

## Hunkemöller Human Rights Policy Statement and Supply Chain Diversity, Equity, and Inclusion Policy

### Introduction

This statement is Hunkemöller's global human and environmental rights policy statement and our supply chain diversity, equity, and inclusion (DEI) policy. As this policy statement currently covers elements of the Act on Corporate Due Diligence Obligations in Supply Chains ("LkSG"), this statement will be updated from time to time as a result of our ongoing risk assessments.

The Fashion industry has a history of prejudice, unfairness, and social injustice. Discrimination and harassment are incompatible with sustainable and responsible business conduct and not only negatively impacts the business and workforce but also violates fundamental human rights. DEI aims to ensure a safe, healthy, and innovative work environment that fosters productivity and growth.

This statement affirms our established commitment and strategy to human rights and DEI, and our commitment against causing, contributing to, participating in, or enabling human rights and environmental violations within our supply chain. At every stage along our global supply chains, we strive to respect, promote, and protect human rights and foster diversity and inclusion. Together with our employees, customers, business partners, and stakeholders, we work every day to advance and protect human rights and create an environment where everyone is welcome - and this is particularly expressed in our commitment to fair business practices and good working and living conditions. Moreover, through this policy, we commit to engaging with our suppliers and working towards establishing a gender transformative, safe, and healthy work environment including at the supplier level that is free from discrimination, harassment, abuse, and violence.

Further, we recognize our responsibility to help protect the planet. We are committed to minimizing the impact our company has on the environment. We are committed to reducing our climate impact in line with the Paris Agreement by setting Science Based Targets for 2030. We are committed to an inclusive work environment that supports, inspires, and respects all colleagues and our suppliers and their employees.

### Context

Care for people and the environment has always been essential to us. Whilst it is the duty of governments to protect, promote, and enforce human rights, we recognise our responsibility to respect human rights and actively prevent, mitigate, and remediate any potential negative impacts. We strive to play a positive role where human rights and equity are enjoyed by everyone; therefore, we are committed to respecting all internationally recognised human rights. Additionally, this involves cultivating diversity within our supply chain and promoting mutual respect and inclusivity in all business practices.

Our company policies and actions are developed in alignment with the following standards:

- The United Nations Universal Declaration of Human Rights
- The International Covenant on Civil and Political Rights
- The International Covenant on Economic, Social and Cultural Rights
- The UN Convention on the Rights of the Child
- The UN Convention on the Elimination of All Forms of Discrimination against Women
- The International Convention on the Elimination of All Forms of Racial Discrimination
- The International Convention on the Rights of Persons with Disabilities
- The International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families
- The Convention relating to the Status of Refugees

- The International Labour Organization (ILO) Core Conventions
- The United Nations Guiding Principles on Business and Human Rights (UNGPs)
- The Children's Rights and Business Principles
- The UN Women's Empowerment Principles
- The UN Standards of Conduct for Business for Tackling Discrimination against LGBTQIA+
- The OECD Guidelines for Multinational Enterprises
- The Ten Principles of the UN Global Compact
- The Minamata Convention on Mercury
- The Stockholm Convention on Persistent Organic Pollutants

• The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal

We also strive to actively contribute to the achievement of the global United Nations Sustainable Development Goals (SDGs) in the context of human rights. We consider the UN Sustainable Development Goals when defining our goals and promote their achievement by participating in initiatives.

In regard to DEI:

- **Diversity** refers to the presence of varied identities within a group, encompassing aspects like race, gender, age, ethnicity, and more. Diversity is when different perspectives, backgrounds, and experiences come together. It's about recognizing and valuing differences.
- **Equity** goes beyond treating everyone the same. It's about ensuring everyone has equal access to opportunities, which sometimes means providing different resources or support based on individual needs.
- **Inclusion** is the act of creating an environment where everyone feels valued, heard, and empowered to participate. Inclusion is the deliberate act of valuing diversity and creating an environment where everyone can thrive and succeed. It's about fostering a sense of belonging.

Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous, and sustainable world. Hunkemöller promotes gender equality because it understands that all workers benefit when the most vulnerable thrive. Across the international apparel supply chain, women make up 80 percent of apparel workers. Their basic human needs and rights – safety, respect, fairness, and growth – are often unmet. Female workers in the supply chain are historically marginalised. They are commonly paid lower wages, are promoted less, face restrictive stereotypes, face more abuse, harassment, and discrimination, and carry the heavy weight of the unpaid care labour burden. Gender biases are entrenched and often undetected in business-as-usual attitudes, traditional work activities, and decision making. To address this problem, a specific intersectional focus on gender is necessary to ensure that women enjoy equal rights and opportunities, and safe and healthy working conditions. In particular, this involves the protection of women's sexual and reproductive rights, such as providing special protection to pregnant women and access to restrooms with sanitary facilities. As a brand powered by women, we prioritise gender equality in our supply chain to create an intersectional environment that recognises and supports the rights and contributions of all individuals, regardless of their gender identity or expression.

## Scope

Our commitment covers our own domestic and foreign business operations and business relationships, and the impacts indirectly caused by our actions. We expect Hunkemöller employees, management, business partners, and other suppliers to respect human rights and DEI in line with this policy and all relevant international standards mentioned above to ensure that all business activities comply with our commitment to human rights and DEI.

This policy covers:

- Business entities in the supply chain for our merchandise products, including our suppliers, the production facilities used by them, their subcontractors, as well as any pre-supplier of goods, such as fabrics and raw materials (jointly referred to as 'suppliers').
- Other business partners with whom Hunkemöller enters a contractual relationship for the supply of a non-merchandise product or service (jointly referred to as 'business partners').
- People and communities affected by our business, such as residents in surrounding communities.

The policy applies to all aspects of employment, from recruitment and selection through to termination. The policy is supported by a number of other policies to ensure that human rights and DEI considerations are included in all working practices.

## Hunkemöller's Principles

The above standards are also reflected in our own principles, policies, and procedures, which constitute a framework for all our employees and business partners alike:

- Hunkemöller Code of Conduct: a set of rules outlining fair conduct and ethical business practices for our own employees.
- Hunkemöller Two-Way Code of Conduct: the minimum requirements regarding human and environmental rights for all business partners.
- Hunkemöller Labour Policy: a set of rules describing our zero-tolerance approach, the requirements for business partners, and remediation process in the event of child, bonded or forced labour allocation.

## DEI Principles

Protection from discrimination and harassment and promotion of access to equal opportunities is at the heart of international human rights law. Our objective is to create, maintain, and develop a diverse and inclusive organisation. To realise this, we are committed to providing a working environment which recognises that people from different backgrounds, experiences, and abilities can bring fresh ideas and innovation to improve our business and practices. We want to ensure that DEI is embedded in our culture, reflected in our people and behaviours, and that these values are echoed throughout our supply chain:

- We consider the equal treatment of workers as interpreted by International Human Rights Treaties and the core ILO Conventions a fundamental principle
- We do not tolerate any form of direct or indirect discrimination on the basis of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, caste, birth or socio-economic background, membership in unions or any other legitimate organisations, political affiliations or opinions, family responsibilities, marital status, pregnancy or any other identity marker and its intersections that could give rise to discrimination. We support affirmative action to ensure equal opportunity as stipulated by law.
- We expect all our suppliers/business partners to ensure freedom from discrimination in the workplace and their practices
- We aim to promote equity in society using the leverage of our business, including through our sourcing practices and indirect procurement.
- By engaging with our suppliers, we will work together to measure and improve the DEI practices within their business. This includes criteria and data on how well suppliers are integrating anti-discrimination, anti-harassment, diversity, and inclusion practices in their workforce management. We will use qualitative and quantitative data collection methods, guided by a human rights-based approach and where legally permissible.
- We are committed to ongoing stakeholder engagement to build meaningful two-way dialogue including with community representatives, civil society, and organisations led by people from underrepresented groups. By leveraging our international presence and respecting different cultures, our goal is to increase awareness and

generate a better understanding and a richer, ongoing dialogue. Thus, where national legislation falls short of this policy, we will seek to uphold a higher standard. We will develop strong relationships with diverse stakeholders, including NGOs, communities, employees, suppliers, and shareholders. We expect the views of the workers in our supply chain to be actively sought and listened to. We ask our suppliers and business partners to engage with workers and worker representatives through appropriate means, such as social dialogue and grievance channels.

- We aim to proactively engage with our stakeholders, listening to all perspectives, communicate with and learn from them, and to consider serious points of view that are compatible with human rights and equity. We will minimise the potential negative impacts on the human rights of our stakeholders.

All workers should be treated with respect and dignity. Suppliers and Business Partners should ensure a safe environment for all that is free from discrimination, violence, and harassment. This includes during the recruitment and/or hiring process, trainings, performance reviews, and promotion decisions. We will not tolerate any form of discrimination, disrespectful treatment, violence, and harassment in the workplace of our suppliers, and we will treat reported incidents seriously and promptly investigate all allegations thereof.

## Our Implementation

- **Identification & Prioritisation:** we identify adverse risks and impacts on human rights, and we prioritise risks and impacts that are most severe. The identification and assessment of those risks are done by analysing the geographic context, sector, and business relationships of our value chain. We strive to make this analysis both regularly and on an *ad hoc* basis if there is a significant change in a country or activity within our supply chain.
- **Integration & Action:** we establish measures to prevent, mitigate, account for, and remediate identified human and environmental rights risks and impacts across our business processes. Additionally, to ensure respect for human rights is integrated within our business, we are committed to carrying out regular human rights trainings and development updates for relevant departments.
- **Monitoring & Communication:** we monitor and ensure the continuous improvement of our due diligence process, by regularly checking and critically assessing the effectiveness of the tools and processes we have in place for this end; and we transparently communicate about how we address human rights impacts, by publicly issuing a yearly sustainability report.
- **Stakeholder Engagement:** we engage in meaningful consultation with our stakeholders to find solutions for adverse human rights impacts. That is done mostly because stakeholders are often experts in their certain specific fields or because they are the credible proxies or legitimate representatives of other stakeholders, such as workers in our supply chain.

## Assessment & Prioritisation

We continually assess the impact of our actions on human rights and the environment. Based on this assessment, we prioritise the most severe impacts and risks relating to human and environmental rights. There are certain aspects of human rights and the environment that we consider salient as our actions could have a stronger impact on these. These relate, but are not limited to the following topics:

- Prohibition of child labour, forced, and bonded labour
- Non-discrimination and equal treatment of all employees without distinction of sex, gender and gender identity, ethnicity, nationality, colour, social background, religion, faith, age, legal status, political opinion, health status, disability, sexual orientation, marital status, cases of pregnancy, or trade union membership/activity
- Health and safety in the workplace
- Freedom of association and collective bargaining
- Prohibition of withholding an adequate wage, fostering living wages and living incomes through Responsible Purchasing Practices

- Working hours in accordance with applicable legal standards
- Need for sustainable water supplies and clean drinking water
- Protecting human rights of vulnerable groups such as migrant workers and women
- Not tolerating or contributing to threats, intimidation, and attacks against human rights defenders
- Adhering to environmentally friendly production practices, minimising waste, and promoting sustainable resource use including minimising our contribution to deforestation
- Complying with relevant environmental laws and regulations
- Encouraging suppliers to adopt eco-friendly processes and technologies
- Chemical management and wastewater treatment
- Carbon emissions

In this context, we acknowledge that specific groups, such as minorities, children, women, migrant workers, people with disabilities, indigenous communities, and other marginalised communities are potentially more vulnerable to having their fundamental human rights violated.

Our risk-based assessment of business partners, the economic sector (textile and apparel industry), and products, is based on the analysis of recognized indices, publicly available data, and studies regarding the risk assessment for countries of origin, raw materials, and products, and - in some cases - in consultation with civil society organizations and experts. The findings of these risk assessments are used to develop specific measures to prevent or mitigate adverse impacts caused by our business activities. In this respect, Hunkemöller employs a combination of different measures and integrates the findings from its activities into its business processes. To adequately protect the human rights of our employees, Hunkemöller has established the necessary processes in its corporate principles, policies, and procedures. Hunkemöller regularly conducts anonymous employee surveys in order to identify potential shortcomings early and respond accordingly. Employees are also provided unrestricted access to an internal counsellor and fair and transparent grievance mechanisms. Within our sphere of control with our business partners, we systematically focus on identifying actual human rights violations and environmental risks, followed up by mutual cooperation for improvement.

## Transparency

We believe that transparency is a significant component of human rights due diligence. We have initiated efforts to provide greater insight into our supply chains and communicate openly about corresponding risks and the measures we take. We will continue to increase our transparency as part of our human rights and environmental risks efforts.

## Climate Change & Environmental Aspects

We recognise that climate change and other environmental issues can also adversely impact human rights. We are committed to maintaining compliance with laws and standards related to the protection of the environment. We have implemented measures to reduce our operational emissions and to increase material efficiency and circularity. Additionally, we avoid the use of hazardous chemicals by implementing a comprehensive chemical management system at all stages of our supply chains.

## Stakeholder Engagement

We believe that overcoming human rights challenges in our global value chains is an ongoing task that requires systemic changes in addition to our company-specific activities. One key element for us is therefore to engage with important stakeholders such as civil society organizations, experts, and other businesses – often in the form of multi-stakeholder partnerships – with the aim of achieving improvements and solving complex social issues in a collaborative effort. We recognise that having effective open dialogue and meaningful consultation with relevant external stakeholders is an integral element of due diligence with the common objective of sharing perspectives,



knowledge, and advancing our commitments. We are committed to increasing our exchange with stakeholders and their legitimate representatives who are (potentially) affected to receive information that can help us to assess and further develop our approach to human and environmental rights due diligence.

## **Remediation & Grievance Mechanisms**

Access to grievance mechanisms consistent with the UN Guiding Principles plays an important role for those affected by or witnesses to potential human rights and environmental violations. Key findings from grievances can be used to further develop the mechanisms and identify risks. Hunkemöller has an online reporting system for the confidential reporting of suspected compliance, human rights, and environmental violations. Hunkemöller takes all incidences and allegations seriously, whether reported by Hunkemöller employees, supply chain workers, third-party auditors, business partners, civil society, media, or other stakeholders. If adverse impacts are in fact identified that Hunkemöller caused or contributed to, we strive to enable remediation and use our leverage to ensure that those affected receive appropriate remediation. We are committed to effective protection against retaliation in connection with the submission of a complaint.

We work closely with our business partners to remedy adverse impacts that are directly linked to our operations and products. We have, however, identified challenges with implementing a grievance mechanism in countries where the products we offer are manufactured. We intend to address this challenge by partnering with civil society and industry stakeholders to build up grievance mechanisms in our high-priority supply chains.

## **Reporting**

Transparent communication on human rights challenges is a core element of human rights due diligence. We report regularly on key human rights risks, the actions taken, and the progress made, as well as on continuing challenges.

## **Responsibilities**

The Board Members of Hunkemöller bear collective responsibility for human rights and environmental due diligence. Responsibility for implementing human rights and environmental due diligence and supply chain DEI lies with the Sustainability Manager. Hunkemöller will critically review its position and the implementation thereof on a regular basis and continue to develop it further. We will continually seek opportunities to improve our DEI management practices and our human rights and environmental due diligence, as well as, ensuring any new targets set are aligned with our Social Strategy and sustainability goals.

## **Contact**

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