources in the future, we will explore new alternatives from bio-based sources.

3.4.4 Polyamide

Just as is the case with conventional polyester, the environmental challenges in producing nylon are also great. For this reason, we are continuing to incorporate recycled polyamide (nylon) fibres into our collections. Recycled polyamide produces significantly less carbon emissions than virgin polyamide during the production process and helps divert waste from landfills. In 2023, 3,3 percent of the polyamide used in our collections was recycled.

3.4.5 Animal-Derived Fibers

We did not use any animal derived fibres such as wool, silk, leather or feathers in our collections in 2023.

3.4.6 Product Certifications

Working with certified material standards is important to us, since it enables us to identify the fibres used across each production step. The main standard that we use is the Global Recycle Standard (GRS), a standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions. We also use RCS, the Recycled Claim Standard used for products that contain at least 5% percent recycled material. Regarding branded sustainable materials, we mainly use viscose from EcoVero™ (Lenzing™ AG), recycled nylon from ECONYL® and recycled Polyester from REPREVE® (Unify). In 2023, 100 percent of all our preferred materials were covered by product certifications.



3.5 Packaging and Packaging Waste

We strive to use as little packaging as possible for our products and to make use of preferred materials. Still, we generate too much packaging and packaging waste. In 2023 we hired a Technical Coordinator to help us set ambitious goals to ensure all our consumer packaging is reusable, recyclable or compostable and to liaise with other departments to rethink our packaging systems. Our packaging strategy is centred around three pillars:

- Looking at sustainable packaging solutions to create efficient and cost-effective alternatives that use preferred or renewable materials;
- Reducing packaging materials by offering smart solutions that minimise waste while not impacting the quality and/and performance of the product;
- Reducing the amount of plastics used in our consumer packaging and looking for renewable alternative materials. In 2023, we made progress with our polybags, using 100% recycled plastic for our stores and online business. By 2028, we aim to eliminate virgin plastics in our transport packaging.

3.5.1 Packaging

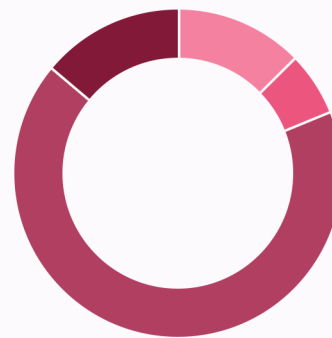
Target: 100 percent of our packaging should be reusable, recyclable or compostable by 2030.

Addressing our packaging use represents a huge opportunity for us to reduce our negative environmental impact. In order to do this, in 2023 we established sustainable packaging as a core pillar of our environmental sustainability strategy. We analysed our packaging materials and packaging streams in order to establish a roadmap to increase packaging material sustainability and reduce packaging waste. This roadmap will focus on:

- Less packaging: cutting down how much packaging we use (lighter designs, reuse etc.).
- Better packaging: testing and applying alternative sustainable options for packaging materials (FSC, certification, recycled content etc.).
- Establishing and tracking packaging and packaging waste against baselines and setting standards to embed into Hunkemöller's general facility management and procurement practices.
- Educating and enabling employee and customer behaviour change.

In 2022, we did not have the systems in place to collect the right data to establish what percentage of our packaging was made of paper, from paper certified by the Forest Stewardship Council (FSC) or from recycled materials. With the introduction of a PLM system in 2023, we are now able to collect these data in a standardised format, identify materials that need to be improved for greener packaging and make decisions on a global scale.

Product Packaging Material Breakdown



- 13% Paper
- 6% Fabric
- 68% Recycled plastic
- 14% Virgin plastic

- Paper: we aim for 100 percent of the paper and cardboard we use for packaging to be made of recycled material or, where virgin fibre is required, to come from fibre originating from sustainable forestry, with a preference for Forest Stewardship Council (FSC) certification. In 2023, 13 percent of our on-product packaging was paper or paper-based.
- Plastic: Our plastic elimination approach is centred around avoiding plastic where possible and reducing the amount of plastic that we are using wherever we can. When we cannot reduce or avoid using plastic, we will replace the material with recycled plastic. We will continue to evaluate our total plastic footprint, including for our stores, our online business as well as packaging from our suppliers. All of our hangers are made of recycled plastic.
- Recycled Polybags: When our products are delivered to stores or when customers order online, plastic packaging is involved, mostly in the form of polybags. Polybags are used for hygienic reasons and to protect our products in transport and storage. Conventional polybags made from virgin plastic have a high carbon footprint. We are trying to shift to using 100% recycled polybags. In 2023, 52 percent of our polybags were made of recycled plastic.

3.5.2 Packaging Waste

Target: We will continue to work with our internal (sales/retail) and external (logistics/distribution) stakeholders to reduce the waste going to landfill and improve recycling rates.

The majority of the waste-related impacts in our value chain are through product and packaging materials, both downstream (after their use) and upstream (material loss). We strive to eliminate waste across our operations and supply chain. We are switching to preferred packaging and reducing the amount of packaging that we generate. The waste that we generate in our own activities is managed by a third party. Our goal is to achieve a system where we use

less plastic and packaging and any that we do use is recycled. We are committed to keeping our packaging in use for as long as possible and reducing the amount of post-consumer packaging waste going to landfill. This requires us to redesign our packaging materials, improve their recyclability and work with industry partners on innovative solutions through new business models. In 2023, we have improved on the reporting accuracy of our packaging waste. For this purpose, we hired a dedicated Sustainable Packaging and Product Waste Technologist who will manage the data collection for reporting and further roll-out our roadmap to reduce the use of multi-materials packaging whilst increasing recycled content. We will also look at ways to reduce the amount of returned packages. Finally, when reducing and reusing packages is not possible, we need to better inform our customers about the recycling options for the package used.



3.5.3 Textile Waste

Faulty estimates, a weak economy, unforeseen weather changes, unpredictable consumer demand, late/early delivery of goods, and returned goods are all common causes of excess inventory. It is argued that deadstock fabric and unsold merchandise are responsible for 10 percent of the world's carbon emissions. It is therefore key to avoiding textile waste through careful production and inventory management. We know that the best way to reduce excess stock is to align our product offering with consumer interests and reduce the number of product options we manufacture and sell. Moreover, improved forecasts for our purchasing and merchandising operations will allow us to further optimise our assortment planning. Unsold merchandise as well as unused returns are resold and sometimes donated if their condition is not poor. Besides reducing the amount of unsold merchandise, our circular strategies such as recycling innovations and sustainable materials can help us reduce carbon emissions. We are researching circular business models and the best ways to scale promising approaches for our entire business. We are also looking to develop better data collection systems to improve our visibility on unsold textile products.

3.6 Chemical Management

Target: Have full insight into the chemical management and chemicals used in our supply chain by 2030.

The application of chemicals in the textile industry is manifold. Wet processing uses a variety of chemicals and many of these chemicals are hazardous to human health and the environment. At Hunkemöller it is our goal to foster a supply chain that continually expands the use of non-hazardous chemicals, as well as instituting processes in the supply chain to prevent hazardous chemicals from entering the environment in the first place. One way of ensuring that our products remain free of hazardous chemicals is by screening the chemical management of wet production facilities. To understand the potential human and environmental hazards of chemicals before they enter the supply chain, and to help us find safer and preferred alternatives, in 2023 we actively started collecting the water and sludge test reports of tier 1 wet suppliers. All tier 1 suppliers with wet processing facilities provided a wastewater and sludge test report. To take the next step in our Together Tomorrow journey and help identify the safest chemicals for use in the manufacturing of our products, we are looking to join the Roadmap Toward Zero Discharge of Hazardous Chemicals (ZDHC) in 2026. By taking a more risk-based approach and establishing an effective system to monitor chemicals going into our production processes, we can keep workers safe and better manage wastewater outputs.

Hunkemöller is committed to responsible chemical management procedures for all products, including accessories attached to garments, prints and packaging materials. We are working to continuously improve and innovate our approach to chemical management. To address harmful chemical use and protect water resources near our production facilities, it is important that we collaborate with suppliers, as well as the broader industry, to innovate wet processing techniques. We are working to fully eliminate hazardous chemicals from wet processing activities by:

- Using safer substances in the materials and processes required to manufacture our products.
- Working with suppliers to uphold best practices in water and chemical management.
- Engaging with industry peers in capacity building activities and a project in chemical management in Bangladesh.

We also expect our suppliers to maintain responsible chemical management systems to mitigate chemical risks at the inputs, process and outputs stages of production. Safer chemical inputs are managed through adherence to our RSL, while Higg FEM Guidelines provide guidance on safer chemical usage in the manufacturing process. Our aim is to set a target to improve each factory's verified FEM score for the chemical module in 2024.

Example: Better Mills Project in Bangladesh

Wet processing is one of the most important parts of textile processing and concerns the finishing operations of fabrics such as bleaching, dyeing, printing and finishing. As the term indicates, these processes use huge amounts of water, dyes and chemicals, as well as other materials which can – when not discharged properly – cause a lot of damage to people and the environment. In 2022 we joined the Better Mills Initiative (BMI) of Solidaridad, an NGO operating in over 50 countries, helping to foster more sustainable supply chains. Other parties participating in the project are America Today, G-STAR, and Zeeman. The BMI project is sponsored by the Netherlands Enterprise Agency and involves eight wet processing facilities in Dhaka and Chittagong. The project focuses on Sustainable Development Goals (SDGs) 8-17, encompassing various environmental aspects from a broader, holistic perspective. The project is led by the NGO Solidaridad with the aim of addressing the negative environmental impacts and ecological consequences associated with the washing, dyeing, and finishing of fabrics, while also prioritising the health and safety of workers. The project covers a wide range of thematic aspects including resource efficiency (energy and water), sound waste management (including effluent), chemical management, and awareness of social aspects. The project will help implement measures to improve the environmental and social impact of the partaking production facilities and serve as a learning project for us and other brands.

Sharing knowledge is central to Hunkemöller's teams. By partnering with Zeeman, America Today, and G-STAR, Hunkemöller can share resources and tools, and so generate positive impact within the community. In 2023, as part of Phase A of the project, all partaking production facilities were visited to map their current management practices and identify a path towards cleaner and more environmentally friendly production practices. By assessing and verifying on-site chemical and wastewater systems and practices, we can ensure that water remains free of hazardous chemicals and available for future generations. This phase of the project brought together manufacturers, industry experts and brands to share experiences and motivate participants to increase performance through collaboration. Phase B will focus on implementing the identified measures to address the environmental and health risks associated with each processing facility. The project will last two years and by the end of it we hope to share knowledge, information and tools with our other production facilities and brands. The programme is aligned with existing tools and initiatives, such as the chemical management priorities of the ZDHC initiative and the SAC Higg Index.

3.6.1 Process Management

It is important that every factory, especially in tier 2 where most of the chemicals are used, has the staff with the right skill set and knowledge, procedures, tools, and expertise to

safely use and handle chemicals in their daily operations. Through Higg FEM, we monitor the energy consumption, chemicals, and wastewater quality of a production facility. Though online and in-person factory visits, we monitor whether suppliers implemented adequate policies and procedures for handling chemicals by checking chemical hazard labelling and safe chemical handling equipment. We also make sure that workers handling chemicals use adequate and functional protective and safety equipment as recommended by the Global Harmonization System Safety Data Sheet (or equivalent) in all areas where chemicals are stored and used.

3.6.2 Output Management

Target: Water leaving our wet processing facilities will have zero hazardous chemicals by 2030.

The fashion industry causes around 20 percent of global industrial water pollution (Ellen MacArthur Foundation). This water is mostly generated in wet processes such as dyeing, printing and finishing. Water pollution contributes to water stress, so ensuring that the water put back into the environment is clean and safe is as important as addressing water consumption. Since 2023 we are placing higher demands on our dyeing and laundry facilities. By testing the wastewater from their water treatment system for chemicals listed in the RSL, we can check the quality of the treated water and ensure clean water discharge. If an accepted report identifies any non-conforming substance or concentration, the factory is required to issue a Corrective Action Plan (CAP). In 2023, as part of our output management, we requested wastewater & sludge test reports from all our Tier 1 facilities with wet processes. All facilities complied. Over 2024, we will be extending this requirement to nominated Tier 2 wet suppliers, and require a ZDHC-aligned ClearStream report. In 2023, 64,2 percent of Tier 1 suppliers reached at least 25 percent Higg FEM category score in the Wastewater module of the FEM.



3.7 Zero Discharge of Hazardous Chemicals

Target: Full alignment ZDHC wastewater testing guidelines by 2027.

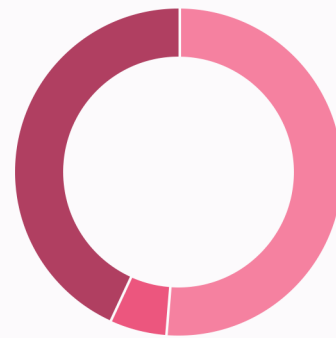
We aim to deploy the best practices concerning the use of hazardous substances and quality of wastewater discharges. For this purpose, we have drawn up a roadmap with related targets until 2026, covering aspects such as the introduction of the Supplier to Zero program safeguarding responsible management of chemicals. ZDHC - Zero Discharge of Hazardous Chemicals - is the prevailing industry certification and testing programme that can help production facilities reduce the amount of hazardous chemicals that are discharged into their water waste. By encouraging our wet suppliers to register on the ZDHC Gateway, we can better monitor the conformance of chemicals used by our wet suppliers and so assess their performance. Since chemical management requires expertise, our suppliers will first need thorough training on resource efficiency, wastewater treatment plants, wastewater management, and root-cause analysis. By having a two-year transition period to prepare for the adaptation of cleaner chemistries, we can provide training and share best-practices with our strategic wet suppliers. The transition period will also allow us to assess the data we are collecting and learn how realistic our requirements are in practice. Our ultimate aim is to work with factories that meet at least the foundational level of the ZDHC Wastewater Guidelines and rank all our wet suppliers based on the information collected from Higg FEM verified assessments and the water & sludge test reports provided.

3.8 Water Stewardship

We want to use water responsibly and strive for water stewardship in our business. Because water is a shared resource and the climate crisis is already affecting water access for people around the world, our goal is to preserve local water resources in the regions where we operate. Water scarcity is a risk present not only in the lives of supply chain workers—it also affects the viability of our supply chain. In 2023, recognising the vital role that we play in transforming water management and governance in our key production regions, we reviewed our water stewardship policy. This includes measures to track water consumption along our supply chain, but also the use of water in our own operations which are focused on our absolute water use rather than measuring water efficiency, to clearly decouple growth from resource use. We are committed to ensuring that water remains free of hazardous chemicals and available for future generations and are working to further measure and reduce the water use and impacts of our Tier 1 and Tier 2 suppliers. The chemical management measures described above aim to keep water free from harmful influences in production processes. Regarding fibre sourcing, we are increasing the use of less water-intensive materials in our garments, such as recycled materials. Our water use calculation method for water usage per production facility is now more accurate, since it is based on verified HIGG FEM data by independent third parties. In 2023, Tier 1 suppliers representing 76 percent

of our purchase value (FOB), shared verified water usage data, using 1411073 metres cubed of water in total. We estimate that the entirety of Hunkemöller's Tier 1 facilities use 1856675 metres cubed of water. The graph below shows how the water sources were split.

Water Sources Used by Tier 1 Suppliers



51,21% Municipal Water
5,85% Rainwater
42,95% Groundwater

3.9 EcoDesign

The purpose of EcoDesign is to reduce the environmental impact of a product right from the outset. It is an approach that holistically considers all aspects of product development and design. Since approximately 80 percent of the environmental impact of a garment is determined during the design phase – including water use and material impact – we can make a difference by implementing sustainability-led design decisions right at the start of the design process. In 2023 we updated our Material Manual which helps our designers and suppliers to make practical (design) decisions through the use of more recycled, regenerative or other sustainably sourced materials and the introduction of innovative and more sustainable production processes in our products. In the coming years, we will continue to review our design practices and develop new design methodologies to embed circular design thinking in our development processes, often in collaboration with experts.



4. OUR ENVIRONMENTAL MANAGEMENT

Through Together Tomorrow we are working to reduce our negative impact on people and the planet, including minimising our contribution to climate change. We do so by reducing our use of resources, managing waste and promoting respect for and preserving the environment. Our environmental management plan will ensure that Hunkemöller plays its part in keeping global warming below the all-important limit of 1.5 degrees Celsius. In 2023, we conducted our annual ESG risk assessment, which includes considerations on climate risk. In 2025, we are going to set 10-year term science-based targets to reduce carbon emissions against our 2022 and 2023 baselines. Our short-term environmental roadmap outlined in Section 1.6 identifies priority areas for immediate action.

These are split into two main categories:

- a) reducing waste and emissions, and
- b) delivering change in collaboration with supplier partners, stakeholders and customers.

We know that the biggest part of our carbon footprint comes from indirect, or Scope 3, emissions. Scope 3 emissions of the textile industry account for more than 90 percent of the total emissions - almost half of these from fabric production. For this reason, there is a pressing need to manage and reduce CO2 emissions at supplier level, since their emissions (primarily from how we make and source our products) are our emissions. Only a small part of our carbon emissions come directly from the fuel and electricity we use in our operations (known as Scope 1 and 2 emissions). To reduce our Scope 3 emissions, working with our stakeholders will be crucial - from the raw materials we use to how customers use our products. To this end, as of 2023, our direct and nominated suppliers need to verify and report their CO2 emissions through Higg FEM. Once we have been able to perform a baseline assessment of these suppliers over 2023 and 2024, we can actively engage

with them to reduce their emissions. Simultaneously we are working with other stakeholders to address the negative environmental impacts and ecological consequences associated with the washing, dyeing, and finishing of fabrics, while also prioritising the health and safety of workers. We can further reduce our Scope 3 emissions by applying EcoDesign principles to our products to ensure products and materials are environmentally and economically sustainable. By incorporating more recycled content in our products, we can further reduce our emissions. Finally, by educating and collaborating with our customers to reduce emissions during the use-phase we can further reduce the climate impact of our products.

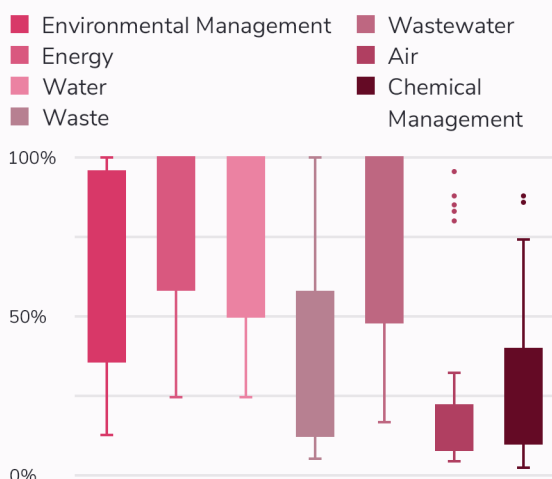
In 2023, Tier 1 suppliers representing 98,77 percent of our purchase value (FOB) completed the Higg FEM SAQ and Tier 1 suppliers representing 83,71 percent of purchase value (FOB) completed the required verification. Whilst verification was not yet mandatory for nominated Tier 2 suppliers in 2023, 3 factories also completed the Higg FEM verification process. We did not reach 100 percent verification across Tier 1 suppliers for three main reasons:

- a) exceptions were made due to geopolitical conflict in the factory's vicinity;
- b) exceptions were granted for suppliers who had relocated or only recently started had producing for us, and
- c) in case of test orders or when order volumes were low making the relative cost for the facility high, in line with our responsible purchasing practices.

The verified Higg FEM results for all our facilities (light pink), compared to the industry benchmark (pink) can be seen below (graph taken from Higg platform). The Higg FEM results for our facilities closely follow the industry standards.



Tier 1 Suppliers v FEM Results



The verified Higg FEM results of our Tier 1 suppliers for each category are summarised above. The results indicate that the three biggest impact areas for improvement are Air, Chemical Management and Waste.

Each Higg FEM impact area (water, waste, air emissions etc.) is made up of three levels signifying good, better and best environmental practices. Level 1 makes up 25 percent of the score for the category, and the facility can move on to answering the next levels if this is applicable to them (if not, level 1 makes up the entirety of the category's score). In 2023, of our Tier 1 suppliers:

- 59,7 percent reached at least 25 percent in the FEM Environmental Management Systems module;
- 74,6 percent reached at least 25 percent in the FEM Energy module;
- 71,6 percent reached at least 25 percent in the FEM Water module;
- 28,4 percent reached at least 25 percent in the FEM Waste module;
- 64,2 percent reached at least 25 percent in the FEM Wastewater module;
- 17,9 percent reached at least 25 percent in the FEM Air Emissions module;
- 20,9 percent reached at least 25 percent in the FEM Chemicals Management module.

Over the coming years, we will first work with our suppliers on increasing their Chemical Management score. The Better Mills Initiative project will enable us to share the key learnings from this project with all our other (wet) suppliers and define clear pathways for continuous improvement. We also aim to align with ZDHC guidelines.

4.1 Climate Change

Climate change remains the biggest and most complex challenge facing the world, with its impacts felt across our supply chain, operations and the communities we serve. The fashion industry is estimated to be responsible for 10 percent of global carbon emissions. We are committed

to playing a role in helping to tackle these emissions and avoid the most severe consequences of climate change. That is why in 2023, we have taken the first serious steps to develop one environmental strategy. The first step in this process is creating insights and carrying out a CO₂-baseline measurement. For the framing and working method behind this baseline measurement, we used the Greenhouse Gas protocol to map our Scope 1, 2 and 3 emissions. From 2025 onwards, we will report on progress against the objectives and goals developments within our CO₂ footprint.

4.2 Carbon impacts

The project to calculate the carbon footprint of our companies' entire operations is a daunting one. Since 2019, we have carried out a limited scope calculation of our direct footprint with the aim to reduce greenhouse gas emissions in our own operations (packaging, transport and energy consumption at our stores). This has helped us to better understand the challenges and pitfalls related to data gathering, gaps and uncertainties, and frame an action plan to mitigate carbon emissions by focusing our efforts on where we can have the biggest short-term impact. Based on these learnings, in 2023 we carried out the first CO₂-baseline assessment for our entire operations for 2022, including Scope 3. We will be collecting data to calculate our 2023 corporate carbon footprint in 2024. We will use 2022 and 2023 as our baselines when setting emission reduction targets for the Science Based Targets initiative, as these recent years are the most representative of our activities. Due to the COVID-19 pandemic and its consequences, such as lockdowns and reduced (economic) activities in 2020 and 2021, those years present a highly distorted and overly positive picture of our annual CO₂ emissions. We are still awaiting the results for our 2022 carbon footprint.

4.3 Science Based Targets

Carbon accounting is an essential part of measuring and reducing our environmental impact. Science Based Targets (SBTs) are an approach to determining emissions reduction targets for companies. Specifically, SBTs may not exceed the amount of GHG emissions that must be reduced to meet the goals of the Paris Agreement. This means that each target must be in line with the EU climate goal of keeping global warming well below 2°C – and pursuing efforts to limit global warming to 1.5°C. The targets must be set using the most recent methods and techniques approved by the Science-Based Targets initiative (SBTi). In 2023, Hunkemöller officially committed to setting Science Based Targets by July 2025 latest, when we will submit our 10-year company-wide emission reduction target to the SBTi for approval. In 2023 we established our first baseline measurement for FY 2022 emissions and in 2024 we will be undertaking the baseline measurement for FY 2023. These assessments allow us to check primary data availability, compare data, analyse impact hotspots and give us the insight we need to set 10-year reduction targets in line with the Paris Agreement for Scopes

1 and 2 (direct footprint, including energy consumption at our own sites) and 3 (carbon footprint generated by our supply chain and indirect activities). Given this change in data collection, year-over-year emission results are not directly comparable.

Most of our carbon footprint lies in our value chain: from raw material emissions and the emissions created during transportation of these materials to the factories and then of the finished products to our customers. For the 2022 reporting period, the carbon emission measurement boundary was therefore expanded to include the entire Scope 3, including our value chain. As a result, comparisons with previous periods can only be made on a limited basis for Scope 1 and Scope 2 emissions. Because we improved and increased our Scope 1 and 2 data gathering to provide a footprint with sufficient detail to reflect future actions to address emission sources, limited comparisons can be made with historical data.

As an own-brand retailer, every decision we take about what goes into our products, and how these products are made, is an opportunity to reduce our climate impact. We prioritise taking action in the supply chain, as this is where our biggest lever is for lowering greenhouse gas emissions. Working with our suppliers to reduce their carbon footprint is at the heart of this approach. Because manufacturing textiles requires large amounts of energy and water and uses a variety of chemicals across various production processes, we partner closely with strategic Tier 1 and 2 suppliers to progressively improve their footprint through the application of new technologies or other solutions. We will use verified Higg FEM 2023 data to set baselines for water intensity and chemical use baselines.

4.4 Higg Facility Environmental Module

Target: 100 percent of all Tier 1 and nominated Tier 2 suppliers verified their Higg FEM by 2024.

Higg FEM is a tool that measures and quantifies the environmental impacts of a production facility. To identify strengths and highlight areas for improvement, it can help facilities to evaluate the environmental impact of product manufacturing, including water consumption, waste management, chemical use, and energy use. Higg FEM standardises how facilities can measure and assess their annual environmental performance in the following impact areas:

- Environmental Management System
- Energy/Greenhouse Gas Emissions
- Water
- Waste
- Wastewater
- Air Emissions
- Chemicals Management

To immediately spot areas of improvement, Higg FEM provides a facility an overall score across the impact categories indicated above and assigns section scores to each impact area. Higg FEM includes a verification that ensures the

accuracy of the facility's self-evaluation. Verification ensures that the information gathered on the Higg platform is reliable for external stakeholders. Although Higg FEM is the primary tool used by the textile industry to gather environmental performance data from production facilities, we acknowledge that some Higg FEM data is not yet verified, so the data are not accurate. This is important to us as these suppliers represent a high business volume and thus contribute more emissions to our scope 3 emissions footprint. We will continue monitoring our progress and analysing the verified self-assessments and we are working closely with our suppliers to make our industry more sustainable.

4.5 Greenhouse Gas Emissions

If we hope to prevent a climate change catastrophe and meet the climate goals outlined in the Paris Agreement, we must drastically cut our greenhouse gas (GHG) emissions. In 2023, global warming hit 1.48 degrees Celsius, so was on the verge of crossing the 1.5°C- threshold, even if the climate forcing pathway is substantially reduced in the near-term. According to the Intergovernmental Panel on Climate Change (IPCC), the "risks and projected adverse impacts and related losses and damages from climate change escalate with every increment of global warming". The IPCC warns of a high likelihood for "irreversible adverse consequences." We want to reduce our emissions both within the direct scope of our own operations and the wider indirect scope associated with transportation, manufacturing and material sourcing. Because we have not yet set 10-year GHG emission targets and are not yet reducing our emissions fast enough, we want to compensate for our own operational emissions by funding projects that promote sustainability and cut or decrease emissions. The goal of these carbon offsetting projects is to compensate for the emissions our activities have produced, by investing in projects which reduce, avoid or remove emissions from the atmosphere.

Example:

In 2023, we at Hunkemöller partly offset our greenhouse gas emissions related to our own operations, based on our limited scope 1 and 2 carbon footprint calculation, in the voluntary carbon market. The project we invested in (5,291t) is the Huaneng Shandong Shouguang Phase III Wind Power Project. This onshore wind project is located in Shandong, China. The purpose of the project is the generation of electricity from wind and the supply of this electricity to the North China Power Grid.

4.5.1 Greenhouse Gas Emissions in our Own Operations

As part of our efforts to comply with the SBTi 1.5-degree trajectory, Hunkemöller is committed to reducing its greenhouse gas emissions (Scopes 1 & 2). Within our own facilities, our biggest opportunities for reducing impact are through energy efficiency, the adoption of renewable energy and waste management. To calculate the full carbon footprint for our own facilities and as part of our commitment to setting Science Based Target by 2025 latest, in 2023 we commissioned ClimatePartner, a leading solution provider for corporate climate action, to help calculate our 2022 and 2023 carbon footprint (HQ, DCs and Stores). Since we started calculating the 2022 emissions for our entire operations in 2023 – so not just a limited scope of our own operations - and will start repeating this process for our 2023 emissions at the beginning of 2024, we are not able to compare our 2023 emissions with those reported on in 2022.

4.5.2 Greenhouse Gas Emissions in our Supplier Facilities

The production methods for raw materials, such as spinning, weaving and dyeing require enormous amounts of water and chemicals, including pesticides for growing raw materials such as cotton. They are the biggest contributor to our carbon footprint. We measure this Scope 3 footprint by using data

from the Higg Facility Environmental Module (Higg FEM). In 2023, Tier 1 production facilities covering 98,8 percent of FOB had their data verified by an independent third party. Because this is the first year that verification was a strict requirement for Tier 1 suppliers, we have not yet been able to set targets for GHG reduction. We are therefore collaborating with our Tier 1 and nominated Tier 2 suppliers to ensure that their emission data are verified by the end of 2024 latest. This will not only allow us to measure their emissions, but also to identify emission hotspots. Till that time, we will use the available Higg FEM data to track the progress made. By supporting the efforts of our suppliers to become more water and energy efficient and increase their use of renewable electricity, we can make progress on these impacts and achieve our climate goals. However, taking into consideration that we are very dependent on the cooperation of our suppliers to reduce their emissions and/or their ability to finance improvements in their production facilities, our overall Scope 3 progress also depends on their actions. Likewise our efforts to source more preferred raw materials will also play a big part in reducing our Scope 3 emissions. In 2023, across our Tier 1 suppliers with verified FEM data, our carbon dioxide equivalent emissions per unit produced was 0,17 kg CO₂e, weighted by purchase value (FOB).



4.6 Energy

Traditional manufacturing techniques rely heavily on non-renewable energy sources such as coal and fossil fuels, whereby every stage of the textile industry's supply chain is energy-intensive - from processing yarn, producing fabric, and fabricating textiles, to transporting and selling clothes to customers. An estimated 80 percent of the energy used in the fashion industry is used in textile manufacturing (Quantis, 2018). On average, Scope 3 emissions are 11.4 times higher than operational emissions. Shifting power consumption to renewable resources and minimising resource consumption – also in our own operations – is therefore vital to reduce carbon emissions.

4.6.1 Energy Efficiency in our Stores, DC and HQ

Within our operations, one of the biggest opportunities for reducing impact is through energy efficiency and the adoption of renewable energy. In 2023, our new DC in Almere, the Netherlands was completed. This DC, which will be BREEAM certified - a science-based certification and certification system for a sustainable built environment – will become operational in 2024. Thanks to the BREEAM certification, our new warehouse is being built according to the latest sustainable construction standards and will so create a more positive environmental and social impact in comparison to our current DC. The DC will also have the highest levels of water/waste and health & safety management. With regard to our HQ in Hilversum, we have not implemented and/or invested in energy reducing technologies, since we will be relocating in 2024. This means that we will put all our efforts into reducing the carbon footprint of our new headquarters, as well as creating a healthy workplace that will meet the needs of our workforce decades into the future. Finally, because all Hunkemöller shops are rented properties, we are heavily dependent on commercial property managers to invest their money in green energy sources to help cut emissions. To date, we have not made many headways in convincing them to turn to green energy sources.

Our retail stores are a contributor to the carbon emissions that we produce globally and one of the areas for energy efficiency improvements. Because 2023 was the first year whereby we performed a baseline measurement for our entire own operations and the carbon footprint calculations for our stores from previous years were based on extrapolation formula, year-over-year emission results are not directly comparable. Nonetheless, we are aware that the biggest carbon emissions hotspots in our retail stores are electricity, gas consumption and general waste.

Our energy and water consumption increased from 2022 to 2023 across our Hilversum HQ and DC. Both our water and electricity consumption increased by 2 percent, whilst our natural gas consumption increased by 9 percent.

4.6.2 Energy Efficiency in our Supplier Facilities

Improving the energy efficiency in our supplier facilities not only reduces our scope 3 emissions, but also helps suppliers cut costs and remain competitive. However, increasing energy efficiency in our production facilities often has upfront costs for suppliers, which is a major obstacle. Nevertheless, 74,6 percent of our Tier 1 suppliers reached at least 25 percent in the Energy module of the FEM, making it the highest scoring Higg FEM module across our Tier 1 suppliers with verified data. Tier 1 suppliers representing 76 percent of our purchase value (FOB) were able to provide verified energy data. 42 percent of these suppliers used a renewable energy source (solar, biodiesel, biomass, hydro energy).

4.7 Air Pollution

Air pollution and climate change are two sides of the same coin. Natural phenomena such as erupting volcanoes and dust storms can cause climate change and air pollution, but humans are also contributing to air pollution and global warming through the production and consumption of goods. Especially black carbon – also known as soot – which is formed by the incomplete combustion of wood and fossil fuels, creates carbon dioxide (CO₂) and carbon monoxide, which warms the atmosphere. In regions where it is concentrated, this can alter weather patterns and ecosystem cycles and also impact human health. Coal is still used in the textile industry as boiler fuel. By implementing control measures, we can reduce black carbon emissions.

4.7.1 Air Pollution in our DC, HQ and Stores

Hunkemöller does not have NO_x and SO_x emissions or cause any relevant light or noise pollution.

4.7.2 Air Pollution in our Supplier Facilities

Target: Eliminate the use of coal-fired boilers at all direct Tier 1 and 2 supplier facilities by 2030.

Air pollution caused by the textile industry is a major cause of concern. Boilers, generators and cooling systems produce pollutants that are released into the air. The pollutants generated include Suspended Particulate Matter (SPM), sulphur dioxide gas, oxide of nitrogen gas, etc. This can adversely affect people and the environment owing to the release of toxic gas into the atmosphere. This can cause acid rain, smog and affect the health of plant life and animals. It can also negatively affect our health as it can contribute to respiratory conditions like asthma. It is therefore very important that we reduce the pollutants emitted by production facilities. It is our aim to eliminate the use of coal-fired boilers at all direct Tier 1 and 2 supplier facilities by 2030 because these generally have high emissions intensities and release toxins and pollutants when the coal is burned. In collaboration with our suppliers we will work to phase the use of these boilers out and have them replaced by more preferred (renewable resource) alternatives. According to our verified FEM data from Tier 1 facilities, representing 76,4 percent of our purchase value (FOB), coal was not used as an energy

source. We will obtain verified data from nominated Tier 2 facilities in 2024. Of the Tier 1 suppliers, 17,9 percent reached at least 25 percent in the Air Emissions module of the FEM.

4.8 Biodiversity Impacts

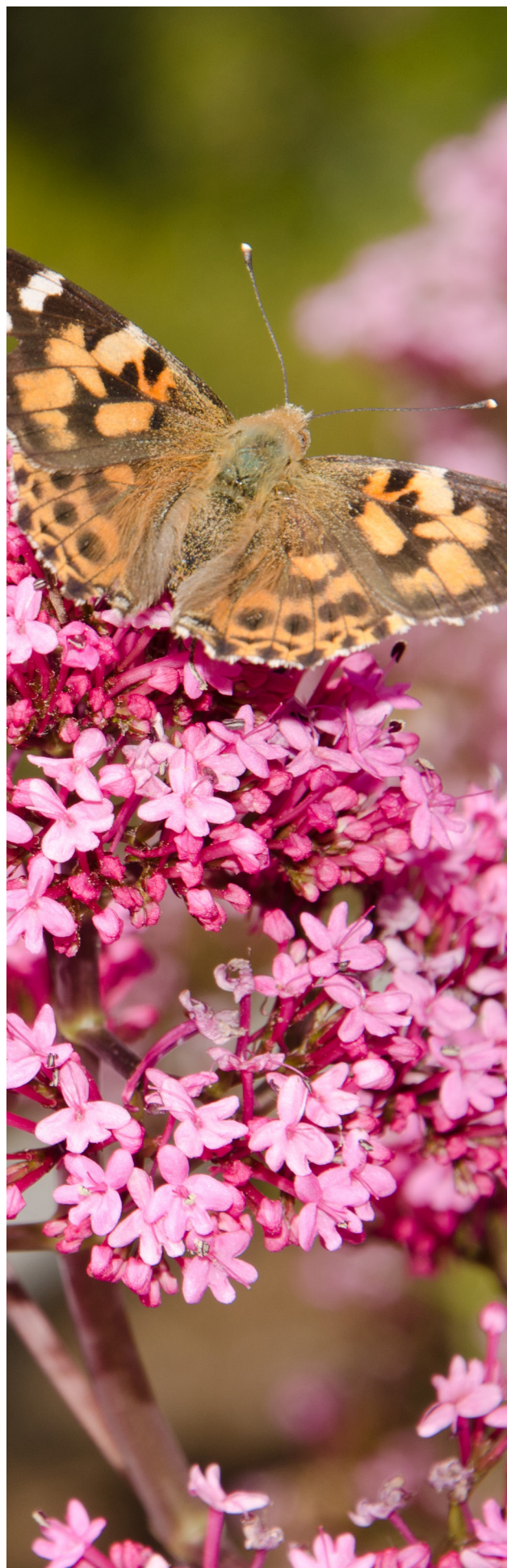
The world is currently experiencing a severe “biodiversity crisis.” This is primarily caused by human activity, leading to what scientists refer to as the “sixth mass extinction.” In 2023, biodiversity loss was recognised as the fourth-biggest long-term global risk by the World Economic Forum. The fashion and textile industry has a huge opportunity to help protect and restore natural ecosystems, not least because so many of the fibers and raw materials it uses come from the land. Raw material extraction and initial production stages of the industry’s supply chains have great biodiversity impacts. This is why we are increasing our use of certified materials such as Lenzing™ EcoVero™.

Hunkemöller facilities (HQ, DCs and stores) are located in urban areas and therefore have no significant impacts on the biodiversity of protected areas or areas of high biodiversity. The majority of our suppliers are also based in industrial areas. However, thanks to their production processes, they can have a negative impact on their wider surroundings. Key biodiversity impacts from material preparation, processing, and product manufacturing (Tiers 3-1) relate to pollution from processes such as textile dyeing and treatment, as well as energy use throughout manufacturing. The consumer-use phase of a textile also has impacts on biodiversity, through microfiber shedding, waterway pollution, and water and energy use from laundry. For this reason, we are working with our suppliers to improve their chemical management practices and are educating our customers on sustainable product care. We are working to map our supply chain to gain better visibility of Tier 2-4 where biodiversity impacts are more severe.

4.9 Transportation

Shipping accounts for roughly 3 percent of global greenhouse gas emissions, with long haul transportation still relying heavily on fossil fuels. Greenhouse gas emissions from the transport industry have been steadily rebounding since the COVID pandemic, and have been increasing by an average rate of 1,7 percent since 1990 according to the IEA. Ocean freight produces 47 times less greenhouse gases compared to air freight, therefore we try to minimise transportation by air. In 2023, 99 percent of products by weight and 96,7 percent by distance travelled were transported by ocean freight. We therefore achieved our target of keeping air freight under 5 percent.

Compared to 2022, our inbound transportation decreased by over half due to a change in purchasing strategies. We have shifted to buying seasonally, and have been working to prevent over-purchasing, reducing our impact from transportation.





5. BUSINESS RISKS AND UNCERTAINTIES

Hunkemöller is a global company. As such, our business is inherently exposed to a variety of situations that could pose a risk to the achievement of our defined strategic objectives. These risks include, but are not limited to, a shift in the fashion industry, competition within the sector, consumer preferences and spending trends, logistics resources, information security and cybersecurity, sustainability issues, weather, macroeconomics and geopolitical events, pandemics, foreign currencies, taxes, and various legal regulations and ordinances. The risks and uncertainties that could potentially have an impact on our business, financial condition or results of operations are difficult to predict. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may occur or become material and also may adversely affect our business, financial condition or results of operations.

Operational and financial risks are continually analysed. Evaluation of the business impact determines whether an action is to be taken to reduce the likelihood of a risk, and if so, to what extent. Business decisions also determine the extent to which the consequences of a risk should be mitigated.

5.1 Strategic Risks

5.1.1 Geopolitical and Macroeconomic Changes

Hunkemöller's business environment can be adversely impacted by macroeconomic and geopolitical conditions in global and individual markets. Hunkemöller sources and produces its products mainly from Asia. Changes in politics and monetary, trade and tax policies in Asia and the EU may trigger reactions and countermeasures and may also have an adverse impact on other economies and international markets in which we are active. Hunkemöller expects global market conditions to remain uncertain and volatile due to geopolitical and macroeconomic factors, whether or not related to or caused by the Russia-Ukraine and Israel-Hamas wars. Geopolitical tensions and deglobalisation can result in a weakening economy, declining consumer confidence & spending and rising inflation and interest. This can in turn result in pressure on market growth and investments.

Global economic conditions, including volatility in the financial and credit markets, have in the past adversely affected, and in the future may adversely affect, our business and our customers. Consumers may not be able or willing to buy our products and suppliers might not be able to produce or deliver our products. This can have a material adverse effect on our business, financial condition and results of operations.

Changes in geopolitical and macroeconomic conditions are difficult to predict. Nonetheless, they could adversely affect the demand for, and supply of, Hunkemöller's products. This may result in a material adverse impact on Hunkemöller's business, financial condition, and operating results. These factors could also make it more difficult to budget and to make reliable financial forecasts or could have a negative impact on Hunkemöller's access to funding.

5.1.2 Brick & Mortar Retail Stores

Our business is heavily dependent on the ability and desire of consumers to travel and shop. Reduced consumer traffic and purchasing, whether in our own retail stores or in our franchisees' stores, could have a material adverse effect on our financial condition, results of operations and cash flows. Reductions could result from economic conditions, increased fuel prices, travel restrictions, travel concerns and other circumstances, including adverse weather conditions, natural disasters, terrorist attacks or the perceived threat of terrorist attacks. Disease, epidemics and other health-related concerns also could result in closed stores, reduced consumer traffic and purchasing. War, such as the Russia-Ukraine war and the Israel-Hamas war, the perceived threat of war, political or civil unrest and demonstrations also could result in reduced consumer traffic and purchasing.

5.2 Compliance Risks

5.2.1 Together Tomorrow Strategy

The Together Tomorrow sustainability strategy aims to build a better world through more sustainable fashion. Over the last couple of years, the EU has committed to ambitious, long-term environmental and climate goals, resulting in numerous legislative developments. Sustainability has now become one of the top challenges for governments around the world and especially the garment and textile industry is subject to regulation by various government and regulatory agencies, which are continuing to develop. As an organisation, we need to adapt to these legislative initiatives, while remaining mindful of our own business requirements. Any failure to comply with sustainability laws and regulations could expose us to lawsuits, administrative penalties and civil remedies, which may have a material adverse impact on Hunkemöller's business, financial condition and operating results. Increased regulation and stakeholder scrutiny regarding our environmental, social and governance ("ESG") strategy, could also result in additional costs or risks and adversely impact our reputation. Due to the increased focus on ESG matters, including increased pressure for transparency, stricter social and environmental supply chain requirements and enhanced due diligence requirements, we are more exposed to regulatory, legal, market, operational and execution costs or risks.

We seek to comply with all applicable laws, rules and regulations and also have established focus areas and targets under our Together Tomorrow sustainability strategy in

respect to many ESG measures, including in regard to human rights, DEI, greenhouse gas emissions, water usage and usage of more preferred materials and packaging. There can however be no assurance that we can achieve compliance without significant impact on our business or results of operations or that our stakeholders will agree with our strategy or that we will be successful in achieving our goals. This could adversely affect our reputation, sales and demand for our products, willingness of our suppliers to do business with us, and investor interest in our securities.

5.3 Operational Risks

5.3.1 Critical Infrastructure

We are exposed to various risk arising from events (incidents, sabotage or accidents) that can lead to a halt or operational inefficiency of IT services or processes needed to perform our business activity. This could compromise the continuity of operations and/or the confidentiality, integrity and/or availability of our information, regardless of whether it is in our own systems or those of third parties; and third parties' information located in our systems. Our inability to execute our digital commerce strategy could materially adversely affect the reputation of our brand and our revenue and our operating results may be harmed.

Keeping up to date with technology, competitive trends, security etc. may increase our costs and may not succeed in increasing sales or attracting consumers. Our failure to respond successfully to these risks and uncertainties might adversely affect the reputation of our brands and our revenue and results of operations. We are aware that technological risks evolve exponentially, unpredictably and, in some cases, in a very sophisticated way. Thus, although Information Security is a priority, there is the possibility of an undetectable attack which might affect operations or information managed by us.

5.3.2 Information security and cybersecurity

Hunkemöller relies on information technology to operate and manage its business and store and process confidential data. As a company, we are exposed to various types of risks related to information technology, hacking attempts on networks, disruption of system stability, and attempts to access customer accounts or login details from employees by means of phishing. To meet the competitive demands and evolving regulatory compliance activities in areas such as secure electronic transmission and storage solutions for protected personal information, financial information, intellectual property, and other sensitive information related to our customers and workforce, we must stay ahead of innovation and trends such as data privacy and cybersecurity.

The number, severity, and sophistication of cyberattacks continue to increase globally. As a global company, we are exposed to the risk of cyberattacks and potential impact of attacks on our suppliers whereby information systems may be damaged, disrupted, or shut down. In addition, breaches in the security of our systems (or the systems of

our customers, suppliers, or other partners) could result in the misappropriation, destruction or unauthorised disclosure of confidential information (including intellectual property) or personal data belonging to us or our employees, customers, suppliers or other partners. This may result in substantial costs and other negative consequences, including lost revenues, reputational damage, remediation and enhancement costs, penalties, and other liabilities to regulators, customers and other partners.

Hunkemöller manages these types of risk continuously. Ongoing investments, adjustments and improvements are made to the organisation, systems, procedures and subcontractors in order to deal with security risks in the best way possible. Nonetheless, there can be no assurance that future cyberattacks will not result in a material adverse impact on Hunkemöllers' business, financial condition and operating results.

5.3.3 Data protection and GDPR

Hunkemöller works actively with privacy risks to protect customers' and employees' data, and to safeguard customer experience. Our employees are our greatest asset, but sometimes also a risk because they can make mistakes or engage in violations of applicable rules or procedures. These events are not always caught immediately by our technological processes or by our controls and other procedures, which are intended to prevent and detect such errors or violations. In such an event, our reputation and brand could be adversely affected.

5.3.4 Logistics

As a company, we are exposed to risk arising from events beyond our control (natural disasters, fires, system disruptions, labour shortage or interruption, transport or key supplier strikes, interruptions in energy and fuel supplies, etc.). These could have a significant effect on the normal functioning of our operations. The main operational risks that we face are concentrated at logistics centres and at third party operators transporting our goods.

5.3.5 Climate Change Risks

Climate change and its impacts (such as storms, floods and droughts) have been identified as a significant risk to the company. Our business is susceptible to risks associated with climate change, including potential disruptions to our supply chain and impacts on the availability and costs of raw materials. Increased frequency and severity of adverse weather events due to climate change could also cause disruption to the production and distribution of our products and have an adverse impact on consumer demand and spending. Climate breakdown such as heat and flooding also affects the health and income of workers and communities and can lead to long-term losses for the textile industry. Moreover, a general shortage of materials or an increased demand for sustainable materials or packaging, may result in higher raw material and production costs. Commodities

have been subject to volatile markets, and such volatility is expected to continue and costs to increase. Our inability to comply with these and other sustainability requirements in the future could adversely affect sales of and demand for our products.

Costs may also increase as a result of stricter climate change-related laws and regulations. Such legislation could require investments in technology to reduce energy use and greenhouse gas emissions, beyond what we expect in our existing plans, or could result in additional and increased carbon pricing.

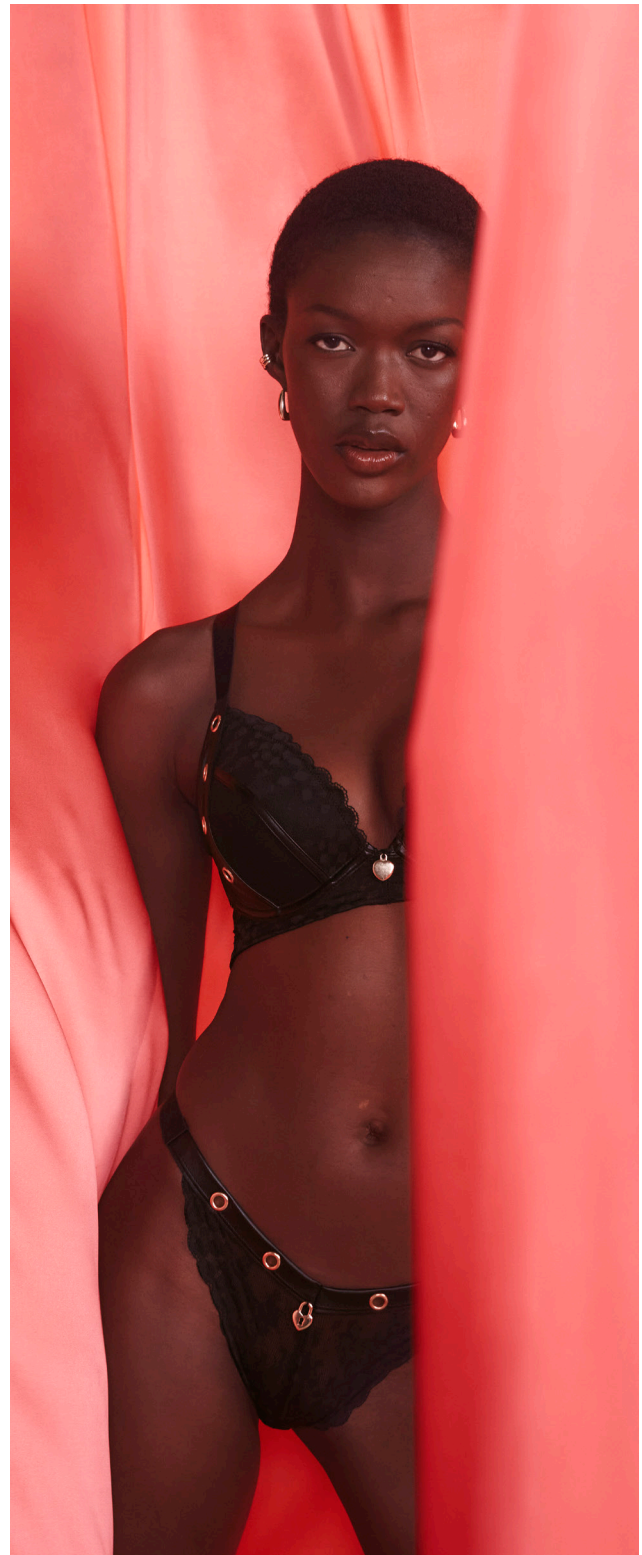
5.3.6 Environmental Risks

Besides climate risks, environmental risks, such as those arising from the potential adverse environmental effects of our value chain due to the discharge of undesirable or hazardous substances can result in the loss of biodiversity, ecosystems, deforestation, soil degradation etc.

5.4 Risks that Materialised over the Course of the Year

The uncertain and challenging macroeconomic and geopolitical environment were hallmarks of the year. The conflict in Ukraine forced the suspension of our operations in the Russian Federation. The Israel-Palestinian conflict is likely to have a wide range of destabilising effects – both direct and indirect – on geo-economics, geopolitics and markets. The economic and geopolitical environment has also generated instability and volatility in financial markets, posing currency exchange risks. We continue to analyse developments in the conflict and its complex implications on an ongoing basis and to put plans in place to mitigate its impact on our business.

During the year many markets continued to experience high inflation and monetary tightening. The inflationary spiral has affected costs of many goods and services that make up our value chain. In particular, commodity markets, especially energy and certain textile fibres, experienced a generalised uptick in the year. Energy costs, both in the sales markets and in supplying countries linked to the transformation processes in our value chain, have risen sharply. Although price levels have tended to moderate as the year has progressed, we are still far from pre-pandemic levels and it should be noted that the economic outlook in many of the markets where we operate is challenging.



LIST OF ABBREVIATIONS

ACT – Action Collaboration Transformation
AI – Artificial Intelligence
BCI – Better Cotton Initiative
BEPI – Business Environmental
BMI – Better Mill Initiative Performance Initiative
BREAAM – Building Research Establishment Environmental Assessment Methodology
BSCI – Business Social Compliance Initiative
CAP – Corrective Action Plan
CFRPP – Common Framework for Responsible Purchasing Practices
COC – Code of Conduct
CSRD – Corporate Sustainability Reporting Directive
CSDDD – Corporate Sustainability Due Diligence Directive
DC – Distribution Centre
DEI – Diversity, Equity and Inclusion
DPP – Digital Product Passport
ECoC – Ethical Code of Conduct
EPR – Extended Producer Responsibility
ESG – Environmental, Social and Governance
ESRS – European Sustainability Reporting Standards
FNV – Netherlands Trade Union Confederation
FSC – Forest Stewardship Council
FVO – Fund for Responsible Business
GDPR – General Data Protection Regulation
GHG – Greenhouse Gas
GRI – Global Reporting Initiative
Higg BRM – Higg Brand & Retail Module
Higg FEM – Higg Facility Environmental Module
Higg FSLM – Higg Facility Social Labor Module
HQ – Headquarters
ILO – International Labour Organization
LIC – Learning and Implementation Community
MADE - Multi-stakeholder Alliance for Decent Employment
MSI – Multi-Stakeholder Initiative
NGO – Non-Governmental Organisation
NFS – Non-Financial Statement
NPS – Net Promotor Score
OECD – Organisation for Economic Cooperation and Development
PLM – Product Lifecycle Management
REACH – Registration, Evaluation, Authorisation and Restrictions of Chemicals
RPP – Responsible Purchasing Practices
RSL – Restricted Substance List