HUNKEMÖLLER ENVIRONMENTAL STRATEGY

Scope

This Environmental Strategy is applicable to our own business operations and all authorised direct Business Partners, their subcontractors and other supply chain actors, who do business directly or indirectly with Hunkemöller. Standards equally apply to all business units directly owned, partially owned, joint ventures, subcontracted, rented, separate buildings and separate factory locations. Our business partners must comply with all laws and regulations relating to environmental protection in the countries in which they operate. Hunkemöller's environmental requirements will be included in supplier contracts. Non-compliance may lead to corrective actions or termination. We reserve the right to audit any supplier at risk of breaching this policy. Hunkemöller's production facilities must have policies and procedures in place to ensure environmental impacts are minimised with respect to air pollution, water consumption and pollution, biodiversity, emissions, chemical management and other significant environmental risks. We also require our business partners to have systems in place to ensure that negative impacts in the supply chain are not caused by any partner/sub-contractor and to ensure compliance with the requirements set out in this policy. By recognising this Policy, Hunkemöller business partners acknowledge and accept their responsibilities to:

- Follow (inter)national guidelines, laws and regulations, as well as community-specific standards of the regions they operate in.
- Take action to continuously improve their performance.
- Establish specific areas of improvement, targets and timelines to reach these improvements.

While local regulatory frameworks may vary, Hunkemöller expects all Business Partners and suppliers, regardless of their operating jurisdiction, to adhere to the environmental and sustainability principles outlined in this document. Where national legislation is less stringent, Hunkemöller's environmental standards shall prevail to the extent feasible and contractually agreed.

Continuous Improvement

We are committed to regularly viewing and updating our Environmental Strategy to reflect emerging best practices, technological advancements, and evolving sustainability standards. We will continually seek opportunities to improve our environmental management practices and set new targets aligned with our sustainability goals.

Management Oversight

The Environmental Strategy is a key part of Hunkemöller's Environmental, Social and Governance (ESG) strategy. The responsibility for setting and overseeing the Environmental Strategy lies with the Management Board and is overseen by the ESG Working Committee. The ESG Working Committee meets monthly to review the company's sustainability progress, prioritise and ensure accountability at all levels of the organization. The ESG Working Committee is led by Hunkemöller's ESG team but is cross-functional and consists of departments including Finance, Legal, Buying, Design, Technical, Merchandising, IT and Logistics. Hunkemöller's risk assessment is conducted annually to monitor ongoing physical and transitional risks. Based on this, the Environmental Strategy is updated if and when needed. Last updated

and reviewed by the Hunkemöller Board in 2022, the Environmental Strategy has been updated in 2025 following the finalisation of Hunkemöller's Science Based Targets.

1. Climate Policy

1.1 Introduction

In 2022, the Intergovernmental Panel on Climate Change (IPCC) emphasized that the climate system is facing unprecedented changes. Climate change is one of the biggest challenges of our time, profoundly impacting all regions of the world, all sectors of society, as well as our ability to access raw materials due to unpredictable or extreme weather events. Global warming is predicted to reach 2°C above preindustrial levels unless greenhouse gas (GHG) emissions are drastically decreased. This can only be done when we all become part of the solution and take collective action across our industry. As an omni-channel retailer with many customers worldwide, tackling climate change is a key priority for Hunkemöller. This means managing physical and transitional risk, measuring and managing greenhouse gas emissions, championing energy conservation and efficiency, and phasing out non-renewable energy sources across our own operations. We believe that a strong climate action strategy will help us manage the physical and transition risks associated with climate change, strengthen the resilience of our business, and help us create value for stakeholders.

In 2023, Hunkemöller officially committed to setting Science-Based Targets (SBTs) in line with the Paris Agreement, to limit global warming to below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. The SBTi is a collaboration between CDP (formerly the Carbon Disclosure Project), World Resources Institute (WRI), World Wide Fund for Nature (WWF), and United Nations Global Compact (UNGC). In 2025, Hunkemöller's SBTs were approved and validated by the SBTi.

1.2 Our Climate Policy Approach

Hunkemöller's corporate carbon footprint for calendar years 2022, 2023 and 2024, covering scope 1, 2 and 3 emissions, were used to develop this climate policy. Hence, our climate policy addresses impacts from our own operations but also along our entire value chain. Based on the carbon footprints, emission hotspots and emission reduction opportunities could be identified and quantified. The decarbonisation levers identified are at the core of this policy, which is closely aligned with our SBTs, ensuring a scientific approach to decarbonisation. Progress towards our SBTs is checked and reported on an annual basis, when our carbon footprint is recalculated and shared in our sustainability report. This aligns with our goal for continuous improvement by allowing for the effectiveness of our actions to be checked against our targets. Our climate strategy is embedded in our business strategy through the integration of ESG KPIs across departments and monthly meetings of the ESG Working Committee to monitor their progress, ensuring accountability. This governance process allows for agility and adaptation if deviation from the SBTs occurs.

Hunkemöller's SBTs cover scope 1 (direct emissions from owned or controlled sources), scope 2 (indirect emissions from the generation of purchased electricity) and scope 3 emissions (all indirect emissions occurring in upstream and downstream value chain). Since the scope 3 emissions are the larger contributor to our carbon footprint, as well as most emission reduction opportunities lying within this scope, our efforts are focused on collaborating with key actors in our supply chain, specifically our suppliers, to reduce our impact here.

1.3 Decarbonisation Levers and Actions

Decarbonisation levers refer to the tools and mechanisms we can use to reduce our carbon footprint. We have identified five main decarbonisation levers we can use to reduce our emissions. The associated actions are outlined in the table below.

Decarbonisation Lever	Actions
Energy efficiency	• Increasing energy efficiency across our own operations. This includes our retail operations, such as switching from iridescent to LED lighting, but also our logistics operations, such as improving the efficiency in our new distribution centre. • We always aim to use more energy efficient modes of transportation, such as sea freight compared to air freight, to reduce the carbon intensity of transporting goods. Where possible we explore less carbon intensive fuels for air freight, for example our samples and smaller packages are delivered through a logistics partner using sustainable aviation fuel. • We require our Tier 1 and Tier 2 suppliers to conduct environmental audits annually, which can aid in identifying areas of high energy consumption, inefficiencies in their processes, and set energy reduction targets. • We encourage our suppliers to assess their production processes and increase their energy efficiency across operations, such as investing in more energy efficient technologies.
Renewable energy	• Our new distribution centre includes solar photovoltaic cells. • We aim to increase the share of our stores utilising green energy contracts where possible. • We encourage our suppliers to adopt renewable energy by including carbon performance in our supplier scorecard to encourage suppliers to increase their share of renewable energy.
Fuel switching	• We support our suppliers in phasing out coal and aim to eliminate coal as a direct energy source across our Tier 1 and Tier 2 suppliers by 2030. We encourage our suppliers to switch to cleaner energy sources and develop coal phase out plans.
Circular economy	• We are working on reducing waste in our HQs and increasing the use of recycled materials across our own operations by developing a responsible purchasing policy for our facilities. • We are members of textile and packaging takeback system organisations, ensuring compliance under the Extended producer Responsibility legislation, working towards reducing waste. • As part of our Ecodesign Targets, we are investigating how our products can be designed with circularity and recyclability in mind. • Where appropriate, we will always aim to support research and initiatives looking further into fibre-to-fibre recycling technologies. • We take steps to reduce packaging in line with the Packaging and Packaging Waste Regulation through optimising our packaging to increase efficiency and removing unnecessary packaging. We also take steps to align with the PPWR's requirements on recycled content, recyclability and reusability of packaging. • We take steps to avoid our products from going into landfill, opting for unsold products going to DOCs and FOs instead.
Preferred materials	• We work to consistently increase the usage of preferred materials, materials with a lower environmental impact than their conventional counterparts, in our products by opting for natural fibres, organic fabrics, recycled materials or other certified materials. These improvements align with our Ecodesign Targets, where we committed to increasing our total consumption of preferred materials, our recycled materials, and decreasing our usage of virgin synthetic fibres.

	• We are increasing the usage of preferred materials across our packaging, by opting for recycled materials and swapping out virgin plastic, where possible.

Whilst the main decarbonisation levers are listed above, we also take actions in other areas to reduce our emissions across our value chain. We work with our suppliers to increase water efficiency and reduce water consumption, especially in regions of high-water risk. We also have a comprehensive sustainable chemical management strategy and encourage our suppliers to opt for less environmentally impactful chemicals if possible, aligning with the ZDHC Wastewater Guidelines and the ZDHC MRSL.

Having identified the key decarbonisation levers, we have also identified the instruments we need to effectively reduce our emissions, which have been listed in the table below.

Decarbonisation Lever Requirements	**Explanation**	**Challenges**
Innovation and New Technologies	Innovation and the development of new technologies across various sectors are crucial to meet our targets. Further research will improve affordability, scalability and accessibility of preferred materials, recycling technologies and systems, renewable energies, manufacturing equipment.	• Achieving our targets will require innovation and technology that is not available or fully scalable today, including the evolution and accessibility of renewable energy, manufacturing and agricultural technologies, and scalable systems for fibre-to-fibre recycling. A critical mass of potential consumers of these new technologies is a necessary precondition to their development, deployment and scaling.
Collaboration and Stakeholder Engagement	We must collaborate with stakeholders along our value chain to ensure that we can meet our targets. Since scope 3 emissions make up most of our carbon footprint, we must support our suppliers implement measures to reduce their total emissions and carbon intensity. It is also important to collaborate with other stakeholders that can support us in achieving our goals, such as NGOs, sector-specific multi-stakeholder organisations (e.g., Cascale, ZDHC), and our customers.	• Uncertainties surrounding upcoming legislation and conflicting brand requirements can slow progress made by suppliers. • Hunkemöller is dependent on the cooperation and performance of certain third parties, including business partners providing clean/green services and suppliers' capacity and willingness to implement emissions reductions projects, and measure Scope 1, 2, and 3 emissions can pose challenges to our meeting targets. • A major challenge is accuracy in mapping our complex and dynamic supply chain and establishing relationships with suppliers further down the value chain, which is crucial to collaborate and make change.
Policy	Effective policies must be implemented, and mechanisms must be put in place to support and keep organisations	• There is still a lot of uncertainty around EU legislation and directives and many requirements are not yet

	accountable. This is vital to ensure that progress and efforts are streamlined and can help bring systematic change necessary for Hunkemöller to meet its targets.	finalised, making long-term planning difficult. • Public policies may not support actions aligned with Hunkemöller's SBTs or the ambitions of the Paris Climate agreement, including by not encouraging the development and deployment of low-carbon or low-emissions technologies at scale and public policies that can negatively impact the supply or cost of renewable energy projects at scale.
Investments	Considerable investments must be made upfront for the necessary technologies and infrastructure needed for decarbonisation pathways.	• Insufficient funding across various levels (brand, supplier, government, research) can slow down progress in areas where investments are crucial. Financial restraints are one of the greatest hurdles to making decarbonisation technologies accessible and affordable and then deploying and implementing them at scale.
Effective Governance and Reporting Structures	At a regulatory level, a clear reporting structure must be established for all brands to report on their targets, and to allow for consistency and comparability. At a brand level there must be a clear governance system put in place, that includes the Board to ensure accountability and is cross-functional, that allows for accurate reporting and ensures that progress is made toward the targets.	• Shifting inventory methodologies (e.g., GHG Protocol Corporate Standard, Land Sector and Removals Guidance, etc.) can complicate calculation efforts and can pose challenges to meeting our targets. • Hunkemöller's business will continue to evolve and grow. This growth and changes in our model may require additional facilities and/or an expansion of our footprint, which may create pressure on our targets. • Value chain (Scope 3) emissions measurement and reporting remains an immature field; lack of standardised approaches and comprehensive data sets limit the ability to generate comparable, reliable, and decision-useful information. • It can be challenging to establish an internal governance system that consistently ensures Hunkemöller is aligned with external reporting and regulatory requirements, holds all necessary stakeholders accountable to set targets, and has integrated decarbonisation into the business

		strategy to ensure sufficient funding for identified decarbonisation levers.

There are also other factors beyond Hunkemöller's control which may impact our ability to achieve our targets, including changes to local energy grids; our physical presence in geographic areas without available necessary technology, equipment or capabilities; and weather patterns increasing the number of days requiring facility heating and cooling. National and global catastrophic events (e.g., pandemics, recessions and economic downturns, natural disasters, geopolitical instability) can also exacerbate many of the above factors.

1.4 Climate Risk Assessment

By 2050, climate change's impact on weather patterns, including increasing the likelihood of heat waves, heavy rainfall, and droughts, is likely to affect the production, distribution, and (in some cases) the viability of consumer products. To inform the company's climate mitigation and adaptation strategies, Hunkemoller periodically conducts a scenario-based risk assessment. We updated the risk analysis in 2024, considering climate-related risks in the short-, medium-, and long-term, and assessed the materiality of the risks in line with our Double Materiality Assessment methodology according to the risks' likelihood, magnitude, financial impact, scope, scale and irremediability. This risk analysis underscores the relevance of enhancing the resilience of our supply chains.

A simplified table outlining the main findings of the risk assessment are found in the tables below:

Modelled Risk	**Climate Variables**	**Considerations for Mitigation and Adaptation**
Heat Stress affecting labour productivity	• Drought • Heat	• Disaster preparedness and response. • Supporting facilities in implementing cooling measures in high-risk areas. • Planning for necessary funds for additional heating or cooling. across stores, HQs and distribution centres.
Increased cost of raw materials due to agricultural shifts	• Heat • Drought • Extreme precipitation • Extreme wind • Flooding	• Develop sourcing strategy taking risks into account, considering sourcing countries and materials. • Secure resilient materials and production techniques.
Migration and workforce shortages	• Heat • Drought • Extreme precipitation • Extreme wind • Flooding	• Develop sourcing strategy taking risks into account, considering sourcing countries and materials. • Supporting facilities in implementing cooling measures in high-risk areas.
Increased regulatory costs	• Heat • Drought • Extreme precipitation • Extreme wind	• Planning for necessary investments needed to ensure compliance with reporting

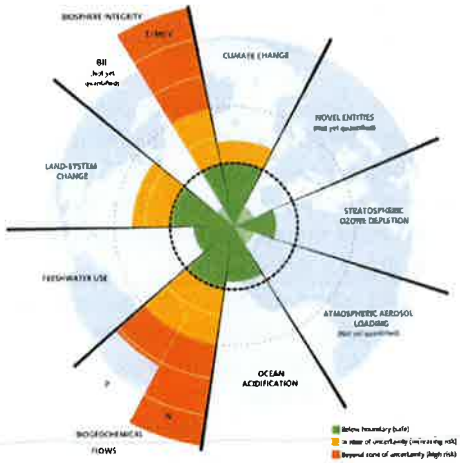
	• Flooding	frameworks, regulations, and actions to meet targets. • Public policy advocacy.
Pressure to implement new certifications and standards	• Heat • Drought • Extreme precipitation • Extreme wind • Flooding	• Research into requirements of new certifications and standards to ensure compliance.
Shifts in consumer behaviour due to climate volatility	• Heat • Drought • Extreme precipitation	• Ensure business model is resilient and keep risk assessment up to date and integrated into strategy.
Reduced access to virgin textiles due to regulatory restrictions impacting material sourcing and potentially increasing production costs	• Heat • Drought • Extreme precipitation • Extreme wind • Flooding	• Innovate preferred materials and support recycling technology research. • Develop sourcing strategy taking risks into account, considering sourcing countries and materials • Opt for local sourcing where possible. • Secure resilient materials and production techniques. • Support innovation into recycling technologies.

2. Biodiversity Policy

2.1 Introduction

Biodiversity - the variety of plant, funghi, animal species and other living organisms - has in recent years been declining at an alarming rate. This decline is mainly due to human activities and takes the form, among others, of species extinction and habitat destruction, caused by land conversion, air and water pollution and global warming. According to the Intergovernmental Science Policy Platform on Biodiversity and Ecosystems (IPBES), these human pressures on nature are putting a staggering one million species at risk of extinction, many within decades. We must take action to stop this loss. At Hunkemöller, products begin their lives in fields, forests and other ecosystems around the world. Biodiversity provides soil nutrients in which to grow cotton, water for the irrigation of crops and the processing of materials, land on which to grow timber for fibre and much more. This means that the careful stewardship of these landscapes, protecting and developing biodiversity within our business operations and through our entire value chain is fundamental to our continued success. Therefore, our Biodiversity Policy is a crucial part of our overall Environmental Sustainability Strategy and will guide us towards environmentally and ethically responsible business decisions, which are also economically sound.

To protect, preserve, and develop biodiversity, Hunkemöller has aligned the Biodiversity Policy with the UN Convention on Biological Diversity and the Planetary Boundaries Framework from the Stockholm Resilience Center. In this framework (see below) the global boundaries for the planet are represented. Crossing these boundaries generates the risk of triggering large-scale irreversible environmental changes. According to this framework, the loss of biosphere integrity (the ability of ecosystems to regulate themselves) and genetic diversity (diversity of species and genotypes within them) already exceed the defined planetary boundary. Two of the UN Sustainable Development Goals that we have aligned our CSR strategy with focus on this area: 6 Clean Water and Sanitation and 12 Responsible Production and Consumption.



Our Biodiversity Policy aims to protect, preserve and develop biodiversity affected by our business processes and especially the raw materials we use. Additionally, our Water and Climate Strategies are heavily intertwined with biodiversity. For example, maintaining the environmental quality of river and marine ecosystems along our supply chain ensures that water-reliant raw materials sourced from these regions are not threatened and that communities have continued access to clean drinking

water. Minimising energy use and carbon emissions reduces global warming, and the negative effects this has on biodiversity.

Finally, there are strong links between climate change and the degradation of biodiversity. Both are caused by human activities and reciprocally drive each other. Climate change has significant effects on the erosion of biodiversity, particularly through physical consequences such as droughts, rising water levels, floods, heat waves, etc. However, biodiversity also influences the climate, especially in the context of the fight against climate change through its capacity to store and sequester carbon. Neither will be effectively resolved unless both are tackled together. The Hunkemöller Biodiversity Policy should therefore be read in conjunction with the Hunkemöller Climate Policy.

2.2 Our Biodiversity Policy Approach

Our Biodiversity Policy approach has been updated following the outcomes of the Double Materiality Assessment conducted in 2024, which concluded that biodiversity is not a material topic, due to natural and animal-derived fibres not being predominantly used across Hunkemöller products. The assessment also concluded that Hunkemöller's biodiversity impact at offices, DCs and retail sites is minimal compared to its impact throughout the supply chain, hence this policy prioritises actions along the supply chain. Despite this, Hunkemöller strives to ensure that its general procurement practices embed biodiversity protection and development across all our facilities. The Biodiversity Policy aims to protect nature and reverse the degradation of ecosystem. It brings together several other internal policies, which address biodiversity and outline the actions Hunkemöller takes to limit its adverse impacts on ecosystems.

Policy	Link to Biodiversity	Actions
Climate Change	Climate change is intrinsically linked to ecosystem health, as rising temperatures and changing weather patterns make it harder for flora and fauna to adapt.	• We have embedded KPIs aligned with out SBTs cross-functionally throughout the business to ensure that we stay on track to meeting out emission reduction targets. Our focus areas include energy efficiency, renewable energy, preferred materials, and circularity.
Deforestation	Maintaining forested areas is key to prevent land degradation and maintain ecosystems.	• We take steps to ensure compliance with the EUDR. We opt for FSC certified or recycled paper-based products and require proof of chain of custody to verify that products placed on the market by Hunkemöller are not responsible for deforestation.
Water Stewardship	Keeping water levels stable in high-risk regions by not over extracting, as well as minimising water pollution, is crucial to protect ecosystems in these regions.	• Support our suppliers in improving water efficiency and investigating circular water systems to reuse water and minimise wastewater discharge. • Opt for preferred materials which are less water intensive to grow, such as Better Cotton or organic cotton as opposed to conventional cotton, or recycled materials. • Require ZDHC-aligned wastewater and sludge testing and ZDHC MRSL compliance from wet processing facilities to ensure

		wastewater leaving facilities does not pollute the environment.
Chemicals	The release of harmful chemicals into the surrounding environment (air, soil, water) can be toxic to wildlife and cause long-term, irreversible harm throughout ecosystems.	• Stringent product-level chemical requirements aligned with EU legislation, verified through Oeko-Tex verification and ad-hoc product testing depending on risk level. • Taking steps to eliminate harmful chemicals from our supply chain as a Friend of ZDHC, by supporting suppliers in identifying and substituting chemicals which do not meet the ZDHC MRSL and requiring biannual wastewater and sludge test reports. • Using platforms and their associated assessments, such as Higg FEM and ZDHC, to support suppliers in their continuous improvement of chemical management and wastewater management practices. • Research into new technologies that have a lower impact on biodiversity, such as sustainable dyeing practices.
Microfibre	Microfibre shedding, particularly microplastics, introduces a long-lasting pollutant into soil, air, and water, which can degrade ecosystems.	• As a member of ZDHC, we are awaiting microfibre testing to be incorporated into the wastewater testing conducted by our wet processing facilities, to quantify this risk. • Encouraging and educating our suppliers and consumers in steps that can be taken to minimise microfibre shedding.
Circularity and Waste	Disposal of any garments to landfill and incineration can have biodiversity impacts, both from the emissions generated by the decomposition or burning of the clothing and from the land use change necessary to build the landfill or incineration plant. Moreover, smart end of use practices offers large opportunities in terms of natural resources savings.	· Research the possibilities of new business models (repair, recycling and resale). · Research ways to increase the longevity and durability of our products. · Limit unsold products from ending up in landfill by diverting these goods to factory outlets and district outlet centres.
Animal Welfare	Animal welfare and biodiversity are intrinsically linked, as improving animal welfare practices can significantly contribute to the conservation of biodiversity. Protecting animal welfare, particularly in natural ecosystems, helps maintain ecological balance and ecosystem services, while sustainable land management practices that consider animal welfare can help mitigate biodiversity loss.	· Ensuring that all plant and animal-based raw materials in our supply chain come from legal, verifiable sources at a minimum, closely adhering to guidance issued under CITES, the IUCN Red List, and other relevant national and international conventions, and that no endangered species are used. · Ensuring that animal-derived fibres used in Hunkemöller products are not from animals raised in conditions harmful to the ecosystem.
Materials Manual	All fibres, both natural and synthetic, have a direct impact on biodiversity. Ecosystems can be strained through land-use change,	• Ensure that none of the man-made cellulosic fibres used in our products are derived from ancient and endangered

	water extraction needed for cultivation, and chemical applications, such as fertilisers and pesticides.	forests, or from endangered species' habitats or other controversial sources. • Increase our use of certified cellulosic fibres. • Increase our use of recycled, organic, Better Cotton, and regenerative cotton. · Research lower-impact alternatives to conventional fibres (protect, restore, regenerate).

2.3 Material Biodiversity Risk Assessment

Our risk assessment identified which of our activities has a substantial negative impact on biodiversity. We annually update our risk assessment and strive to improve transparency and traceability down the supply chain to better identify and map biodiversity risks. The table below identifies the key aspects in which Hunkemöller impacts biodiversity.

Process	Product	Land and Water Risk	Pollution Risk	Climate Change Risk	Over-exploitation Risk
Raw Material Production for Natural and Synthetic Fibers	**Cotton Agriculture**	• Soil degradation from excessive water use. • Habitat loss from area expansion.	• Chemically intensive crop production.	• GHG emissions from deforestation and pulp production.	• Monocultures for tree-based natural fibers can replace natural forests and threaten native biodiversity.
	Wood-based Natural Fibers	• Deforestation and biodiversity loss through monoculture. • Country of origin assessments. • Resilient produce sourcing. • Sustainable commodities initiatives.	• Agrochemicals used in plantation forests and pollutants discharged by pulp mills.		
	Natural fibres from wild animals	• Disruption of food chain and trapping of nontarget species.			• Over-exploitation of certain species for their skins, fur and wool.

	Biobased fibres	• Soil degradation from excessive water use. • Habitat loss from area expansion. • Disruption of food chain.	• Chemically intensive crop production.	• Energy use for fibre production.	• Ethical debate about the use of agricultural land for fibres instead of food considering the fast increase in the world's population.
	Synthetic fibres	• Destruction of natural habitats of mining for petroleum for Polyester.	• Antimony contaminated wastewater from production.	• Energy use for synthetic fibre production.	
Material preparation, processing and product manufacturing			• Textile dyeing and treatment: freshwater contamination through chemical runoff and non-biodegradable waste. • Leather tanning: air, ground and water pollution from chemicals and toxins.	• Energy use for fabric preparation, during and washing.	
Distribution and transport				Emissions from air, sea, road or rail freight.	Spread of alien species: existing species endangered by imported alien species.
Retailing, product use and end of life	**Waste disposal by landfill: habitat loss for use as landfills**	• Washing: waterway pollution from washing. • Pollutants from landfills, incineration and leakage into waterways.	Ground pollution from chemicals and toxins.		

Hunkemöller is continuously identifying potential sources of biodiversity risks which may arise from its activity to address them. Below are the modelled risks for each of the key areas of our material value chain (e.g., raw materials, manufacturing, and waste) and a system of indicators which will help our teams understand and manage the biodiversity footprint of our materials.

Modelled Risk	Considerations for Mitigation and Adaptation
Raw Material Availability • Agriculture is vulnerable to climate change. Higher temperatures eventually reduce yields. Changes in precipitation patterns increase the likelihood of short-run crop failures and long-run production declines. Climate change will affect cotton production because of higher concentrations of CO2 and average warming temperatures. • Weak environmental regulations. • Water scarcity: irreversible degradation from reduced water availability for natural habitats due to diversion for irrigation. • Cumulative impacts that contribute to deforestation: irreversible loss of natural habitat through conversion and fragmentation from expansion.	**Raw Material Availability** • Switch to regenerative agriculture practices. • Switch to alternative farm crops (flax, hemp).
Raw material for natural fibre • Weak forest management practices or regulation: loss of forest & deforestation • Water scarcity: particularly if plantations are involved.	**Raw material for natural fibre** •Disaster preparedness and response. • Local sourcing efforts. • Resilient fibre sourcing.
Manufacturing processes - particularly wet processes • Water scarcity: the water used for manufacturing processes can have negative impacts on native species and ecosystems, if used unsustainably.	**Manufacturing processes - particularly wet processes** • Research more sustainable production process. • Improve water use, water treatment, and reduce chemical use. • Country/region of origin assessments.
Waste • Chemical runoff, liquid waste, solid waste in landfill and microfibers.	**Waste** • Waterway & land pollution

2.4 Biodiversity Challenges

• The market share and yield of sustainable cotton is small and converting conventional cotton to preferred alternatives takes time.

• Increasing and maintaining supply chain transparency and traceability can be challenging, particularly when it comes to ensuring that biodiversity strategies are implemented at each stage. Lack of visibility and control over supplier's practices can undermine our efforts to uphold our biodiversity commitments.

• Developing effective recycling and waste treatment systems poses a challenge due to the complex nature of textile waste.

• Finding alternative, eco-friendly chemicals or adopting cleaner production methods is a challenge that the textile industry must address.

• Upholding biodiversity strategies requires collaboration among stakeholders, including textile manufacturers, suppliers, policymakers and NGOs. Creating awareness about the importance of biodiversity and fostering cooperation among different entities can be challenging, as it requires overcoming different interests, establishing common goals and driving collective actions.

3. Deforestation Policy

3.1 Introduction

At Hunkemöller, we recognize the significant impact of deforestation on climate change, biodiversity loss, and the well-being of local communities. In line with our efforts to become more sustainable, we are committed to comply with the European Union Deforestation Regulation (EUDR) and taking proactive measures to combat deforestation. In alignment with the UN Sustainable Developments Goals 12 (Responsible Production and Consumption) and 13 (Climate Action), we acknowledge the importance of sustainable sourcing practices, both in our supply chain and company-operated facilities.

3.2 Scope

In June 2023, the European Commission has passed the European Union Deforestation Regulation (EUDR), a legislation to prevent companies from placing products that are linked to deforestation or forest degradation on the EU market, and to make it illegal to import such products within the EU. This policy thus applies to all aspects of Hunkemöller's operations, including sourcing, manufacturing, packaging, and distribution of our products.

3.3 Our Commitments

- Zero Tolerance for Deforestation: Hunkemöller does not tolerate any direct or indirect involvement in deforestation activities. We actively avoid sourcing materials from regions and suppliers linked to deforestation, forest degradation or forest conversion.
- Supply Chain Transparency: we will work towards complete transparency in our supply chain. This includes engaging with suppliers to gather information about the origin of the materials used in our products and packaging and ensuring that all suppliers adhere to our no-deforestation commitment. Thanks to the geo-location technology pushed by the EUDR, traceability in the supply chain is thus key to ensure the compliance with our deforestation-free standards.
- Responsible Sourcing: Hunkemöller prioritises sourcing materials from suppliers who demonstrate a clear commitment to sustainable and responsible practices, particularly those with Forest Stewardship Council (FSC) or equivalent certifications. Please refer to our Materials Manual if you would like to find out more about our commitment to using sustainable materials in our products and packaging.
- Continuous Improvement: we will continuously assess and improve our policies and practices to minimize the risk of deforestation in our supply chain. This includes monitoring the environmental impact of our operations and conducting regular audits to ensure compliance with this policy.

3.3.1 Minimum requirements for products made using man-made cellulosic fibers

Hunkemöller is committed to using reasonable efforts so that its supply chain protects ancient and endangered forests and the ecosystem values they contain such as clean water, carbon storage and biodiversity. To do this, Hunkemöller is implementing programmes aimed at ensuring that its products do not contain fiber made from dissolving pulp sourced from any of the unwanted sources set above. To accomplish this, Hunkemöller will:

- Support collaborative processes that advance transparency in the supply chain regarding the implementation of this forest product policy.
- Use, when appropriate, independent third-party certification and verification audit systems.
- Consider the application of the forest certification to fabrics and apparel fibers throughout the supply chain.
- Opt for recycled materials for wood-based products and packaging where possible.

3.3.2. Minimum requirements for paper products

Hunkemöller prioritises the certification of its paper products under the Forest Stewardship Council (FSC) standard. As a transitional measure, and in those cases where it is not possible to obtain products with these characteristics, as a minimum requirement, certification based on the PEFC international standard or equivalent is required. When products are made from timber sourced from countries with ancient and endangered forests, we will avoid sourcing from these ancient and endangered forests and also require Forest Stewardship Council (FSC) certification. Where possible, we opt for recycled paper and cardboard, requiring certification as proof of chain of custody.

3.4 Risk Assessment and Mitigation

a. Identifying High-Risk Areas: We will conduct thorough risk assessments to identify high-risk regions and suppliers associated with deforestation or illegal land use change. These assessments will be based on reliable data and information from reputable sources, like the data base that the European Commission will create to centralize information about deforestation.

b. Mitigation Strategies: Based on the risk assessment, we will implement appropriate mitigation strategies. These may include engaging with suppliers to address deforestation concerns or finding alternative sources.

3.5 Reporting and Accountability

Hunkemöller is committed to being transparent about our progress in addressing deforestation. We will publish updates on our efforts to combat deforestation in our annual Sustainability Report, which will include updates on risk assessments, mitigation actions, and progress towards our sustainability goals.

3.6 Compliance and Enforcement

Non-compliance with this deforestation policy will not be tolerated. We expect all employees and suppliers to comply fully with the policy, and violations can ultimately lead to the termination of business relationships. By implementing this deforestation policy, Hunkemöller aims to play a role in preserving forests and contributing to a sustainable future. We will continue to explore innovative ways to reduce our environmental impact and promote responsible practices throughout our supply chain.

4. Water Stewardship Policy

4.1 Introduction

Water is the foundation of all life. The textile industry is a huge consumer of water globally, relying heavily on water throughout the various stages of the manufacturing process, such as washing, dyeing and printing. Water is similarly vital for growing key raw materials, such as cotton. While the textile industry's water consumption is substantial, an even more pressing issue arises from the resulting water pollution, particularly in developing countries. Due to lack of the strict regulations imposed on corporations in many countries, manufacturers sometimes discharge wastewater directly into waterways. This chemically polluted wastewater contains chemicals that can degrade the quality of the water and soil when it mixes with natural resources and its dependent habitats and environment. This causes the risk of deteriorating the ecological environment.

At Hunkemöller, we recognize the vital importance of water as a precious resource and the need for responsible water management. We are committed to minimising our water footprint, protecting freshwater resources, and promoting sustainable water practices throughout our own operations and along our value chain. Reducing the use of water and improving the quality of the wastewater discharge in our supply chain operations is very important, since it has the potential to have a significant positive impact on the environment, particularly on marine and freshwater habitats, workers, and the communities living nearby. Our water stewardship strategy is based on two main pillars – *protect* and *reduce* – that touch every aspect of our operations and production facilities. Within the *protect* pilar, we support organisations that look at water protection initiatives in wet processing facilities and their sound waste & chemical management (including effluent). Within the *reduce* pilar, we support organisations that look at resource efficiency (energy and water), as well as increasing the use of water-saving technology in wet-processing facilities. We are also supporting agricultural practices that reduce water consumption and regenerative practices.

4.2 Approach

We aim to reduce freshwater consumption across our entire value chain by encouraging efficient water performance in our production facilities, in the communities in which they operate and by optimising production processes. Reducing water consumption through more efficient management programmes and technologies implies reducing energy consumption and its associated emissions. Therefore, reducing the impact of water consumption is a goal that not only contributes to the preservation of a vital resource for the planet, but it is also key to achieving our decarbonisation targets. We collaborate with our suppliers and expert stakeholders to share best practices, foster knowledge exchange, and drive continuous improvement in water management throughout the entire supply chain. To measure and monitor the water consumption in our production facilities, we use the Higg FEM tool.

4.2.1 Reduce Water Consumption in our Supply Chains

We aim to reduce overall water consumption by encouraging wet production facilities to implement water efficient technologies and processes. This could involve optimising dyeing and finishing techniques, implementing closed-loop systems and upgrading machinery to minimise wastewater. It could also involve implementing systems for treating and recycling wastewater for cleaning or rinsing, Finally, we also encourage suppliers to harvest rainwater and explore opportunities for reusing water in non-production areas like landscaping or sanitation.

4.2.2 Minimise Water Pollution in our Supply Chains

We encourage our suppliers to promote responsible water use and prevent water pollution by improving their textile dyeing and finishing practices. To minimise the risk of freshwater contamination they should:

- Wastewater Discharge
  - Make sustainable improvements in environmental performance and require the same of their suppliers and sub-contractors.
  - Ensure that all wastewater (including domestic and process water) is treated before being discharged into the natural environment.
  - Provide ZDHC-aligned water and sludge test reports biannually.
  - Align with the ZDHC Wastewater Guidelines.
  - Meet both legal and Hunkemöller requirements and hold all relevant, up-to-date permits.
- Chemical Management
  - Properly label and store chemicals and hazardous substances in secure and ventilated areas. Chemicals must be disposed of in a safe and legal manner, in accordance with applicable laws.
  - Ensure that chemicals are labelled in the local language and the language spoken by workers, if different from the local language.
  - Ensure that workers receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. We encourage the use of eco-friendly detergents, and chemicals, minimizing the risk of water pollution.
  - Meet the requirements of the ZDHC MRSL.
  - Comply with Hunkemöller's Chemical Policy.
  - Strive to substitute harmful chemicals with less harmful alternatives.
- Microfibre and Microplastics Mitigation
  - 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.
  - Comply with Hunkemöller's Microfibre Policy.

Business partners must not cause or knowingly permit contamination of soil and groundwater. Production facilities must meet all legal requirements and holds all relevant, up-to-date permits governing contaminated land, soil and groundwater pollution prevention. To measure and monitor the chemical management and waste in our production facilities, we use the Higg FEM tool and ZDHC resources.

4.2.3 Reduce Water consumption in Agriculture

Crops - especially cotton – needs lots of water to grow. To reduce our water footprint, we're continuing to focus on sourcing more sustainable cotton, including Better Cotton. The Better Cotton Initiative (BCI) helps farmers find more water efficient and productive methods for cotton cultivation. Certified organic cotton - such as OCS or GOTS - has a reduced water consumption in comparison to conventional cotton since organic cotton farming happens more in rain-fed areas. To entirely bypass the water requirements during the growing phase of cotton, we're expanding our use of recycled cotton.

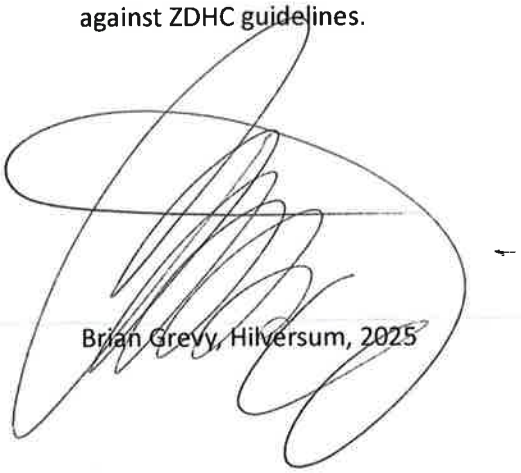
Hunkemöller is researching into regenerative agriculture practices and initiatives. Regenerative cotton promotes soil health and aims at restoring organic carbon in soil. These practices, inspired by solutions adopted from nature, include the use of cover crops, the restoration of organic carbon in the soil, reducing the use of water and other inputs like fertilizers and the protection of land against deforestation.

4.2.4 Reduce Water Consumption in Our Own Operations

We are conscious of our water footprint across our own operations and aim to use water efficiently and conserve water where possible. In our annual Sustainability Report we communicate our commitment to reduce our environmental footprint to our customers. We encourage them to join us in responsible water management through transparent product and product care information.

4.3 Setting Goals

Many of our water consumption reduction efforts are incorporated through other targets across Hunkemöller. For instance, our efforts to reduce water usage in agriculture are encompassed by our Ecodesign targets, aiming to increase the proportion of recycled, organic or certified materials used. Our Supplier CSR Requirements, which are updated annually to reflect industry standards and push for continuous improvement, encourage suppliers to conserve water and limit pollution, as well as establish their own targets. Water consumption across our own operations and our supply chain is considered for our carbon footprint calculation, so reductions also contribute towards meeting our Science Based Targets. Finally, since becoming a Signatory Friend of ZDHC in 2025, Hunkemöller has aligned its requirements against ZDHC guidelines.



Brian Grevy, Hilversum, 2025