

TOGETHER TOMORROW



SUSTAINABILITY REPORT 2022

REPORTING PERIOD 1 JANUARY 2022 TO 31 DECEMBER 2022



XX



TABLE OF CONTENTS

1. ABOUT	8	3. ENVIRONMENT	50
1.1 About This Report	8	3.1 Greenhouse Gas Emissions	51
1.2 Highlights 2022	10	3.2 Science Based Targets Initiative	51
1.3 About Hunkemöller	12	3.3 Greenhouse Gas Emissions in our Facilities	52
1.4 A Message from our CEO	13	3.4 Greenhouse Gas Emissions in our Supplier Facilities	54
1.5 Sustainability Governance Structure	14	3.4.1 Higg Facility Environmental Module	54
1.6 Together Tomorrow	16	3.4.2 Energy Efficiency	55
1.6.1 Sustainable Development Goals	18	3.4.3 Water Efficiency	58
1.6.2 Together Tomorrow – Progress to Date	21	3.4.4 Wastewater Treatment	58
1.7 Materiality Assessment	22	3.4.5 Chemical Management	59
1.8 Risk Oversight	24	3.4.6 Air Emissions	60
1.9 Partnerships	26	3.4.7 Packaging and Waste Management	60
1.9.1 amfori BSCI	26	3.4.8 Greenhouse Gas Emissions Through Transport	60
1.9.2 International Accord for Health and Safety in the Textile and Garment Industry	26	3.5 Higg Brand and Retail Module	62
1.9.3 Sustainable Apparel Coalition, Higg FSLM and Higg FEM	27		
1.9.4 Solidaridad	27	4. PRODUCT	66
1.9.5 Creative Pathways	27	4.1 Chemical Testing - Hazardous Chemicals & Microfibers	67
1.9.6 The Centre for Childs Rights and Business	27	4.2 Oeko-Tex Certification and Testing	67
1.9.7 Better Cotton Initiative	27	4.3 Sustainable Materials	68
		4.3.1 Cotton	68
2.0 SOCIAL	30	4.3.2 Viscose	68
2.1 Supply Chain	31	4.3.3 Polyester	69
2.2 Supply Chain Transparency	31	4.3.4 Nylon	69
2.3 Supply Chain Policies	32	4.3.5 Product Certifications	69
2.3.1 Ethical Code of Conduct	32	4.4 Packaging & Packaging Waste	71
2.3.2 Labour Policy	32	4.4.1 Packaging	71
2.3.3 Environmental Policy	32	4.4.2 Packaging Waste	71
2.3.4 Material Policy	33		
2.3.5 Responsible Packaging Policy	33	5. CIRCULARITY	74
2.3.6 Restricted Substance List (RSL)	33		
2.4 Supply Chain Risks	34	6. SHEROISM	78
2.4.1 Russia-Ukraine War	35		
2.4.2 Extreme Weather and Rising Material Costs	35	7. WORKFORCE	82
2.4.3 Supply Chain Transparency and Disruptions	35	7.1 Diversity & Inclusion	84
2.4.4 Forced Labour Controversies	35	7.1.1 Diversity and Inclusion Mission	84
2.5 Social Risks in our Operations and Products	36	7.1.2 Recruitment Strategy	86
2.5.1 Child, Forced- and Bonded Labour in the Supply Chain	36	7.1.3 Advertising and Communication	86
2.5.2 Ethical Recruitment	37	7.2 Talent Development	87
2.5.3 Gender Equality on Workers' Representation and Collective Bargaining	37	7.3 Well-being In The Workplace	88
2.5.4 Responsible Purchasing Practices	38	7.3.1 Staying Fit, Vital and Happy	88
2.5.5 Living Wage	38	7.3.2 OpenUp	88
2.5.6 Health and Safety in the Supply Chain	38	7.3.3 Workplace - Working from Home and Abroad	89
2.6 Ethical Sourcing and Supplier Rating	40	7.3.4 Internal Workplace Grievance Mechanisms	89
2.7 Improving the position of Workers in the Supply Chain	44	7.3.5 Works Council Committee	89
2.7.1 External Grievance Mechanism	45	7.4 Employee Engagement	90
2.8 Gender and Equality in the Supply Chain	46		
2.8.1 Women's Well-being and Gender-based Violence	46	8. OUR CUSTOMER	94
		9. COMMUNITY ENGAGEMENT	98
		9.1 Pink Ribbon	98
		9.2 Garment Donations	98



1.1 ABOUT THIS REPORT

This report covers the national and international events and activities of Hunkemöller B.V. from 1 January to 31 December 2022, unless otherwise indicated. 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 (UNGP), 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. In order to advance our sustainability agenda, we continually aim to adapt and respond to the complex & 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 party data and reports regarding the impacts of our own operations,

this report reflects our aim to increase our data transparency and respond to the need of stakeholders across our business, the industry and beyond. This report has not been externally verified.

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



1.2 HIGHLIGHTS

In 2022 Hunkemöller launched new initiatives and partnerships to create change through sustainability, inclusion and innovation.

SOCIAL & COMMUNITY

IN SEPTEMBER 2022, WE JOINED THE ‘LEARNING AND IMPLEMENTATION COMMUNITY’ OF THE MULTI-STAKEHOLDER INITIATIVE WORKING GROUP OF THE COMMON FRAMEWORK FOR RESPONSIBLE PURCHASING PRACTICES

IN SEPTEMBER 2022 WE STARTED THE WAGE PROJECT WITH SOLIDARIDAD
(see page 38)

TOGETHER WITH CREATIVE PATHWAYS WE TRAINED 1.274 WORKERS IN BANGLADESH IN TOPICS RELATED TO GENDER AND GENDER VIOLENCE
(see page 27 & 46)

WE HIRED A DIVERSITY AND INCLUSION EXPERT
(see page 84)

WE SENT 10,000 HUNKEMÖLLER PRODUCTS TO A REFUGEE CAMP IN ETHIOPIA
(see page 98)

ENVIRONMENTAL

IN 2022, WE STARTED THE BETTER MILLS PROJECT WITH SOLIDARIDAD
(see page 59)

WE HAD OUR BRAND AND RETAIL MODULE VERIFIED BY AN INDEPENDENT THIRD PARTY
(see page 62 & 63)

WE COMPENSATED OUR CARBON EMISSIONS FOR OUR OWN OPERATIONS
(see page 53)

WE COMMITTED OURSELVES TO SCIENCE BASED TARGETS.

PRODUCT

WE INCREASED THE NUMBER OF HUNKEMÖLLER PRODUCTS THAT USE SUSTAINABLE MATERIALS
(see page 68 & 69)

WE INTRODUCED THE JOSEFINA - OUR MOST SUSTAINABLE CAPSULE COLLECTION YET
(see page 74)





1.3 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, but soon expanded by opening stores in Amsterdam, Rotterdam and Utrecht. In 1974 the company came into the hands of Vendex subsidiary Confendex B.V and was given its current company name. In 2015 the company was sold to the American investment company Carlyle; in 2022 the investment fund Parcom and Opportunity Partners bought the company, whereby Hunkemöller once again largely became a Dutch company. These days, Hunkemöller has more than 900 stores in several European countries and franchise partner stores in the Middle East. We sell sexy and sophisticated lingerie, shapewear, nightwear, loungewear, swimwear, sports clothing, hosiery, fragrances and accessories.

1.4 SUSTAINABILITY GOVERNANCE STRUCTURE

Sustainability is an integral part of Hunkemöller’s business strategy and therefore integrated into our corporate governance. As the world evolves, we review and evaluate our practices and policies on a regular basis to reflect the changing social norms and regulation relating to due diligence 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 board of Directors - 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 prioritized in our corporate objectives.

The Hunkemöller CSR team consists of 4 people: a Sustainability Manager, a CSR Advisor who is responsible for social compliance, an Environmental Coordinator responsible for environmental compliance and a Compliance Coordinator who is responsible for product compliance. The team works across the organization to embed sustainability approaches, policies and goals throughout our business. They identify social, environmental and product risks & 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 CSR Manager regularly reports to and seeks input from the Global Marketing and Communications Director and CEO. The role is primarily responsible for the development and implementation of the Hunkemöller sustainability strategy. The Buying Department include CSR in their purchasing decisions; Design and Merchandising Departments also integrate social and environmental objectives in their decision-making processes.



1.5 A MESSAGE FROM OUR CEO

PHILIP MOUNTFORD
CEO Hunkemöller

We have had yet another turbulent year. The creation of this report allows us to review and take stock of how far we have come, and how far there is yet to go. Just as we were beginning to recover from the devastating effects of the coronavirus, the Russia-Ukraine conflict took us by surprise and brought with it even more challenges. 2022 has been a year marked with geopolitical conflict, economic uncertainty, supply chain disruptions, talent shortages and climate change. At the same time, we see an increased alignment and cooperation across the apparel and textile industries. These world events help to show how connected we are as a global economy and also highlights our relationship with nature and the fragility and resilience of our global systems.

Here at Hunkemöller, we are dedicated to our sustainability pledges. We continue to put sustainability at the centre of how we grow and operate our business and continue working with stakeholders in projects that help making supply chains more fair and more sustainable. We remain focused on gender diversity and inclusivity and opportunities for women at work. We are continually taking stock, to come up with new ways of working, which will reduce our footprint across all areas of the business. We realise that in these uncertain times, the need for industrial transformation and collaboration has never been more urgent. If we want to ensure a sustainable future, we need to innovate and take bold actions. In our sustainability efforts, we will continue to challenge the status quo and raise the bar for ourselves as well as our stakeholders. 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 2022.

In Together Tomorrow, our global corporate responsibility strategy, we have set out our vision of having a net-positive impact on people and the planet. It's not an easy journey and while we have made progress in some areas, we are lacking in others. We still have questions that need answers. Despite these challenges, we are working hard to fashion a more sustainable, fair and inclusive future. In 2022, we invested in technology to streamline processes, support sustainability and traceability. As part of our drive for greater transparency, we have had our BRM verified by an independent third party, enabling us to identify and evaluate sustainability risks and

impacts while simultaneously enabling us to recognise areas for improvement. The BRM also serves as a benchmark to compare our score with that of other brands. Our passionate design team are designing new products with circularity in mind. This new method of thinking has led to a creative think-tank which will guide us in transforming our processes for a positive impact. Over the following years, we will further research and create products that promote circularity such as the introduction of new production technologies and end-of-life solutions.

The year ahead is pivotal as we will commit to Science Based Targets and by doing so, lay the foundations for setting greenhouse gas emissions reduction targets for our entire operations. Data gathering is a key aspect to calculating these emissions. As we manage new regulations for the collection, treatment and recycling of textiles, metrics will become an even more important area of focus. This will be one of our biggest challenges within the coming years. 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.

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 have to work together to build and protect the future of our planet. In 2020, we launched Together Tomorrow, the concept we use to communicate all our sustainability activities.

Because building a sustainable future is not something that we can achieve alone, we like to join forces and collaborate with stakeholders, NGOs, industry peers and trade-unions 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.

Our Together Tomorrow CSR strategy has three strategic focus areas that drive our sustainability activities – social compliance, environmental compliance and product compliance. Within these areas, we focus on 12 priorities, each with a specific, measurable and time-bound target. In 2022 we updated our strategy with the aim to reduce our carbon footprint, drive progress and increase transparency to achieve our CSR commitments. 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 TO ZERO	INCREASE IMPACTS TO 100%	IMPROVE THE LIVES OF OUR EMPLOYEES AND ACROSS THE VALUE CHAIN
Reduce transport emissions Reduce the amount of air freight to below 5 percent by 2024.	Transparency 100% Transparency of Tier 2 wet suppliers by 2025	Foster inclusion and diversity - Deliver unconscious bias training to all HQ workers by 2023. - Develop a new communication approach by 2023.
End waste 100% of our packaging should be reusable, recyclable or compostable by 2030.	Source ethically 100% social and environmental validation of Tier 2 nominated wet suppliers by 2025	Empower women Continue working with NGOs in supply chain projects that help women develop professional and life skills.
Eliminate hazardous chemicals and microfibers beyond finished products - All materials will be Oeko-Tex or Bluesign approved by 2023. - Water leaving our wet processors will have zero hazardous chemicals and be filtered for harmful microfibers by 2030.	Advance living wages 100% of key suppliers in two key production countries by 2030 will proactively support industry-wide collective bargaining to achieve living wages.	Employee engagement - 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 40% of all our products will contain more sustainable materials by 2025.	Promote safe workplaces 100% remediation of International Accord initial safety issues by 2025	Develop talent Expand professional skills, development and digital literacy programmes through the Hunkemöller Academy to reach all employees by 2023.

1.6.1 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 CSR strategy with the seventeen goals and have selected eight main themes of which we as an organisation think we have the most influence. We know that all seventeen SDG's are interconnected, and acknowledge that our business affects more goals than our four most prioritized SDGs. Using the SDGs is key to our successful collaboration across the industry; by embedding the SDGs within our corporate disclosures, we are able to embrace sustainable strategies and practices. The biosphere and its ecosystem services are the basis of our full business, as we rely on flourishing natural resources for our production. Society is where we act and have an impact on our production, products and users. The economy represents the outcome of our business, and partnerships across all levels are needed for successful sustainability initiatives.



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 wants 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 message across communications. 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.

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 ensuring good working conditions in our supply chain and in our own operations. Active 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 the 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 and support sector level negotiations on wage increases. Wage Project in China.



**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 in order to reduce the negative impact on climate and people’s environment and the health. SDG 12 promotes sustainable consumption and production patterns.

Examples of our contribution

Taking responsibility for the production environment, and having products made using more sustainable and recycled materials. Launch of the Josefina pilot collection.



**GOAL 13
CLIMATE
ACTION**

From 1901 to 2010, the global average sea level rose by 19cm as oceans expanded. The Arctic’s sea ice extent 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 at 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, offset greenhouse gas emissions. Brand and Retail Module (BRM) validation by independent third party.



**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)

1.6.2 TOGETHER TOMORROW PROGRESS TO DATE

Since the launch of our Together Tomorrow strategy in 2020, we have strived to track and measure our sustainability journey against each of our targets. In this report we provide a summary and additional data that paint a bigger picture of the scope and scale of each target, as well as the story behind the progress made. Thanks to the lessons learned over the last years, we have realised that today’s challenges not only require a different thinking, but also that we have to push harder. While we are proud of our achievements, we recognise that now is the time for further action. By committing to setting company-wide emission reduction targets in line with climate science through the Science Based Target Initiative in 2023, we will have to reorient our business and adopt bolder, more stringent carbon reduction targets. In 2023 and 2024, we will set the baselines for scope 1, 2 and 3 emissions. We will establish cross-functional teams with visibility through all levels of the organisation and across operational units. These will help drive a more holistic approach to our CSR strategy, including our strategic decision-making and reporting.

1.7 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. In order to minimise risk and make progress toward positive change, we have determined 23 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, employees and customers and various publications. External sources included the GRI sustainability reporting framework 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
 - Living wage
 - Sustainable buying practices

- Priority
- Renewables 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



1.8 RISK OVERSIGHT



Regulatory Risks and Transparency

The regulatory landscape of the apparel and textiles industry is complex and continually shifting. On top of existing regulations such as the ones surrounding labelling, chemicals and safety, new ones are added concerning - amongst others - transparency, Extended Producer Responsibility (EPR), the Digital Product Passport (DPP) and Environmental and Social Due Diligence (CSDDD).

We closely monitor all regulatory changes that could affect our business at a local, country and regional level to ensure continued compliance. Nonetheless, the increased pressure from regulators and other stakeholders can potentially lead to disclosure compliance risks. Through the introduction of EPR legislation , producers can be held accountable for their environmental and social impacts across the product value chain.

This will lead to an increased use of sustainable materials, improvements of lifecycle traceability and end-of-life solutions for products and packaging. It will also mean higher costs and potential fines in case of non-compliance.

Risks of Sourcing Countries

There is an increasing need to ensure that human rights risks are addressed across our supply chains. Our yearly country risk analysis allows us to assess the human rights and modern slavery risks present in each sourcing country in our supply chain and helps us to identify where we should focus our resources to best effect.

Because human rights issues evolve over time, our approach to tackling them must also evolve. Because internal conflict can deteriorate the human rights situation in a country, we must maintain a presence in high risk countries to protect and strengthen our supply chain against salient risks. We can only do so by collaboration with NGOs and trade unions on the ground. They can highlight risks, help us broaden our understanding of root causes and provide sustainable solutions.

- During 2022 we have:
- Reviewed the data from our country risk analysis to ensure it remains relevant to and reflective of each country.
 - Used the tool to prioritise our efforts and identify future projects and other developments which will strengthen our mechanisms to address risks in our supply chains.
 - Identified appropriate collaborations with NGOs, trade unions, brands or projects.

Data Compliance and Security

As a globally operating company, Hunkemöller is subject to various laws and regulations, such as the EU General Data Protection Regulation (GDPR). Non-compliance with such laws and regulations could lead to penalties and fines and cause reputational damage.

We work with external partners and law firms to ensure we are informed about legal requirements across the globe, and we take appropriate action to ensure compliance.

Cybersecurity threats from internal or external attacks or internal control weaknesses may damage vital aspects of specific Hunkemöller domains, including our customer-facing applications. We have a robust cybersecurity strategy and the appropriate management system in place that help us to prevent, detect, and adequately respond to these risks.

Market Risks - Energy Transition and Energy Prices

The global energy sector’s shift from fossil-based systems of energy production and consumption to renewable energy sources like wind and solar can impact the utility costs of our operations, our suppliers as well as end-consumers. Moreover, energy and commodity market volatility can potentially lead to an increased uncertainty in financial planning and forecasting.

It can also lead to manufacturing or supply disruptions linked due to the higher cost of energy and materials. We are continuing to invest in onsite renewable energy installations to generate clean energy where and when possible.

Environmental Risks

Global warming can result in many serious changes to the environment, such as a rise in sea level, a change in precipitation patterns, increased risks of droughts and floods, and threats to biodiversity.

Heatwaves and water scarcity can reduce crop outputs such as cotton. Water shortages could also impact our manufacturing sites, since water is used to keep traditional power plants cool and for some forms of renewable energy. Hurricanes or floods can disrupt the distribution infrastructure.

1.9 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 or local. 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 2022:

1.9.1 amfori BSCI

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 we implemented a risk-based approach in order to proactively identify, prevent and address adverse human rights impacts detected in the supply chain. Because we are subject to the different laws and regulations that apply 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 strive to respect our statutory obligations.

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

In 2021, Hunkemöller signed the new International Accord for Health and Safety in the Textile and Garment Industry. This is a legally binding agreement to provide safe workspaces for employees working in clothing factories. The 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.

1.9.3 Sustainable Apparel Coalition, Higg FSLM and Higg FEM

In 2021, Hunkemöller became a member of the Sustainable Apparel Coalition (SAC) collaboration 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 to work collaboratively, from 36 countries 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) promotes safe and fair social & labour conditions for value chain workers all over the world. The FSLM tool 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) and the social impact of manufacturing across areas such as wages, working hours, health and safety, and employee treatment (Higg FSLM). We are further able to measure the direct impact from products in terms of global warming, depletion of fossil fuels, water scarcity, eutrophication and chemistry. In 2021 we started participating in the Higg Brand and Retailer Module (BRM); in 2022 we got our score externally verified.

1.9.4 Solidaridad

In 2022 we started two projects 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.

1.9.5 Creative Pathways

In 2022 we started a project with Created Pathways, an NGO operating in Bangladesh, with the mission to make positive change through advocacy, training and conducting research on the topics of human rights, poverty and the environment. With its projects, Creative Pathways is helping to strengthen the voice of factory workers and improve the working conditions in (garment) factories. Working with Creative Pathways is helping us empower women in our production facilities.

1.9.6 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 child labour in our production facilities.

1.9.7 Better Cotton Initiative

Hunkemöller is a member of the Better Cotton Initiative (BCI). BCI is a global, non-profit organisation which aims to make global cotton production more sustainable and help farmers find more water efficient and productive methods for cotton cultivation. Better Cotton materials are sourced via a mass balance system and not physically traceable to end products. 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.





2 SOCIAL

Hunkemöller’s sustainability policies are aligned with the United Nations’ Declaration of Human Rights, the UN Guiding Principles for Business and Human Rights, the OECD Guidelines , the International Labour Organization’s Core Labour Conventions, and the ten principles of the United Nations Global Compact. Our Together Tomorrow strategy includes 6 human rights-focused priorities that, together, represent our path forward to protecting and advancing the rights of workers across our supply chain by addressing the systemic challenges that many of them face. Our collective workforce plays a fundamental role in our success, and we commit to continually improving these workers’ lives, and the lives of their families and communities. We work to ensure safe and healthy workplaces, support national living wage agreements, establish representative worker-management committees so that worker voices are heard and implement ethical recruitment practices for migrant workers.

2.1 Supply chain

Target: 100 percent social and environmental validation of 2nd tier nominated wet 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, logistics and advertising. 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.

Only by having long-term partnerships and working together, can we build capacity, share information, accelerate innovation and realise our sustainability strategy. 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. 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. This means that from 2023 onwards, all our producers must be Oeko-Tex certified. From 2025 onwards, all our nominated wet suppliers must be BSCI/Smeta audited or SLCP verified and Higg FEM validated.

2.2 Supply Chain Transparency

Target: 100 percent supplier transparency of 2nd Tier wet suppliers by 2025

The textile supply chain is long and complex, spanning multiple countries and type of companies, all with its own social and environmental challenges. In order to fully understand where a product came from and whether it was produced fair and sustainable, we need to be able to track it from cradle to grave. In 2022 we started preparation work for the introduction of a PLM system, which should help mapping and monitoring our upstream suppliers.

By sharing information with our supply chain partners we cannot only power end-to-end collaboration, but also drive valuable visibility across the product development chain. The PLM system will be fully implemented in 2023. Tracking a product’s journey across the textile supply chain is a mammoth undertaking. This is because companies are rarely fully integrated. In most cases their value chain does not cover all the operations – from raw material extraction to garment manufacturing. Instead, the garment industry is extremely fragmented, whereby many stages of the production process involve separate ‘sub-industries’. For example, raw cotton from smallholder farmers often goes through so-called ‘clearing houses’, where it is distributed on the basis of grading instead of origin. At this point all

the information about the cotton is more or less removed. Moreover, textile supply chains often change. Nonetheless, supply chain transparency is key, because the deeper you dig, the more problems or inefficiencies you might find. Because we can only address the problems that we can see, it is essential that we expand our traceability efforts so that we can identify and improve human rights and environmental issues throughout our entire supply chains. We have committed that by 2025, we have traced our 2nd Tier wet suppliers. Our ultimate goal is a supply chain that is 100 percent transparent from Tier 1 to tier 5.

2.3 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 we 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.

2.3.1 Ethical Code of Conduct

This sets out the minimum standards Hunkemöller requires from all suppliers who manufacture or procure goods or perform services. It is based on Hunkemöller’s vision and commitment to improve health, safety, equality and development, and ensure fair and decent working conditions. This Ethical Code of Conduct is applicable to all suppliers, their subcontractors and other business partners who do business with Hunkemöller.

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 Ethical Code of Conduct has been created to fulfil our commitment to our employees, to our customers, to our shareholders and to other stakeholders.

2.3.2 Labour Policy

The Hunkemöller Labour Policy describes our zero-tolerance approach, the requirements for business partners and remediation process 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.

2.3.3 Environmental Policy

Hunkemöller’s Environmental Policy, 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 to 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.

2.3.4 Material Policy

Hunkemöller is committed to source our materials in an ethical, transparent and responsible manner. Our requirements for sourcing of materials are set out in the Hunkemöller Material Policy. 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.

2.3.5 Responsible Packaging Policy

Packaging plays an important role in our way of life. It protects the products we love by ensuring that they do not expire or get damaged before they arrive in store or get delivered to our house. However, packaging turns into litter or waste when discarded and can so be of great threat to the environment.

Because packaging materials take many years to decompose, they are responsible for a broad range of environmental issues, including overcrowded landfills, greenhouse gas emissions and litter-pollution (both on-land and in the ocean).

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 a lasting change.

2.3.6 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. Our requirements include the strictest legal requirements both inside and outside the EU, which are mostly covered by REACH and described in the Hunkemöller Restricted Substance List.

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. The RSL is updated yearly.



2.4 SUPPLY CHAIN RISKS

As a company, we operate in a global business environment with increasing geopolitical disruptions and environmental challenges. In 2022, the biggest challenges were the Russia-Ukraine war, rising material and energy costs, extreme weather (hurricanes, heatwaves, drought, floods and wildfires), supply chain transparency & disruptions and forced labour controversies. In this complex environment, we need to take measures to reduce risks and strengthen our supply chains by focusing on resilience and reliability.

2.4.1 Russia-Ukraine War

The Russian invasion of Ukraine has caused global impacts on the textile industry. The initial shock sent energy prices rocketing, and the lack of availability of raw materials and staple crops is pushing up the cost of living for consumers worldwide, causing high levels of inflation.

Whilst it is uncertain how the war will develop in 2023, it is expected to create serious headwinds for the global economy due to persistent inflation, high energy prices, falling consumer confidence and tighter financial conditions.

2.4.2 Extreme Weather and Rising Material Costs

The supply chain challenges related to climate change are greater than ever. Rising temperatures and less reliable traditional seasonal cycles not only result in changing consumer behaviour, shortages of natural resources such as cotton are very likely. In 2022, the devastating floods in Pakistan affected some 40 percent of the country’s annual cotton crop. In previous years, locust swarms already posed a threat to cotton crops in the country as well as in Africa, India and China.

In 2022, the Russia-Ukraine war also caused worrying price fluctuations whereby the process of both cotton and synthetic fibres increased. While they have gradually diminished, the price levels are still above pre-crisis ones. This means that we have to continue exploring new sustainable fabrics and fibres and keep researching new technologies.

2.4.3 Supply Chain Transparency and Disruptions

Even though we dedicate a lot of effort to supply chain mapping, we still need to reach deeper into our chain since this is where the greatest social and environmental risks are.

As we deepen the assessment of our upstream supply chain practices, we may uncover practices that need to change either gradually or at a faster pace. We strive for a transparent, long-term relationship with all of our suppliers, whereby there is no excessive dependence on a limited number of suppliers and no single supplier has a dominant position that could jeopardise the supply process. In 2021, the Covid-19 pandemic caused major supply chain disruption. The effects of these disruptions were still felt in 2022, such as workforce & production availability and multimodal logistics (reduction in transport, service frequency and changes in routing).

This means that sourcing diversification continues remains important (multi-country presence and vertical manufacturing), as well as strengthening our relationship with key suppliers

2.4.4 Forced Labour Controversies

In the last few years, labour violations have increased in eleven key manufacturing countries. According to the UN, forced labour is taking place in the Xinjiang province in China, where Uighurs – a Muslim ethnic minority – are detained in internment camps and subjected to forced labour practices.

Even though governments are stepping up their efforts to identify and punish the use of these types of forced labour, it is a complex and nuanced problem that can be difficult to find and trace. This is due to the fact that monitoring efforts need to extend to downstream suppliers closer to final production, and also cover actors in preceding tiers of supply chains, including those involved in upstream or outsourced production.

Moreover, the problem cannot be eradicated without long-term, committed involvement of all stakeholders—companies, government and civil society. We therefore not only need to build strong relationships with our supplier and stakeholders, but also further investigate the possibilities of blockchain/fingerprinting technologies which can make the supply chain more transparent.

2.5 SOCIAL RISKS IN OUR OPERATIONS

In 2022, we identified and assessed the actual and potential adverse social and environmental risks associated with our operations. This risk assessment is based both on qualitative and quantitative data, including third-party risk indices and other data sources related to stakeholder engagement.

Through the risk assessment, risks of adverse impacts were identified and prioritised on the basis of the likelihood of a risk and the potential harm it poses to people and the environment.

For 2022 the salient issues are:

- Human Rights: Child, Forced- and Bonded Labour, Ethical Recruitment, Gender Equality on Workers' Representation and Collective Bargaining, Responsible Purchasing Practices, Living Wage and Health and Safety in the Supply Chain.
- Environment: Greenhouse Gas and Energy Management, Waste Management and Chemical Management & Hazardous Substances.
- Product: Chemical Management, Material Sourcing and Sustainable Materials,
- Circularity & End-of-Life Solutions.

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

Child, forced- and bonded labour issues are a very important topic for Hunkemöller. We do not tolerate 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. Nonetheless, we are aware that the deeper you go into the supply chain, the greater the labour risks. Therefore, these phenomena

will remain largely invisible to us as long as we do not have a full insight into our entire supply chains.

Because tracing the origins of a final product and its components requires the right data and systems, in 2022 we have started preparation work for the introduction of a PLM system, which should help us better map and monitor our upstream suppliers in 2023.

In 2022, the following risks of child, forced and bonded labour were in play:

- Cotton from the Xinjiang region of China where an ethnic minority is forced to work on cotton fields and in spinning mills;
- Cotton from Turkmenistan when there is state forced labour on cotton fields;
- Forced labour by minorities from the Xinjiang region in other parts of China;
- Forced labour by Syrian refugees in Turkiye.
- Child & forced labour in spinning mills in Tamil Nadu, South India;

EXAMPLE:

Work no Child's Business Project in Vietnam

In 2022 we implemented the project Work: No Child's Business in Vietnam. 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.



2.5.2 Ethical Recruitment

Most migration is motivated by the search for jobs. When searching jobs, migrant workers are often exposed to risks of exploitation, including practices such as recruitment fees. The payment of recruitment fees to intermediaries is a widely recognized indicator of forced labour. We work with our suppliers to ensure that migrant workers are recruited ethically.

By banning the charging of recruitment fees we can ensure slavery-free supply chains. In 2022, we updated our Labour Policy by including guidelines about the recruitment process, making it part of our due diligence process. Through our independent social audit process, we found zero cases of non-compliances, as was the case in 2021. For 2023, we want to further research the recruitment practice of our 1st tier suppliers.

2.5.3 Gender Equality on Workers' Representation and Collective Bargaining

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 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, that they can negotiate working conditions and 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. With regard to women and wages, according to the ILO, wage inequality remains a considerable challenge in the garment industry.

This is why we have aligned our CSR 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.

2.5.4 Responsible Purchasing Practices

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 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.
In order to further enhance our understanding of Responsible Purchasing Practices, we joined the ‘Learning and Implementation Community’ to learn from our 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 to lower wages or to 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 producing our products. The project started in 2022, will last for two years and help us plan, develop and implement efficient and sustainable solutions for our purchasing practices. The Learning and Implementation Community 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.

2.5.5 Living Wage

Target: 100 percent of our key suppliers in two key production countries by 2030

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.

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. 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 currently is no universally agreed 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, as well as the data provided through our proprietary auditing programme.

EXAMPLE:
Wage Management Systems Project in China
In 2022 Hunkemöller started a partnership with Solidaridad to carry out a project called Wage Management Systems (WMS). The objective of this project is to create effective systems, policies and capacities at brand and supplier levels that enable an improved wage outcome among Hunkemöller suppliers in China. The pilot will involve three factories in China. In a further stage the goal is to scale up the project’s solutions and learnings by sharing them with other production facilities and also with the industry, with the objective of improving wages in a bigger scale. The first phase of the project will last two years and is partially sponsored by the Netherlands Enterprise Agency (RVO) through its Fund for Responsible Business (FVO).

2.5.6 Health and Safety in the Supply Chain
Target: 100 percent remediation of initial safety issues in Bangladesh 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. In 2021, we became a signatory to the International Accord for Health and Safety in the Textile and Garment Industry. The International Accord is a legally binding safety agreement.

Through the International Accord, we collaborate with different stakeholders to identify and address fire, electrical, structural and occupational safety risks. In 2022, our 11 production facilities in Bangladesh remediated 76 percent of the initial safety issues found at their sites (compared to 95 percent in 2021). Our aim was to have a remediation score of 97 percent. The International Accord average is 82 percent. The reason for our below average score in 2022 is the inclusion of an extension building to one of our active production locations. That counts as a new production location to the programme and, consequently, the remediation of initial safety issues found in this extension building is zero percent. That brings the general remediation score down. Before the inclusion of this new building, in June 2022, our remediation score reached the aim of 97 percent.

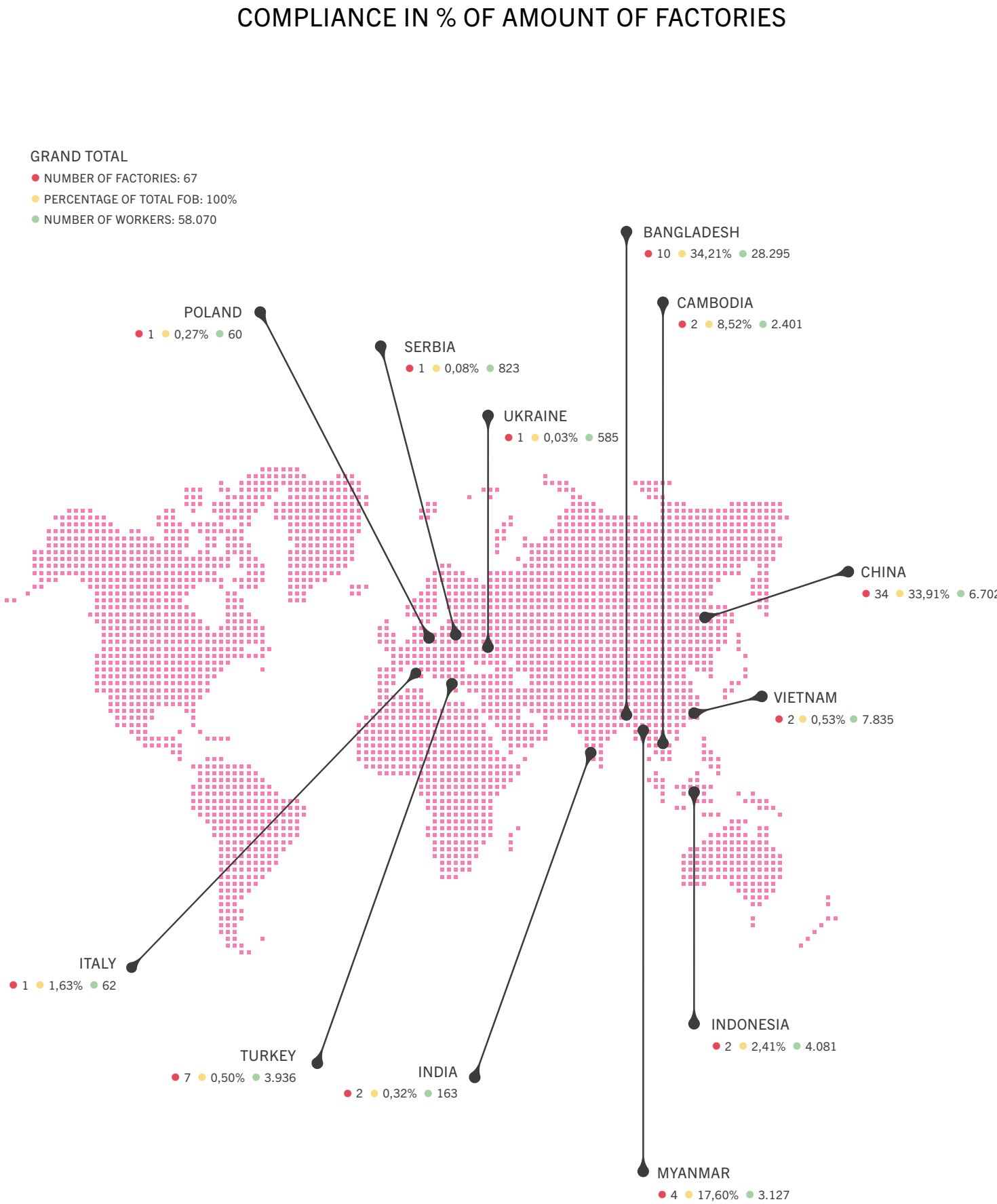


2.6 ETHICAL SOURCING & SUPPLIER RATING

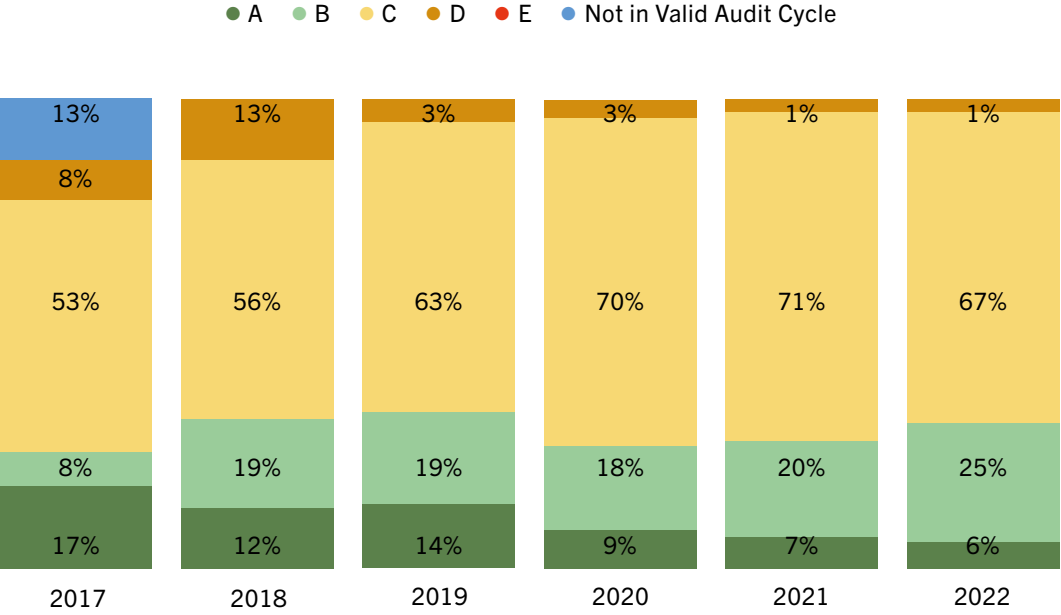
It is our ambition to have the production facilities of all our products and materials audited on their social and environmental performance by independent third parties. In 2022, 99 percent of our first tier suppliers were social audited; it is our aim to have all our nominated tier 2 suppliers social audited by 2025.

We measure suppliers' performance using data from different social and labour programmes such as amfori BSCI, Smeta and SLCP. 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/B-rated suppliers. In 2022, we assessed 67 first tier production locations. Compared to 2021, our sourcing from A/B-rated facilities, in terms of number of factories, increased from 27 percent to 31 percent, and our sourcing from C-rated facilities decreased from 71 percent to 67 percent. 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. Our CSR team routinely visit and audit our suppliers, not only to follow-up on the issues

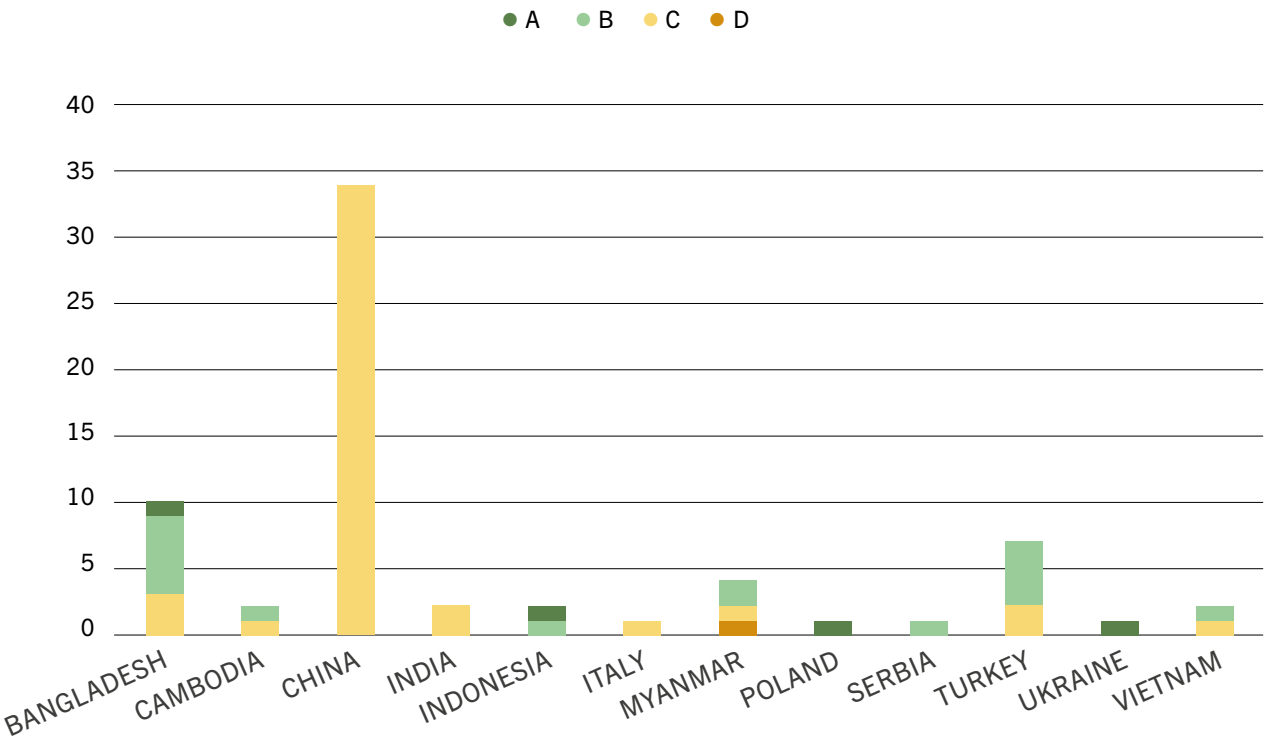
found in social audits, but also to support them in the improvement process. Through these visits and audits, we compile customised improvement plans or Corrective Action Plans (CAP). Based on these CAPs we are able to open a conversation with the supplier with the objective of continuously improving the compliance in the production facility, not only when it comes to social standards, but also environmental standards. From our experience until now, most of the suppliers cooperate and are interested in remediating and preventing non-compliances 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 uncompliant supplier.



COMPLIANCE IN % OF AMOUNT OF FACTORIES



COMPLIANCE IN % OF AMOUNT OF FACTORIES





2.7 IMPROVING THE POSITION OF WORKERS IN THE SUPPLY CHAIN

We want to improve the working conditions in our supply chains. We feel it is important that workers voices and experiences are heard and workers are able to report complaints that they come across during their work, preferably to their own management. We work closely with our suppliers to support the development and implementation of a robust grievance mechanisms for employees.

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 for Health and Safety in the Textile and Garment Industry 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 can improve our operations.

2.7.1 EXTERNAL GRIEVANCE MECHANISM

Target: Introduce a company-based external grievance mechanism for parties not covered by amfori BSCI or the International Accord for Health and Safety in the Textile and Garment Industry by 2025.

In 2022, 3 complaints were reported. 1 from Bangladesh (Status: closed) and 2 from Myanmar (Statuses: 1 closed and 1 ongoing). Making sure that workers are listened to and can voice their complaints requires a system. In 2022, we have taken the first steps in establishing a company-based external grievance mechanism. The aim of this mechanism is to provide a mechanism for individuals, communities or organisations that are not covered by the amfori or Accord grievance mechanisms to raise a grievance about perceived or real instances of wrong or unfair treatment. Because there currently is no clear set of standards for what is required of a corporate grievance mechanism and it has proven difficult to ensure that affected stakeholder groups for who the mechanism

is intended find easy access to the mechanism, we feel that the mechanism currently fails to serve its purpose. Moreover, rather than having hundreds of individual company grievance mechanisms that stakeholder groups can turn to, we believe it is better to create one industry-wide mechanism that is based on engagement and dialogue. This will enhance participation, improve the legitimacy of the mechanism and so be more effective in solving disputes. In 2023 we will therefore further research the design and performance of our mechanism so that we can not only support the identification of adverse human rights but also make it possible for grievances to be addressed and remediated early, before they escalate to major problem.

Country	Grievances	Actions taken
Bangladesh	Severance payment	<ul style="list-style-type: none">- Engaged with the supplier, requested documentation to investigate the matter further.- Supplier provided documentation proving that they took the necessary actions from their side.
Myanmar	Overtime, temporary workers, difficulty in getting annual leave, Occupational Safety and Health (OSH) and transportation.	<ul style="list-style-type: none">- Engaged with the stakeholders in meetings to gauge extra information and facilitated the communication between stakeholder and the supplier.- Constant communication with the supplier to agree on what could be done to improve the grievances lodged.- Suppliers were cooperative and engaged in finding solutions.

2.8 GENDER AND EQUALITY IN THE SUPPLY CHAIN

At Hunkemöller we believe in building a society free from prejudice, injustice and inequality. A society where all voices are heard and all perspectives are represented. We want to be inclusive across our entire supply chain and create meaningful change by treating people fairly and providing everyone the same opportunities.

This is why we have committed ourselves to SDG 5, which aims to achieve gender equality and empower all women and girls by 2030. Women represent over three-quarters of workers in the garment sector (ILO). Women often work long hours in difficult and unsafe working conditions. They experience a range of gender-related issues including precarious work, sexual harassment, violence, limited bargaining power and low union representation. Because gender equality is such a complex issue, it requires a long-term approach that involves all stakeholders. To become more inclusive, to fully understand and tackle the challenges faced by female workers, we need to collaborate with our supply chain partners. Only through collaboration can we achieve gender equality in our supply chain.

2.8.1 Women’s Well-being and Gender-based Violence
Within the gender and equality topic, we currently focus on SDG3 – Good Health and Well-being – especially that of women and girls. This is mainly due to the large numbers of women that are employed in the textile industry. They are more at risk of gender-based violence as a result of prevailing economic, social, political or cultural gender-based inequalities. According to UNFPA, 1 in 3 women experiences gender-based violence in their lifetime.

EXAMPLE
GENDER-BASED VIOLENCE TRAINING IN BANGLADESH
To empower women and ensure a safe working space, it is imperative that we address sexual harassment and sexual violence in the workplace. Together with Creative Pathways – a consultancy firm with experience of working with RMG sector – we have conducted training to workers and mid-management in three of our key production facilities in Bangladesh with the aim to reduce gender-based violence and promote anti-harassment at workplace. Up until December 2022, 1.274 workers were trained. Some of them were trained as to be able to cascade their knowledge to more workers in the long run, specially to production workers.

The general objective of the training was to guide the participants become self-reliant and confident to deal in the personal and social life by enhancing the capacity and practice of factory managers on Gender and Workplace Harassment. We are working with the supplier and the factories to make sure the knowledge from the trainings is spread to all workers in these three production locations. The training on Gender-based Violence became part of the factories’ regular training schedule and it also became mandatory training for supervisors since June 2022.







3 ENVIRONMENT

In 2022, the Intergovernmental Panel on Climate Change (IPCC) emphasized that the climate system is facing unprecedented changes. According to the IPCC, climate change is already having an impact on many weather and climate conditions. Global warming is predicted to reach 2°C unless greenhouse gas emissions are drastically decreased. At Hunkemöller we are committed to doing our part. In line with the Paris Agreement, we are working to lower our GHG footprint, by reducing energy consumption in our own operations. In our direct supply chain, we are collaborating with suppliers and industry leaders to decrease the use of water, energy and chemicals in production processes. On a product level, our sustainability strategy prioritises sustainable materials, circularity and sustainable packaging. Our goal is to drive improvements with our supply chain partners, help finding solutions and promote the sustainable development of our industry.

Climate Change

Climate change refers to long-term shifts in temperatures and weather patterns. Since the late 1800s, emissions continue to rise. As a result, the Earth is now about 1.1°C warmer. The last decade (2011-2020) was the warmest on record.

As a consequence, we are increasingly having to deal with droughts, water scarcity, severe fires, rising sea levels, flooding, melting polar ice, catastrophic storms and declining biodiversity. Tackling climate change is a key priority for Hunkemöller. In order to limit global temperature rise to 1.5°C, as recommended by the IPCC and set out in the Paris Agreement, we have set ambitious targets. Our main aim is to achieve net-zero emissions by 2050.

These are the main initiatives we are working on for the next few years that should help improve our supply chain efficiency and significantly reduce the impact of the materials that we use:

- Pursue energy efficiency (owned operations – Scope 1 and 2; and value chain – Scope 3).
- Secure 100 percent renewable electricity.
- Source preferred and low climate-impact materials.
- Collaborate with industry partners to transform systems and supply chains, and advocate for cultural shifts and meaningful change.
- Engage and incentivize suppliers to set science-based targets.
- Phase-out of coal in the supply chain.
- Work with logistics service providers to transition to zero emissions for contracted transportation.

3.1 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. For this reason, in 2023 we will commit to Science Based Targets. Science Based Targets provide a pathway for companies to reduce GHG emissions in line with the Paris Agreement. 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.

Moreover, during the time that we are not yet reducing our emissions fast enough, we want to compensate these emissions by funding projects that promote sustainability and cut or decrease emissions. The goal of these carbon offsetting projects is to reduce the amount of emissions we produce from the atmosphere, ideally by more than we emit. We believe that investing in such projects are crucial in helping Hunkemöller achieve its climate goals.

3.2 SCIENCE BASED TARGETS INITIATIVE

The Science Based Target Initiative (SBTi) defines and promotes best practice in emissions reductions and net-zero targets in line with climate science. SBTi also provides technical assistance and expert resources to companies who set science-based targets (SBTs).

In 2023 we will officially commit to SBTs. Over the next two years we will actively develop tools and inventories that can help us collect and track all necessary quality data. These will enable us to set SBTs by 2025 latest and lay the foundations for setting greenhouse gas emissions reduction targets.

3.3 GREENHOUSE GAS EMISSIONS IN OUR FACILITIES

Our world is already feeling the effects of climate change. To help avoid the worst climate scenarios, we must therefore act now. Within our own facilities, our biggest opportunities for reducing impact are through energy efficiency, the adoption of renewable energy and waste management. In order to calculate the carbon footprint for our own facilities, we commissioned the green solutions company Fokus-Zukunft to calculate our carbon emissions (HQ, DCs and and five stores located in The Netherlands).

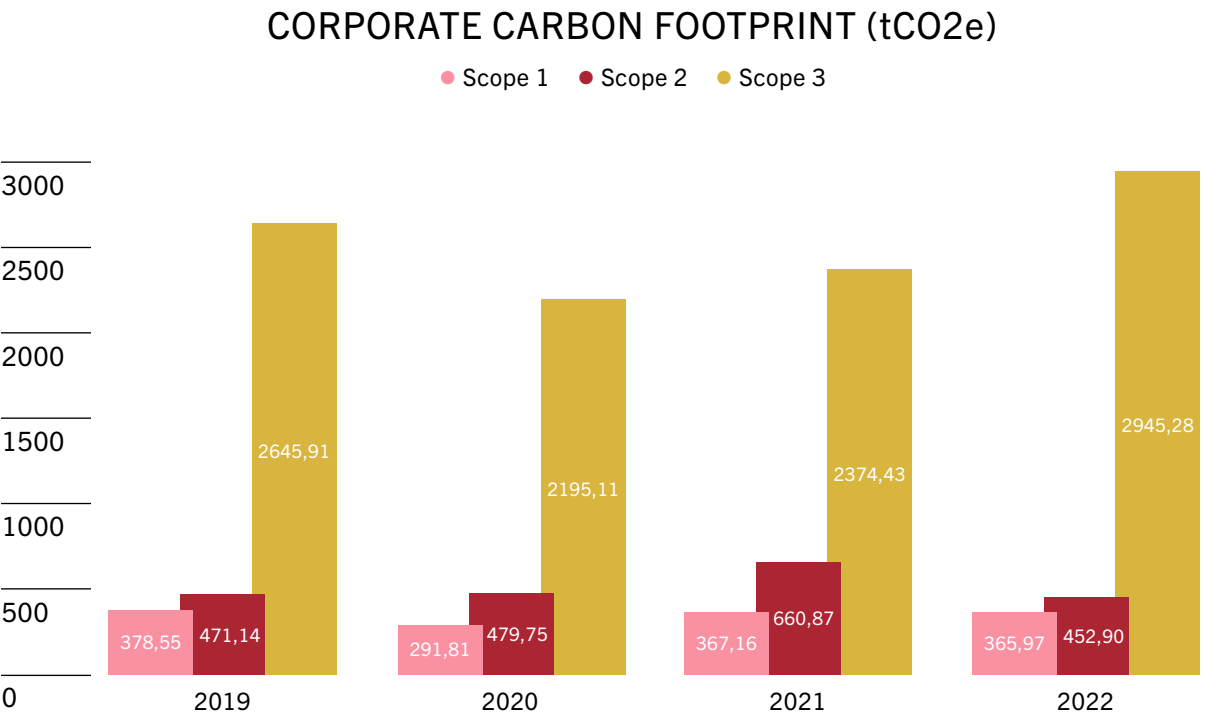
Even though 2022 was another a-typical year in which Coronavirus restrictions in The Netherlands were not lifted till the end of February, governments across the world did loosen restrictions, accepting Covid-19 as a manageable part of everyday life. Despite these challenges, we managed to reduce Scope 2 by cutting back on our electricity use by 32 percent. We were also able to decrease our outbound Scope 3 logistics emissions by 3 percent. Our Scope 1 emissions are comparable 2021 (see chart CORPORATE CARBON FOOTPRINT (tCO2e)). This shows our commitment to reduce our general carbon footprint in alignment with the Paris Agreement and European Green Deal.

Nonetheless, compared to 2021, emissions caused by business travel have significantly increased. This is mainly due to the fact that in 2021 international travel was extremely limited due to Covid-19 restrictions. Towards the end of 2022, meetings and conferences that were postponed multiple times finally took place. International travel also increased because we started visiting our production facilities again.

As a consequence, these Scope 3 emissions increased by 54 percent. Additionally, our Scope 3 packaging-related emissions have risen by 62 tCO2e. In order to reduce the climate impact of our packaging, in 2023 we will hire a packaging expert who will further roll-out our roadmap to reduce packaging and packaging waste. Their main focus will be on waste management across our direct operations, including the implementation of monitoring and action plans such as:

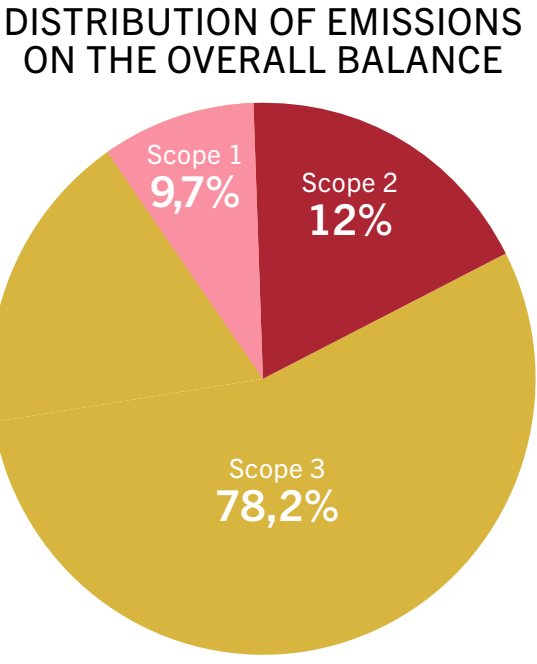
- Reduce multi-materials packaging, including on-product packaging & transit packaging and further increase recycled content.
- Collaborate with wholesale partners to create holistic systems aiming to reduce packaging waste and eliminate polybags use as much as possible by 2024.

Finally, together with our logistics providers we are working to make transport more efficient, including reducing the environmental impact of our packaging. In summary, the overall emission distribution balance of our facilities indicates an emission increase of 9 percent compared to 2021 whereby the emission categories Preliminary



Products (Packaging) and Logistics services by third party (Exchange logistics to stores) have a large share in the overall balance.

In 2022, Hunkemöller once again became climate neutral in its own direct operations, by offsetting all greenhouse gas emissions related to our own operations in the voluntary carbon market through 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 the generation of electricity from wind and the supply of this electricity to the North China Power Grid. The project generates 96,478MWh electricity and supplies enough clean energy to power 4,727 households, offsetting 101,765t of carbon dioxide emissions (CO2) a year.



3.4 GREENHOUSE GAS EMISSIONS IN OUR SUPPLIER FACILITIES

The textile and garment industry accounts for a significant proportion of global carbon emissions. The production of 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 therefore a big contributor to our footprint and our biggest challenge is to collect the data from our our supplier facilities. We will measure this Scope 3 footprint by using data from the Higg Facility Environmental Module (Higg FEM).

Because not all suppliers submit their data on time, this will affect our ability to report on the carbon emissions. Therefore, we also rely on estimates. Moreover, because not all of our suppliers data have been verified by an independent third party, we have not yet been able to work with our suppliers to set targets for GHG reduction. Since 2022, 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 and set actual targets for reduction per individual production facility by the end of 2024. 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 sustainable raw materials will also play a big part in

reducing our Scope 3 emissions.

3.4.1 Higg Facility Environmental Module

Target 1: 100 percent of all Tier 1 suppliers have verified their Higg FEM by 2023.

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

Higg FEM is a tool that measures and quantifies the sustainability impacts of a production facility. In order 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 standardizes 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. In 2023, we will require all of our Tier 1 suppliers to verify their FEM, in order to get more accurate data, manage our environmental impact, establish baselines, set targets and support our suppliers to mitigate their environmental footprint. Setting targets for our production facilities is important because they are the biggest contributor of our total Scope 3 emissions.

In 2022, almost 50 percent of all of our Tier 1 suppliers joined Higg FEM. Of our top 5 suppliers all have already filled and verified the Higg FEM. This is important to us as these suppliers represent a high business volume and thus contribute more emissions to our scope 3 emissions

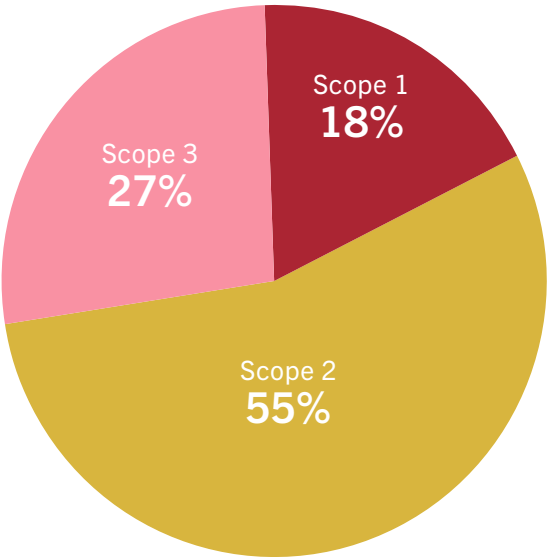
footprint. We'll continue to monitor our progress and analysing the verified self-assessments. We are working closely with our suppliers to make our industry more sustainable.

3.4.2 Energy Efficiency

Within our operations, one of the biggest opportunities for reducing impact is through energy efficiency and the adoption of renewable energy. In 2022, a start was made with the construction of our new DC in Almere, the Netherlands. This DC, which will be Breeam certified - a science-based certification and certification system for a sustainable built environment – should become operational in December 2023. 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. With a 75 percent score for the design process, the DC should become almost energy neutral in its operations thanks to solar power.

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

DISTRIBUTION OF EMISSIONS ON THE OVERALL BALANCE (STORES)



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. In 2023 we will therefore have further discussions on this topic; we are hoping that the dramatic rise in energy costs will help speed-up the transition to renewable energy.

Our retail stores are a contributor to the carbon emissions that we produce globally and one of the areas for energy efficiency improvements. The biggest carbon emissions hotspots identified in our retail stores are electricity, gas consumption and general waste. Last year, we managed to reduce these emissions by 5 percent compared to

ELECTRICITY USE IN OUR HQ/DC (kWh)



2021, even though our stores had reopened after a year of lockdowns in 2021. Because the carbon footprint calculations for our stores are currently based on extrapolation formula and we realise that going forward we need more accurate data to set reduction targets, from 2023 onwards we will start gathering data for the major stores in all the countries where we are represented. So not only five Dutch stores.

In 2022, we achieved a 26 percent reduction in Scope 1 and 2 emissions across owned and rented facilities compared to 2021. These reductions can be largely attributable to the electricity use in our HQ, which was reduced by 35 percent in comparison to 2021. For our production facilities we could not calculate their energy use in 2022 yet, as these data will not become available till the end of 2023. Over the next year we will nonetheless work with our suppliers to reduce the energy consumption in their facilities.



3.4.3 Water Efficiency

In order to decrease the consumption of fresh water, we encourage water efficiency in our entire operations. We use – amongst other - the World Resources Institute Aqueduct Water Risk Atlas to help us gain a basin-level understanding of the local water stress contexts where we operate. We then categorize our suppliers into areas of low, medium and high water stress. Higg FEM also helps in our ability to comprehend the water dangers to both our production facilities and the wider influence on the local watershed.

This allows us to make decisions that minimize or eliminate environmental impact. In 2022, we achieved a 2 percent reduction in water use across our own facilities, despite the fact that our HQ was fully operational after a year of Covid lockdowns in 2021. For our production facilities we could not calculate their water use in 2022 yet, as these data will not become available till the end of 2023. Over the next years we will nonetheless work with our suppliers to reduce the water consumption in their facilities.

WATER USE IN OUR HQ/DC (m³)



3.4.4 Wastewater Treatment

Target: 100 percent of water leaving our wet processors will be monitored and filtered for 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 the majority of our nominated Tier 2 suppliers are not yet Higg FEM platform users, we do not yet have an overview of their sustainability impacts. From 2023 onwards, all our nominated suppliers will therefore have to become platform users and start filling-in the self-assessment. From 2024 onwards they need to get this verified by an independent third party.

3.4.5 Chemical Management

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

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.

In order 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 by 2024.

EXAMPLE: BETTER MILLS PROJECT IN BANGLADESH

Wet processing is one of the most important part 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. This is the reason why the textile industry is a major cause of environmental pollution. In 2022 we joined the Better Mills project 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 aim of the Better Mills project is to identify the social and environmental risks of wet processing and will focus on mill capacity building, multi stakeholder dialogue & outreach and awareness raising. Through the project,

Solidaridad will offer trainings, network meetings, as well as on-site and offsite technical support to mills. 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 their environmental and social impact of production facilities and serve as a learning project for us and other brands.

The project will last two years and by the end of we hope to share knowledge, information and tools with our other production facilities. The programme is aligned with existing tools and initiatives, such as the chemical management priorities of the ZDHC initiative and the SAC Higg Index.

3.4.6 Air Emissions

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. In collaboration with our suppliers we will work to phase these out and have them replaced by more sustainable (renewable resource) alternatives.

3.4.7 Packaging and Waste Management

Target 1: 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.

Target 2: 100 percent of our packaging should be reusable, recyclable or compostable by 2030.

The majority of the waste-related impacts in our value chain are through products 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 more sustainable 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.

3.4.8 Greenhouse Gas Emissions through Transport

Target: Reduce the amount of air freight to below 5 percent by 2024.

We use different modes of transport such as sea, road, rail and airfreight, depending on the location and the distance that our goods need to travel. We always aim to choose the most environmentally friendly option for transport. The most commonly used method of transport in 2022 is sea freight; due to the negative impact on the environment, we try to avoid air freight wherever possible. Air freight is an exception rather than a rule and only used when there is a need for fast delivery because of delays and/ or unforeseen events. In Europe, we prioritize transport by rail or road, given that air freight is more carbon intensive (per metric ton/kilometer). With regards to vehicles, together with our transporter partners we continue to investigate alternative fuel options, including electric vehicles.

The distribution of products to stores is executed by third-party logistics providers who consolidate our shipments with those from other customers to get efficiently loaded trucks. The goal is to have an optimised delivery process with fewer but larger deliveries, while maintaining the highest product availability in the stores. The logistics and warehousing for all online activities, including transport, are performed by Hellmann, a third-party logistics provider from Germany. We also work with JD, a third-party logistics provider located in the south of The Netherlands. JD is fulfilling the online customer orders for all countries in which we are active, except for Spain, which is serviced by Hellmann. For the final deliveries to customers, we use, amongst others, DHL and PostNL.

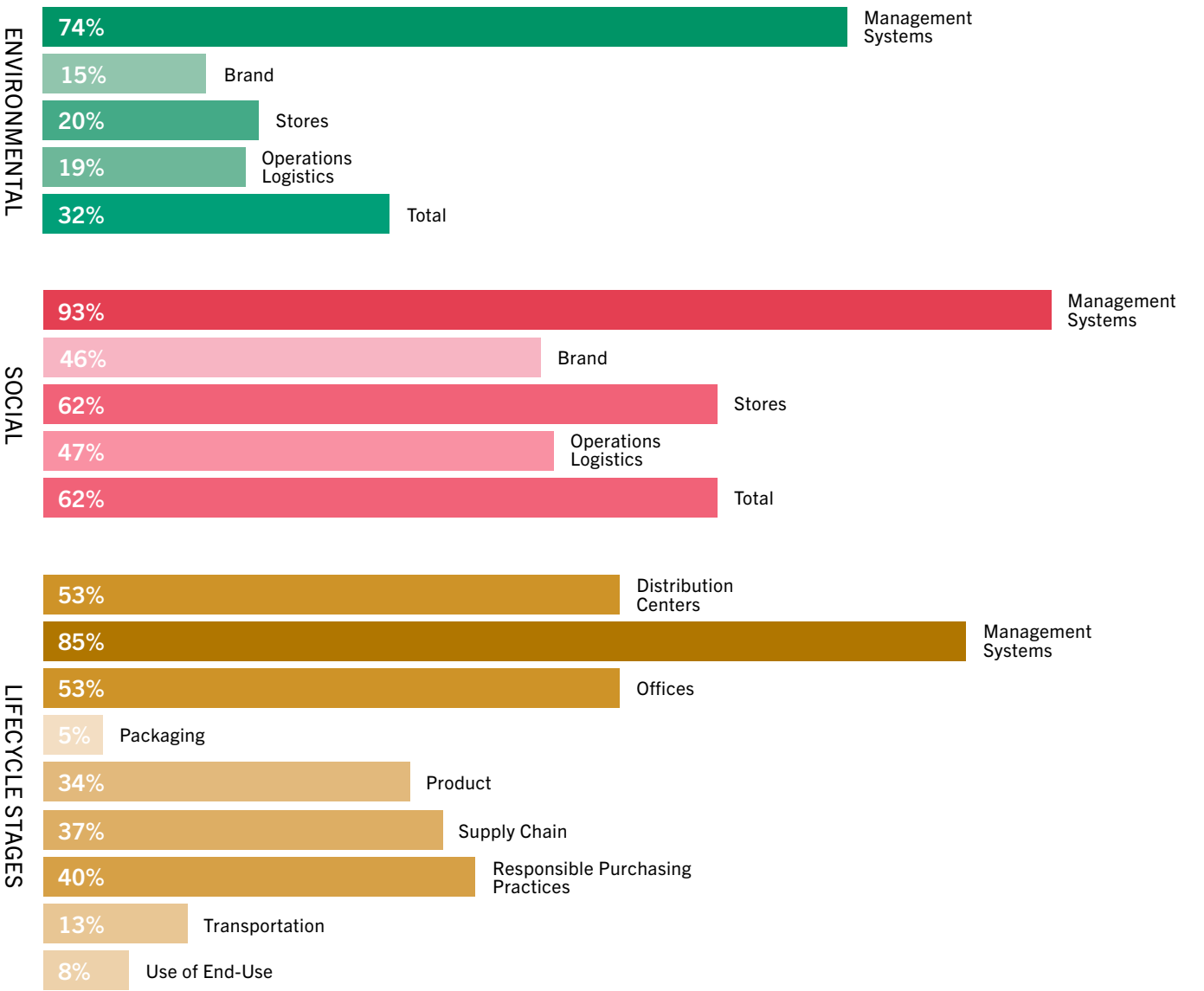
Our 2022 BRM verification has highlighted that we need to increase the engagement with our transport partners in order to select lower impact shipping options and develop new decarbonization strategies. We also need to host one-to-one discussions on setting SBTs. With the growth of e-commerce sales ('the last mile'), our carbon emissions from outbound transportation have increased. This is challenging our reduction in carbon emissions. In 2023 we will further research last mile options that can save on emissions by scaling new fuels and technologies.





3.5 HIGG BRAND AND RETAIL MODULE

As part of our risk assessment and industry benchmarking, we use the Brand and Retailer Module of the Sustainable Apparel Coalition (Higg BRM). The BRM is a sustainability assessment tool that standardizes how brands and retailers measure and assess their yearly environmental and social performance.



The BRM can be used to evaluate social and environmental threats and promote performance improvement. The tool guides brands and retailers on their sustainability journeys and identifies hotspots and opportunities for improvement along their global value chain. This helps brands and retailers align and embed corporate responsibility strategies into department operations.

- The BRM assesses the following lifecycle stages for their sustainability coverage:
- Management System
 - Product
 - Supply Chain
 - Packaging
 - Use & End of Use
 - Retail Stores
 - Offices
 - Transportation
 - Distribution Centers

Each of the categories that the BRM evaluates has an Environment Score, a Social Score, and a maximum possible score of 100 percent. In 2022, for the first time, we engaged the external and accredited verification body Leadership and Sustainability to verify our BRM score based on our 2021 data. The results of these scores are displayed in the graphs above. While our overall social score is slightly above the sector average, we have identified some areas on the environmental side where more focus is needed.

With regard to the latter, it was confirmed that the priorities we have set to strengthen parts of our logistics operations are the right ones, as well as reducing our packaging and packaging waste. The scores Hunkemöller has achieved this year create a baseline to work from going forward, and we have set a goal to improve the total scores by 5 percent in 2024, by which time our score will once again be verified.





4 PRODUCT

Our 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 against 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 a longer lifespan. We also look at how we can minimize the packaging for our products. Our ultimate aim is to reduce our negative impacts to zero and improve the lives throughout our value chain — for all stakeholders, their families and their communities.

4.1 CHEMICAL TESTING HAZARDOUS CHEMICALS & MICROFIBERS

Target 1: Aim for 100 percent of Hunkemöller products being safe to use.

Target 2: 100 percent of water leaving our wet processors will be monitored and filtered for hazardous chemicals by 2030.

Chemicals are commonly used in the textile and apparel industry. Processes like finishing and dying 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 have to 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 have to 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. With regard to product testing, we have a risk based chemical testing approach based on product, industry and country of origin. In 2022, 95 percent of our suppliers sourced materials from Tier 2 suppliers with OEKO-TEX 100 standard certification. Besides our policy for suppliers to be compliant with REACH regulations and our RSL, we are expanding our high level chemical testing programme with Intertek Germany with at least 25 percent in 2023.

Microplastics

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

Microplastics are small plastic particles less than 5 millimeters long. Microplastics come from a variety of sources, including synthetic fibers. The manufacturing, wearing and washing of textiles made from synthetic fibers are a source of microplastics, whereby these microplastics can be released directly into the environment.

Nowadays, microplastics 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. As of 2023, 1st Tier and nominated wet process suppliers will be 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.

4.2 OEKO-TEX CERTIFICATION AND TESTING

Target: ensure 100 percent of our materials are sourced from suppliers with Standard 100 by OEKO-TEX® or that are Bluesign®-approved by 2023.

In order to ban the intentional use of priority chemical groups classified as particularly hazardous under ZDHC standards, we support the use of OEKO-TEX® Standard 100 certified and/or Bluesign®-approved materials. If a thread, button, fabric or other component is OEKO-TEX® Standard 100 certified, this guarantees that it has been tested for harmful substances and is therefore harmless for human health. The test is conducted by an independent third party and takes into account numerous regulated and non-regulated substances.

The Bluesign standard considers the chemical composition of textile products to ensure healthy and safe materials. To become Bluesign certified, manufacturers must disclose all relevant information and ensure complete transparency and traceability of all processing steps down to the raw materials. From 2023 onwards all our materials must be OEKO-TEX® certified or Bluesign®-approved materials.

In order to establish a baseline understanding of chemical use and discharge in our key tier 2 wet supplier base, we will actively start collecting and analysing wastewater- and sludge discharge testing reports from 2023 onwards.

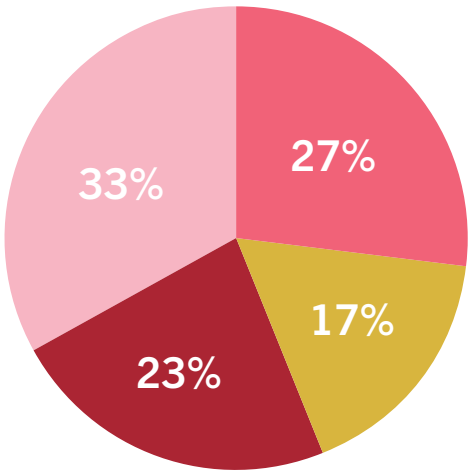
4.3 SUSTAINABLE MATERIALS

Target: 40 percent of our products will contain more sustainable materials by 2025.

Sustainability starts at the design process. It is estimated that over 80 percent of all product-related environmental impacts are determined during the design phase of a product (EU Science Hub). Our materials strategy focuses on sourcing all the materials that we use with environmental and social considerations and to continually increase the percentage of our products designed with sustainable and long-lasting materials.

SUSTAINABLE MATERIALS 2022

● Better Cotton ● Recycled Polyester ● Recycled Polyamide ● Lenzing ECOVERO



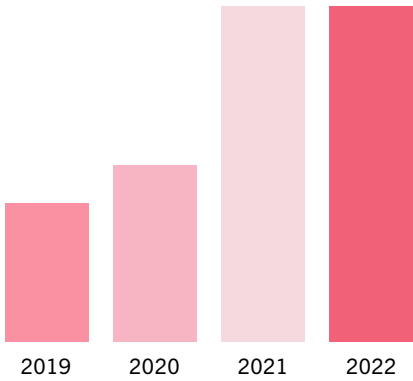
This will help us map the chemical use across our manufacturing suppliers and measure our overall chemical footprint in the coming years.

By monitoring our key wet suppliers, we can support safe and responsible chemical management and eliminate hazardous chemicals. We define hazardous as persistent, bio accumulative, toxic, carcinogenic, multigenic and toxic to reproduction or endocrine disruption. By collecting the wastewater and sludge test reports we can determine whether priority hazardous chemicals have been phased out, the output water is indeed safe enough to be discharged into natural water bodies and has no detrimental effects on the environment and human well-being.

4.3.1 Cotton

Conventional cotton farming and production processes have a much more negative impact in people and the environment than more sustainable cotton. This is why we have been increasing our use of more sustainable cotton under the Better Cotton Initiative (BCI). BCI is a global, non-profit organisation which aims to make global cotton production more sustainable and help farmers find more water efficient and productive methods for cotton cultivation. Better Cotton materials are sourced via a mass balance system and not physically traceable to end products. 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.

BETTER COTTON USE



Since 2019 we have increased our use of BCI cotton from 11 percent to 27 percent in 2022. Because we do not classify cotton grown in accordance with BCI principles as fully sustainable – it is neither organic nor traceable

- we are looking to source more sustainable alternatives. Certified organic cotton such as OCS or GOTS would be the most sustainable option. However, the Covid pandemic sped up the demand for sustainable fibers - including organic cotton – which not only led to significant organic cotton shortages, but also provoked a massive increase in organic cotton prices. For future collections, we will therefore look at alternative natural fiber option such as nettle and hemp or at recycled cotton options.

4.3.2 Viscose

Forests are rapidly disappearing around the world, often for agricultural, ranching and logging purposes. Deforestation and land conversion are a particular concern for tropical rainforests and ecosystems as they capture carbon emissions and are home to much of the world’s biodiversity. Viscose fabric (also known as rayon) is made from dissolved wood pulp of trees. Dissolving wood pulp is an energy and chemically intensive manufacturing process. For the production of viscose rayon, many trees are being logged which 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 more sustainable 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 fibers 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 2022, 33 percent of our viscose garments were made of Ecovero, which is a 4.5 percent increase compared to 2021. By using Ecovero viscose, we contribute to the realisation of Sustainable Development Goals 12 and 13 of the United Nations.

4.3.3 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 gradually transition to materials with a lower footprint such as recycled polyester. Recycled polyester utilises waste, helps us reduce our dependence on petroleum as a source of raw materials and reduces greenhouse gas emissions. In 2019, we recognised our need to increase the our use of certified recycled polyester such as the Global Recycled Standard (GRS) and Repreve.

In 2022, we increased our use of recycled by 3 percent (17 percent in 2021). Even though this appears to be a modest amount, it represents a significant percentage, since it concerns small items such as bras, panties and swimwear. By using recycled polyester, we contribute to the

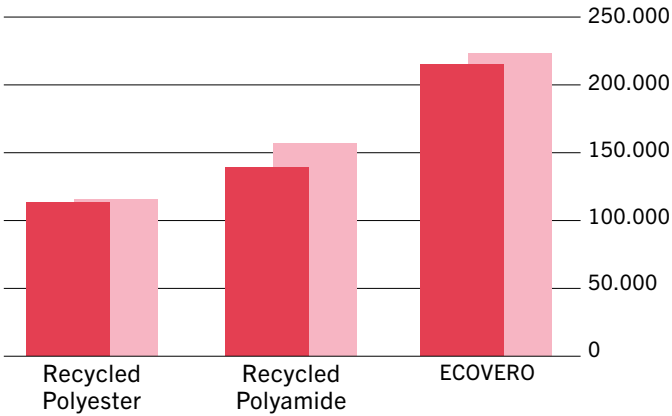
realisation of Sustainable Development Goals 12 and 13 of the United Nations.

4.3.4 Nylon

We are continuing to incorporate recycled nylon fibres in our collection. In 2022, we used 23 percent of recycled Nylon in our collection (13 percent in 2021). By using recycled Nylon, we contribute to the realisation of Sustainable Development Goals 12 and 13 of the United Nations. Over the next years, we will continue exploring ways in which we can design our products in a more environmental friendly way, requiring fewer components and raw materials, and thus less water and energy to produce.

SUSTAINABLE MATERIALS (kg)

● 2021 ● 2022



4.3.5 PRODUCT CERTIFICATIONS

Working with certified material standards is important to us, since it enables us to identify the fibres used across each production and distribution 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. With regard to branded sustainable materials, we mainly use viscose from ECOVERO™ (Lenzing AG), recycled nylon from ECONYL® and recycled Polyester from REPREEVE (Unify). In order to safeguard the fact that the branded fibers or materials we source are indeed made with the branded content, we sent multiple production samples each quarter for validation by the brand itself. In 2022 this has been done in partnership with Unifi (REPREEVE®) and Lenzing AG (ECOVERO™).



4.4 PACKAGING & PACKAGING WASTE

Experts argue that the world is heading for environmental disaster if we continue at the current rate of solid waste production. This means that we urgently need to rethink the ways we produce, package and consume goods. We acknowledge that we still generate too much packaging & packaging waste and therefore need to rethink our strategy. We also need to set ambitious goals to ensure all our packaging is reusable, recyclable or compostable and increase the use of recycled plastics. Finally, we should be looking at a better waste infrastructure to collect and process our packaging.

4.4.1 Packaging

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

Packaging represents a huge opportunity for us to reduce our negative environmental impacts. To address our packaging issue, in 2023 we will establish sustainable packaging as a core pillar of our environmental sustainability strategy. We will analyse our packaging materials and packaging streams and establish a roadmap to increase packaging material sustainability and end 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 is 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 will be better able to collect these data in a standardised format, identify materials that need to improve for greener packaging and make decisions on a global scale.

4.4.2 Packaging Waste

Our goal is to achieve a circular 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. For 2023, we are looking to improve on the reporting accuracy of our packaging waste.

For this purpose, we will be hiring a dedicated packaging specialist 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. They 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.



5 CIRCULARITY

We need to move from a linear economy to a circular one whereby we transform our take-make-waste system to one where waste is eliminated, resources are circulated and nature is regenerated. An economy that can benefit everyone within the limits of our planet. We recognise we must work to reduce the environmental impact of our business activities and support the transition to a more circular economy. As part of the Together Tomorrow strategy, we are scaling up our use of sustainable and recycled materials. We are piloting circular design principles that incorporate more sustainable dyeing methods and are exploring end-of life solutions.

We are also considering the impact that our designs and product development can have on the environment by looking at :

- Product durability and longevity
- Responsibly sourced materials
- Safe processing to protect workers and the environment
- Introduce store repair kits
- Introduce in-store collection systems
- Introduce textile to textile recycling

In 2023 we plan to improve the circularity & efficiency of our products and consult with industry experts to explore reuse and recycling models.

EXAMPLE: JOSEFINA COLLECTION

In 2021 we set out to design our most sustainable bra yet. In 2022, we introduced the Josefina collection, our first collection made with at least 50 percent recycled content. Taking into consideration that a bra can consist of up fifty pieces, this is quite an achievement. Because not all materials that we use in this pilot collection are made from either natural or recycled fabrics and use sustainable processes, we will continue to push the envelope. We are already researching new materials and will be introducing intimates using plant-based dyes by 2023.





6 SHEROISM

We want to empower women and girls. We do this through our brand philosophy Sheorism. Sheroism is the power that women have to lift each other up and change the narrative, by being confident of who and what we are. Sheroism is about building a community that supports all women and all dreams, no matter what skin colour, size or gender. Communities where women can be their best, most beautiful selves and where we are stronger together. Shero's look out for each other – they've got your back. They bring about positive change by being open minded, inclusive and embracing all shapes and sizes. Our Shero's are our cheerleaders – they are worth celebrating. Every day.





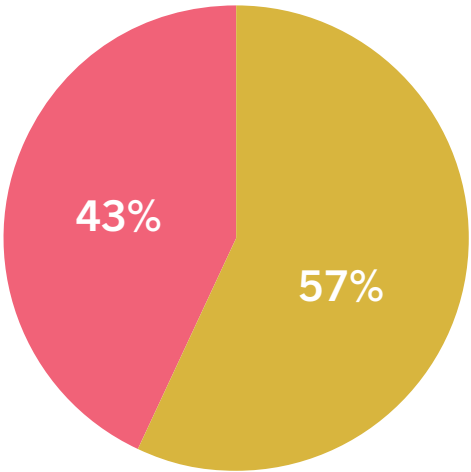
7 WORKFORCE

In 2022, Hunkemöller was certified Top Employer in The Netherlands for the fifth time and in Germany for the third time by the Top Employers Institute Certification Programme. 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. We are committed to making our employees feel safe and respected. By creating an environment where they feel valued, happy and engaged, we want to foster an inclusive culture where employees feel a deep sense of belonging.

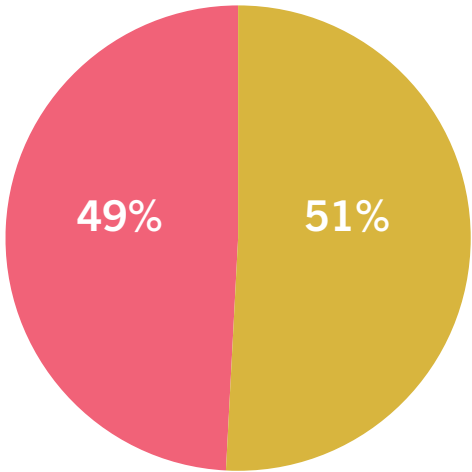
Within our organisation, key concepts are decent work, a stimulating work environment and a transparent supply chain. We offer our employees numerous opportunities to develop their personal and professional skills, for instance through an extensive range of training courses. In 2022,

we employed 7356 talented people in 11 countries. In our headquarters we have people with 45 different nationalities. The majority of these are female.

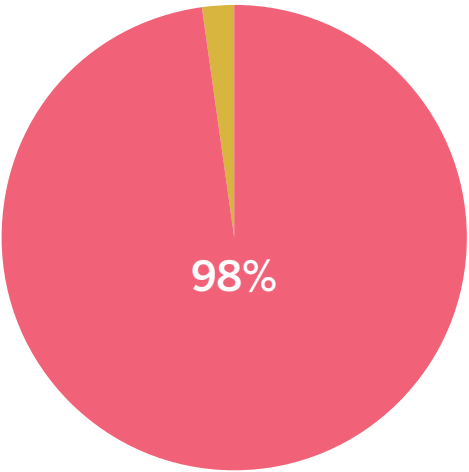
BOARD OF DIRECTORS



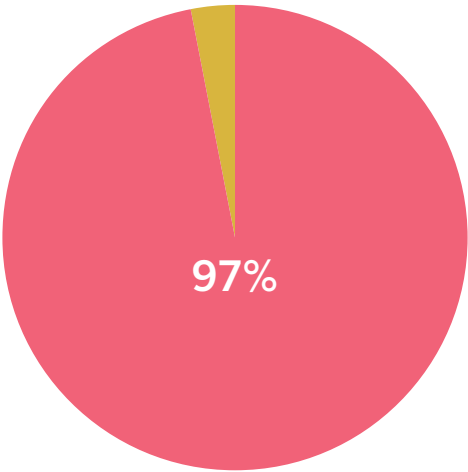
SENIOR MANAGERS



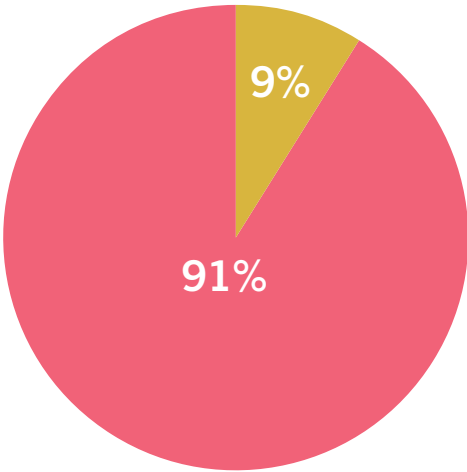
TOTAL NUMBER OF EMPLOYEES



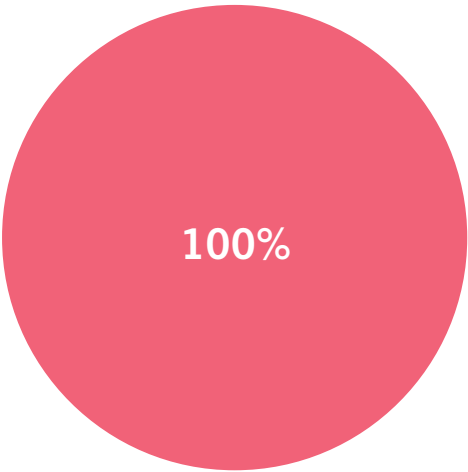
PERMANENT CONTRACTS



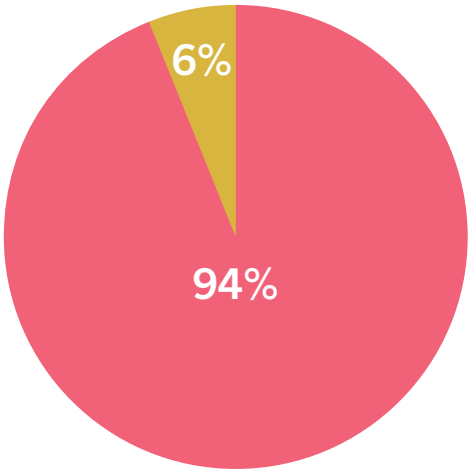
FULL-TIME



PART-TIME



MANAGERS



● Female ● Male

7.1 DIVERSITY & INCLUSION

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 of the employees with all of the aforementioned traits feel supported, valued, and content in the organization. Inclusivity is crucial for diversity efforts to succeed.

At Hunkemöller, we enable opportunity by fostering a diverse and inclusive culture. Our employees have many different nationalities and we see this as one of our main strengths. More important, we celebrate it. Diversity exposes us to different cultures and backgrounds, to different views and definitions and gives us access to a greater range of talent. At our homebase in Hilversum, the Netherlands, we have people with 45 different nationalities.

7.1.1 Diversity and Inclusion Mission

Target 1: Deliver unconscious bias training to all HQ workers by 2023.

Target 2: Develop a new communication approach by 2023.

At Hunkemöller, Diversity and Inclusion (D&I) are very important to our brand: we proactively strive to achieve and improve standards to strengthen our commitment to D&I. It is our mission to be a much-loved, social and inclusive brand - powered by our people. A workplace that is diverse and inclusive and where our talented employees can thrive is vital to that mission. In 2022, we hired a D&I Expert to drive the D&I agenda within Hunkemöller and ensure we are a diverse and inclusive brand. This role reports directly to the Global Learning and Development Manager and is closely aligned with HR strategy development. Some of the focus areas of the D&I expert 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 D&I 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 can resonate with the company's vision and message.
- Inclusive Leadership: Defining and promoting leadership skills and behaviours that support and create inclusive teams.
- Inclusive recruitment: Increase awareness on 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 organizational culture must change its status quo. To further educate ourselves, we designed a D&I module for HQ employees and store employees. To create a diverse & inclusive work environment, we provide an annual leadership training.

For 2023, our goal is to spread awareness throughout the company's departments by acknowledging our blind spots and developing a new inclusive communication approach for everyone to feel a sense of belonging to Hunkemöller. Our brand is welcoming to everyone and it's important that as we continue our journey, our communication and advertising will keep on reflecting this commitment.



“We are very passionate about creating an environment where people can be their authentic selves. Our approach to this emphasizes the need to create an inclusive culture, rather than relying on diversity alone. For Hunkemöller, inclusion is not a box to check but it’s a journey of continuous improvement. We are committed to keep developing ourselves, to increase our awareness on inclusion and direct that knowledge towards actions that have real impact.”

SHIRIN JOEMMANKHAN, D&I EXPERT



7.2 TALENT DEVELOPMENT

Target: Expand professional skills, development and digital literacy programmes through the Hunkemöller Academy to reach all employees by 2023.

The Hunkemöller Academy is the heart and soul of our learning and development activities. It is our global online training tool – available in ten languages – and we use it to transform staff who are already engaged, to become true certified experts. A big focus in 2022 has been on empowering employees regarding digital skills and knowledge. We thoroughly believe in fostering internal promotions in our business, which is where our yearly global Talent Programmes comes into play. Learning and Development at Hunkemöller has historically focused mainly on our store staff but we have seen a big expansion to our HQ staff in 2022. With our revised HQ training programme, employees have access to a myriad of courses and workshop to develop their professional skills. Supported by the learning app from Lepaya, employees have been able to enrol in a workshop of their choice.

7.1.2 Recruitment Strategy

We believe that attracting and retaining the best people is crucial to build a sustainable business. Our recruitment strategy is captured by our motto: ‘hire for attitude and train for skill’. We provide a fair work environment and equal opportunities for all our employees, regardless of their gender, nationality, ethnicity, religion, disability, age or sexual orientation. It is part of our strategy to ensure that we have a fair gender balance that is reflected in management positions. 94 percent of our the managers and 49 percent of the senior managers in our HQ are women. We recognize that we still have some work to do with regard to senior leadership. At Hunkemöller HQ, the number of men working in senior leadership positions is still higher than women, with 57 percent of the board positions occupied by men.

7.1.3 Advertising and Communication

We are committed to responsible, honest and inclusive marketing communications. Our brand is open to everyone no matter what appearance, ethnicity or gender identity and it’s 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. Moreover, we want to create products that are not only inclusive regarding size ranges, but also fashionable, fun and sexy. Where animals perform in our advertising or communication, there must be an independent person with species-specific animal welfare experience on set at all times, tasked with ensuring that the animal’s physical, health and behaviour needs are met before, during and after the performance.

We are able to share fun and inspiring content quickly and directly to our staff. In 2017, we launched Workday, an innovative global HR system, which became the hub for all our people, data and processes. In 2022, we started offering specific training programmes and workshops per grade level. To support managers to haver meaningful conversations with employees regarding personal development, we facilitate ‘Grow Talent workshops’.

Hunkemöller also has three work councils, one in The Netherlands, one in Belgium and one on a European level, in which we discuss important developments within the organisation with the CEO in an open and honest way.

These councils come together six times a year for a consultation meeting with the CEO. There are three committees within the council:

- Social policy and working conditions: meeting with the Director of HR to discuss topics, such as working conditions, illness and policies regarding elderly staff;
- Financial: meeting with the CFO three times a year, it has access to all financial numbers for Hunkemöller. The committee asks questions about this to gain an insight into our financial status;
- Constituency: responsible for communication towards the employees and publishes a newsletter every month. This committee is actively involved with elections and the recruitment of new members.

7.3 WELL-BEING IN THE WORKPLACE

Happy people power our brand and they are our greatest asset. With our Employability Initiatives we aim to help them stay healthy, resilient and become the best version of themselves, realise their individual purpose and cope with the challenges and stresses of life. Well-being, vitality and absence prevention are part of our corporate social responsibility efforts which sit at the heart of our business. Topics range from mental to physical health and support in different life stages such as (young) parents, caretakers, menopause up to career path coaching.

7.3.1 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 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. For mothers returning from maternity leave, we entered into a partnership with Mom Inc. Mom 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, feel supported, confident and less stressed.

7.3.2 OpenUp

Covid-19 has fundamentally changed the way we work and live, transforming daily routines and accelerating working in an online or virtual environment. This has negatively affected the mental & physical health of many workers, as well as their social well-being. Because we are living in unprecedented times, we feel it is our responsibility to ensure the emotional well-being of our employees and help them reduce symptoms of stress, anxiety and depression. To help them prioritise their mental and physical health, 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 2022 a total of 78 employees attended a 1-to-1 consultation (2021: 37 employees as of 01/09).

It is our hope that by finding the right work-life balance, our employees feel that they can make a difference at work and enjoy the things that matter most to them, be it their family, friends, community or passions.

7.3.3 Workplace - 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.

In order to have them stay connected, they are allowed to work from abroad one week a year. 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 from not having to commute.

7.3.4 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 2022, we received 7 reports of alleged violations. Out of these 7 reports, 67% came from our HQ, 11% from DC and 22% from Stores.

7.3.5 Works Council Committee

The Hunkemöller works council is represented by 15 staff members from across the company (HQ, DC and stores). 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 works council is re-elected every 4 years; the last election was in December 2022.

7.4 EMPLOYEE ENGAGEMENT

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

To ensure employee engagement and stay a great place to work, we conduct employee surveys. In the past this was in the form of an annual survey, but we felt, due to the dynamic nature of our business, that more frequent surveys were needed to get more continuous insight into the state of our employees and business.

Hence, as of 2022 we are conducting pulse surveys. A pulse survey better measures the sentiment towards recent changes because it allows us to check in more frequently. This also helps us to get more actionable and relevant results. Going from one annual survey to more frequent surveying is not something that happens overnight. It is a change that we are slowly implementing because it comes together with cultural change.

We need to get our managers onboard as engagement ambassadors and help them to set priorities and take the actions needed to increase employee happiness. The two most important questions in our survey are:

- “How happy are you working at Hunkemöller”?
- “I would recommend Hunkemöller as a great place to work”?

Because we changed the type of survey as of this year, we are not yet able to compare results between different years. Therefore, we will use 2022 as our baseline for the coming years. For our overall engagement strategy, our main target is to decrease the attrition rate in our own operations.

Due to the Covid-19 pandemic and the labour shortage whereby many workers are changing jobs due to better opportunities elsewhere, our current attrition rate has increased. Next to that, we are also focusing on increasing the internal job promotion percentages.

Throughout 2022, 4448 employees in our own operations (HQ, DC and stores) participated in our employee surveys and took the opportunity to share their feedback with us. 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 lower compared to 2021, where we saw a participation rate of 63 percent.

Despite the lower participation rate in 2022, 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 compared to the external retail benchmark of 76 percent. 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.

“Our pulse surveys allow us to get regular and timely feedback from our employees, which helps us to further improve our business and remain a great place to work. Engagement is such an important topic. We know that employees who are more engaged feel a stronger sense of positivity and meaningfulness about their work. We of course want to make sure we do our utmost to support this”.

EMMA BAX ANDERSEN
GLOBAL TRAINING &
HR PROJECT COORDINATOR





8 OUR CUSTOMER

Hunkemöller endeavours to provide the best quality service to our customers; whether shopping in our stores or online. It is important we understand what our customers think of Hunkemöller to ensure we can respond to their needs and opinions. We believe we have robust procedures in place to monitor, evaluate and respond to customer feedback where necessary.

We conduct customer interviews and online surveys. Our Customer Services team, works closely with relevant departments and senior management to ensure customers’ queries and issues are fed back into the business. Teams use this and other data from the business to review how products or customer experience could be improved. In 2022, our Net Promotor Score (NPS) which can range between -100 and +100 and measures customer satisfaction, was 50. This indicates a great satisfaction rate amongst our customer base.

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.

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.

Our Sheroes can now 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.



9 COMMUNITY ENGAGEMENT

We 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. In order to do so, we collaborate with partners to support societal and environmental awareness and education and create opportunities in the fashion industry. In 2022, we collaborated with the following organisations and advocated the following initiatives:

9.1 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 up 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 2022, we donated 50.000 euro to Pink Ribbon in the Netherlands and Germany and 5,000 euro to Pink Ribbon in Belgium.

9.2 Garment Donations

Following the Ukrainian invasion by Russia, Hunkemöller donated garments such as nightwear to refugees. We also organised a campaign in our HQ to collect essential goods. In total 200 boxes of goods were collected which were transported by the foundation Humanitair Transport Oost Europa to Charkiw, a city near the Russian border.

Together with our star Queen Nyakim Gatwech who featured in our September 2022 campaign, we went on a journey to provide undergarments for women living in the Ethiopian refugee camps. Nyakim, a model of South Soudanese descent was raised in refugee camps in Ethiopia and Kenya and it was her lifelong dream to provide the women in these camps the undergarments that she never had when growing up. We donated 10.000 garments which were distributed to three different locations in Ethiopia.

“As a little girl in a refugee camp, I remember thinking I would never have my own undergarments, so to create my own collection with Hunkemöller is truly a dream come true. I could never forget those days. I now have all the bras I want - in my size - but to be able to call my mom and say I’ve designed a collection of my own fills me with so much pride. I can’t be more thankful for this amazing opportunity. Dreams do come true!” .

QUEEN NYAKIM GATWECH

