



HUNKEMÖLLER

# Sustainability Report



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## ABOUT THIS REPORT

This Non-Financial Statement (2024 NFS) is presented as a separate document and covers the national and international events and activities of Hunkemöller B.V. from 1 January to 31 December 2024, unless otherwise indicated. This report provides, among other things, the information needed by the reader to understand the companies' development, results, situation, and key performance indicators along the environmental, social, and governance ("ESG" dimensions). The contents of this report are based on material subjects and our stakeholders' need for information. It follows the United Nations Sustainable Development Goals (UN SDGs), the United Nations Guiding Principles (UNGPs), the Ten Principles of the United Nations Global Compact (UNGC), the OECD Guidelines, and the general guidelines of the Global Reporting Initiative (GRI).

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

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





## 1. OUR BUSINESS

### 1.1 Our Approach

We want to be the most trusted and preferred lingerie brand, delivering the perfect bra for every woman - always. The Hunkemöller brand has a long history and deep-rooted connection with lingerie. With 139 years of experience, a strong identity, expert knowledge and a deep understanding of women, we support women in embracing and celebrating their most beautiful selves, at any moment, and at any age. We offer a wide range of specialist products and innovative solutions that meet every need, whether it is for a special occasion, an important day at work, or simply time spent relaxing. We support women at every stage of life - from the first bra to the last.

#### 1.1.1 Our Business Strategy

##### **A New Chapter in Hunkemöller's Evolution**

As the global retail landscape continues to evolve, Hunkemöller is navigating a complex market shaped by inflationary pressures, shifting consumer behaviors, labor market challenges, and supply chain disruptions. To ensure long-term resilience and growth, the company initiated a comprehensive business transformation programme in Q4 2024. This strategic transformation is designed to enhance performance, drive operational excellence, and elevate the customer experience across all touchpoints.

With a strong emphasis on product & sustainable innovation, digital transformation, and optimising the retail experience, the first results of this transformation are already visible, as seen in the recently refurbished stores in Utrecht, Hannover, Konstanz, Waalwijk, and Maastricht.

To support this transformation and fortify Hunkemöller's financial foundation, a restructuring of the company's capital structure was essential. This strategic move strengthens long-term stability and ensures the successful execution of the company's ambitious growth plans.

### Strategic Investments to Drive Growth and Innovation

Hunkemöller is accelerating its strategic initiatives to enhance the brand experience, through our new Brand positioning "For every Women in you", and occasion lead category offense, driving operational efficiencies, and strengthen its omnichannel presence. The key investment areas include:

1. Elevating the Retail Experience
  - Refurbishment of over 150 stores in the coming years to create a modern, immersive shopping environment that seamlessly integrates digital and physical retail.
  - Opening at least 15 new stores in high-potential markets to expand Hunkemöller's footprint and capitalise on growth opportunities.
2. Launching a new eCommerce and membership platform.
  - Delivering a seamless and highly personalised shopping experience
3. Doubling Marketing Investments
  - Significant expansion of brand and performance marketing efforts to drive awareness, customer acquisition, and engagement across all channels.
  - Increased focus on digital, influencer, and experiential marketing to reinforce brand positioning and leadership in key categories.
4. Investing in Next-Generation Technology
  - Implementation of AI-driven analytics and financial merchandising tools to enable data-driven decision-making and operational agility.
5. Driving Operational Excellence
  - Establishment of an automated distribution center (DC) to enhance efficiency, scalability, and speed-to-market.
  - Optimisation of the supply chain and logistics network to support omnichannel growth and evolving customer expectations.
6. People at the Heart of Our Transformation
  - Expansion of training, development, and leadership programmes to nurture talent, enhance skills, and build the next generation of leaders.
  - Strengthening Hunkemöller's employer brand by fostering a culture of innovation, inclusion, and excellence.
  - Redefining roles and responsibilities to create clear expectations, streamline processes, and establish an agile work environment.

### A Bold Vision for the Future

This investment plan is a strategic commitment to future-proof Hunkemöller's business, strengthen customer loyalty, and drive sustainable revenue growth. By integrating physical and digital Omnichannel transformation, digital innovation, operational efficiencies, and a people-centric culture, Hunkemöller is positioning itself for long-term success in an evolving market.

This is more than an investment - it is the foundation of a new era for Hunkemöller, one defined by customer engagement, operational excellence, and brand leadership.



## 1.2 Message from our CEO

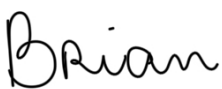
2024 was a year of transformation, resilience, and achievement - a defining chapter in our 139-year journey. It was also a tough trading year, with external headwinds creating challenges across the market. Despite this, we stayed focused, prepared, and began executing a bold transformation of our company. We took strategic steps to strengthen our teams, reimagine our stores, evolve our products, and refine our marketing - laying the foundation for long-term growth and impact. And through it all, one thing remained constant: our commitment to people and the planet.

In 2024, we relocated our Netherlands HQ and Distribution Centers to a state-of-the-art logistics hub in Almere, a BREEAM-certified, energy-efficient building. In January 2025, our International HQ will move to a new home in Hilversum. These moves are more than just logistical upgrades - they will drive efficiency, collaboration, and cost savings, helping us work smarter and faster.

We navigated a complex and changing world in 2024. Geopolitical conflicts, economic challenges, and environmental crises shaped the landscape, but we responded with agility and determination. We introduced our Essentials range, offering everyday comfort with enhanced bra solutions. We launched our first pilot store in Utrecht, bringing our new store concept to more customers. And we took a major step toward a more sustainable future by submitting our five-year greenhouse gas reduction targets, strengthening our climate strategy.

Through these challenges and milestones, we have learned invaluable lessons. We now focus on what truly matters - where we can have the biggest impact. We understand that sustainability touches every part of our business, and that true progress only happens when we work together.

As we look ahead, I am excited and optimistic. Our culture, values, and people make us stronger than ever. With the right strategy and leadership in place, we are ready to explore new markets, achieve new levels of growth, and make sustainability a shared responsibility. This journey is just beginning, and I know we are on the right path.



Brian Grevy



## 1.3 About Hunkemöller

Hunkemöller is one of Europe's leading lingerie brands, with over 750 stores and online platforms in 20 countries, both within and outside Europe. Founded in Amsterdam in 1886, the company has grown into a pan-European omnichannel lingerie brand that aims to be there for women in every mood, moment, and life stage. At Hunkemöller, women's desires and expectations are central – in the products, shopping experience, and innovations.

For decades, Hunkemöller has delivered perfectly fitting, stylish, and high-quality bodywear (including bras, underwear, loungewear, swimwear, and matching accessories) that combines style and comfort for every moment. As a lingerie expert, Hunkemöller places personal advice and guidance at the forefront, ensuring every woman can find the perfect bra that suits her life stage and needs. The company is headquartered in Hilversum, the Netherlands, and employs over 7,000 staff. At Hunkemöller, our mission is clear: the perfect bra, always.

We believe lingerie should do more than fit - it should make women feel confident and supported, every single day. That's why we combine decades of expertise with a deep understanding of the evolving lives and needs of our customers. Today, our community is more diverse and dynamic than ever before. Our customers span all ages, backgrounds, and body types - but they share a common desire: to feel comfortable, empowered, and truly themselves. We are here for every woman at every stage of life. Whether she's shopping her first bra, returning for a trusted fit, or exploring something new for a special occasion, we are here to help her find her perfect match - through expert guidance, thoughtful design, and inclusive experiences across every touchpoint. We are more than just a lingerie brand. We are a community that values individuality, connection, and support. A place where women can feel inspired and included - where we listen, learn, and grow together. Our purpose is to be there in life's real moments, big and small, delivering lingerie that meets her needs and reflects who she is.

By listening closely to our customers and evolving with their lifestyles, we strive to deliver lingerie that feels as good as it looks - ensuring that every woman, at every age, in every moment, finds her perfect fit.

## 1.4 Our Brand

Hunkemöller's brand vision, to be the most trusted and preferred lingerie brand, is deeply rooted in two key pillars; understanding women and (lingerie) expertise. We are dedicated to understanding every mood, moment and occasion in a woman's life. Because one woman is many women - and lingerie is the first layer of confidence she wears. With a legacy of nearly 140 years, our expertise runs deep, blending innovation, style and comfort to create the perfect bra, always. But we don't stop there. From effortlessly sensual nightwear, flattering and stylish swimwear to matching accessories, our collections are designed to celebrate her in every way. In our stores, our trained experts provide a personalised shopping experience, offering tailored fittings and in-depth product knowledge. Seamlessly blending our physical presence with an inspiring digital journey, Hunkemöller is a one-stop destination for every woman's lingerie wardrobe. In 2024 we have started a rebranding that resulted in the new 'For Every Woman In You' brand message and accompanying campaigns to align more with the needs and wants of today's woman. Our long-term brand strategy is centered around building emotional and rational loyalty through consistent, purpose-driven communication. We are enhancing our storytelling across every touchpoint, with a strong emphasis on personal relevance, body positivity, and a deeper human connection that goes beyond the product. We've strengthened our brand presence through impactful campaigns, meaningful influencer partnerships, and a more cohesive omnichannel experience. Looking ahead, we will continue to champion our brand purpose: to support women to be their most beautiful and authentic selves. By placing women at the centre of everything we do, we will grow awareness, trust, and long-term brand equity - ensuring Hunkemöller remains a leading and inspiring voice in the global lingerie market.



## 1.5 Our Business Model

Hunkemöller is a Dutch brand operating a large network of physical retail stores in 11 European countries, supplemented by our online presence. We sell lingerie, nightwear, swimwear and accessories both online and in our physical stores, including options like “buy online/pickup in-store.” With 849 stores and 6152 employees, Hunkemöller is one of Europe’s leading lingerie brands. We offer lingerie for every moment and occasion in a woman’s life. Our value chain includes a variety of suppliers, manufacturers (mainly in Asia), and other stakeholders and encompasses a range of activities from the sourcing of raw materials (upstream) to the delivery of products to end users (downstream). This includes raw material extraction and processing, material production, final product assembly, retail operations, consumer use, and end of life. We control and/or influence a wide range of aspects across this chain, such as design, material sourcing, garment production, and retail. This helps us to ensure quality and control costs.

## 1.6 Our ESG Strategy

In carrying out its business activities, Hunkemöller upholds high standards of responsible business conduct throughout its value chain and is guided by ethics, social responsibility and respect for the environment. Our success depends on respect for shared rules, practices, and principles and this respect has been key to our ability to build trust-based relationships with our customers, employees, suppliers, shareholders and communities. We have integrated environmental, social and governance (ESG) criteria into our business model and have built our sustainability initiatives around three main pillars: People, Planet and Product. As we continue to evolve our business, the Together Tomorrow strategy provides a solid framework in our sustainability journey, as do the core values that we share in our day-to-day work.

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

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

## 1.7 Together Tomorrow

As people, we are much more interdependent and connected than we realise. We share the same biodiversity, climate, land, ocean, and water. Whether we like it or not, we must work together to build and protect the future of our planet. Our Together Tomorrow strategy is our guiding principle in our journey to make progress towards our environmental, social, and governance targets and has three strategic focus areas that drive our sustainability activities – social compliance, environmental compliance, and product compliance. Within these areas, we focus on 41 priorities, each with a specific, measurable and time-bound target. In 2024 we updated our strategy by setting Science Based Targets, with the aim to speed up progress, and increase transparency to achieve our ESG 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.

### 1.7.1 Together Tomorrow Strategy

Hunkemöller's Ethical Code of Conduct and our supplier compliance programme are the basis for any contractual relationship with manufacturers globally and remain the foundation of our responsible sourcing strategy and programme. Our Together Tomorrow sustainability strategy is based on 41 priority targets, some of which were introduced in 2024, following an extensive materiality analysis and stakeholder dialogue, and the setting of Science-Based Targets. As a result, we have identified 8 topics in which to improve our sustainability performance: Human Rights, Climate Action, Products, Circularity, Packaging, Chemical Management & Water Use, Health & Safety as well as Fair Income. These topics are aligned with the United Nations' Sustainable Development Goals (SDGs): SDG 3 (Good Health and Well-Being), SDG 5 (Gender Equality), SDG 6 (Clean Water and Sanitation), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 17 (Partnership for the Goals). With our Together Tomorrow sustainability strategy, we continue our path to fully integrating sustainability into all our core business functions.

Reduce negative impacts	Increase impacts to 100%	Improve the lives of our employees and across the value chain
<b>Carbon Emission Reduction</b> <ul style="list-style-type: none"> <li>Set 10-year carbon reduction targets in line with the SBTi by 2025.</li> <li>Reduce the amount of inbound air freight to below 5% by 2024.</li> <li>Obtain store-level energy consumption data covering 70% of our store portfolio by 2027.</li> <li>10% of all our stores will have LED lighting by 2027.</li> <li>Eliminate the use of coal in our supply chain by 2030.</li> <li>50% of our products will be sourced through vertical sourcing by 2030, where a minimum of 50% of materials will be local.</li> </ul>	<b>Transparency</b> <ul style="list-style-type: none"> <li>100% of Tier 2 and 3 suppliers mapped by 2025.</li> </ul>	<b>Foster diversity, equity and inclusion</b> <ul style="list-style-type: none"> <li>Conduct a full review of all global policies through a DEI lens by Q4 2025.</li> </ul>
<b>End waste</b> <ul style="list-style-type: none"> <li>Reduce consumer packaging waste by 25% by 2030 based on a 2024 baseline.</li> <li>In 2030, all packaging must be compostable or recyclable, graded on a performance scale from A (95% recyclable or higher) to C (at least 70% recyclable).</li> <li>In 2030, 35% of new packaging will be made from recycled content.</li> <li>In 2030, the empty space ratio for grouped, transport and e-commerce packaging must not exceed 50%.</li> <li>In 2030, 40% of transport and sales packaging must be reusable.</li> <li>All polybags sourced by suppliers must be from recycled plastic by Q4 2024.</li> <li>The virgin plastic kimble will be replaced by a recycled plastic kimble or a fabric cord by Q4 2024.</li> <li>Merge our three custom hangtags into one hangtag by Q1 2025.</li> <li>Change the virgin plastic hygiene strips into biodegradable hygiene strips in 2025.</li> <li>Reduce packaging waste by 25 percent by 2030 based on a 2024 baseline.</li> </ul>	<b>Source ethically</b> <ul style="list-style-type: none"> <li>100% of Tier 1 suppliers and nominated Tier 2 will meet or exceed our social and environmental requirements.</li> </ul>	<b>Empower women</b> <ul style="list-style-type: none"> <li>Achieve 50% gender balance on the board by 2028.</li> <li>50% of female managers in our Tier 1 suppliers by 2025.</li> </ul>



<p><b>Eliminate hazardous chemicals and microfibres</b></p> <ul style="list-style-type: none"> <li>■ Maintain RSL &amp; REACH compliance rate on material and product level above 90%.</li> <li>■ Full alignment with ZDHC wastewater testing guidelines by 2027.</li> <li>■ Have full insight into the chemical management and chemicals used in our supply chain by 2030.</li> <li>■ Water leaving our wet processing facilities will have zero hazardous chemicals by 2030.</li> <li>■ 100% of all Tier 1 and nominated Tier 2 suppliers have verified their Higg FEM by 2024.</li> <li>■ 100% of our textile materials are sourced from suppliers with OEKO-TEX® Standard 100 by 2025.</li> <li>■ Testing 12 products a year by 2025.</li> <li>■ Research microfibre shedding in different materials and set parameters on the release of microfibre fragments during wet processing by 2030.</li> </ul>	<p><b>Advance living wages</b></p> <ul style="list-style-type: none"> <li>■ Calculate the wage gap of 5 key suppliers in 3 different countries by 2025.</li> </ul>	<p><b>Employee engagement</b></p> <ul style="list-style-type: none"> <li>■ Reduce HQ employee turnover to below 25% and Store &amp; DC turnover below 55% by 2028.</li> <li>■ Achieve an employee engagement score of 80% by 2028.</li> <li>■ Increase HQ employee promotions by 20% by 2028.</li> </ul>
<p><b>Innovate for circularity</b></p> <ul style="list-style-type: none"> <li>■ Preferred materials will make up 45% of materials by weight by 2028.</li> <li>■ Have at least 15% of our products made from a single material, rather than blends, by 2028.</li> <li>■ Have at least 50% of polyamide and polyester recycled by weight by 2028.</li> <li>■ Have at least 20% recycled materials by weight by 2028.</li> <li>■ 10% of our products will incorporate sustainable dyeing practices by 2030.</li> </ul>	<p><b>Recruit ethically</b></p> <ul style="list-style-type: none"> <li>■ 100% of migrant workers at our Tier1 and key Tier 2 suppliers will not pay recruitment fees by 2025.</li> </ul>	<p><b>Develop talent</b></p> <ul style="list-style-type: none"> <li>■ Maintain an 80% completion rate at the Hunkemöller Academy and an 80% attendance rate for our leadership course by 2028.</li> </ul>
	<p><b>Promote safe workplaces</b></p> <ul style="list-style-type: none"> <li>■ 100% remediation of International Accord initial safety findings from existing production facilities (from before 2024) by 2025.</li> </ul>	



## 1.8 Corporate Governance and Oversight

Good corporate governance is key to transparency and accountability. We believe that a robust governance structure strengthens the trust placed in our company by our shareholders, business partners, customers and employees, and ensures the execution of programmes that drive the achievement of our targets. This is why we place corporate sustainable development at the heart of our strategies and ensure that it is deployed throughout the entire organisation. Responsible is one of the six Hunkemöller Brand Purposes and Values. This means that we try to use our leverage to prevent, mitigate, and remediate adverse impacts in everything that we do. Because our suppliers are key players in our value creation, we are committed to building and strengthening stable and lasting partnerships. As the world evolves, we regularly review and evaluate our practices and policies to reflect the changes in the legal and social sphere and to challenge our own commitments on the topics of human rights and environmental change. Our Code of Conduct applies to all Hunkemöller members of staff and addresses matters such as conflicts of interest, discrimination, and harassment.



### 1.8.1 General Management

The Chief Executive Officer, appointed by the general meeting, manages the company's operations and - with the support of the Chief Financial Officer and Chief Digital Officer (Executive Board) - oversees the operational implementation of the strategic orientations set by the management board including the trading board (Management Board). The Supervisory Board plays a crucial role in overseeing the management and strategic direction of the company. It monitors and advises the Executive Board, ensuring compliance with legal and regulatory requirements, and safeguarding the interests of shareholders and other stakeholders. The CEO communicates transparently with each director and keeps them regularly informed of all aspects of the company's operations and performance. The Company maintains an ongoing dialogue with its investors, notably at dedicated meetings and events.

The Management Board acts in the interest of Hunkemöller, determines the strategic orientations of Hunkemöller's activity and ensures their implementation. It seeks to promote long-term value creation and is responsible for the oversight of the environmental and social impacts of the company's operations. The Management Board adopts and oversees the Hunkemöller sustainability strategy and ensures sustainability is integrated and prioritised in the Company's corporate objectives. The Management Board also checks the reliability of information provided to it and verifies that major risks are properly covered by effective policies. The Chief HR Officer is charged, in part, with monitoring issues of corporate conduct and culture, and provides oversight of diversity, equity, and inclusion policies and programmes as it relates to our management development, talent assessment, and succession planning programmes and processes. The Management Board meets as often as required to serve the company's interests and at least bi-weekly.

The Sustainability Manager reports directly to the CEO and chairs the ESG Working Committee



which was established in 2023. The ESG Working Committee consists of the sustainability team and appointed senior managers from all departments. This committee is responsible for monitoring policies and performance related to corporate responsibility, including employment and workers' rights, and matters relating to health and safety (regarding building and fire safety, human rights, health conditions, and environmental compliance in our supply chains). The committee helps integrate sustainability into the company strategy and daily operations by gathering data, creating strategies & setting goals, roadmaps and policies, and by coordinating international reporting and consolidated communication regarding performance. The Working Committee also assists the Management Board in fulfilling its oversight responsibilities with respect to Hunkemöller's sustainability efforts and supports the Management Board in its review of new and existing risks relating to ESG topics. Hunkemöller provides sustainability trainings to employees, educating them on ESG legislation and topics on how to think and act sustainably, and enabling them to become sustainability ambassadors for specific material topics.

Over 2024, the Hunkemöller ESG team consisted of 4 people: a Sustainability Manager, a CSR Advisor who is responsible for social compliance, an Environmental Coordinator responsible for environmental compliance, and a Sustainable Product Specialist who is responsible for product compliance. This team works across the organisation to embed sustainability approaches, policies, and goals throughout our business. They identify social, environmental, and product risks and opportunities, put these into context, and gain information on emerging social and environmental issues. They also visit and audit production facilities, consult stakeholders such as NGOs and Trade Unions, draw up and monitor policy plans, and evaluate whether the Ethical Code of Conduct is complied with. The Sustainability Manager regularly reports to and seeks input from the CEO. The role is primarily responsible for the development and implementation of the Hunkemöller sustainability strategy. The Buying Department includes ESG in their purchasing decisions and Design and Merchandising Departments also integrate social and environmental objectives in their decision-making processes.

At Hunkemöller, the CSR team has been linked to performance criteria in the remuneration of sustainability targets. In 2025 clear and defined ESG targets will be set for all leaders linked to an annual bonus based on their achievements.

### 1.8.2 ESG Working Committee

We recognise and embrace our responsibility to deliver long-term shareholder value by making positive, lasting changes to material ESG matters. Our ESG Working Committee governs our global approach to sustainability, including the critical topics of human rights, climate change, sustainable sourcing, the circular economy, and governance. Responsibilities of the ESG Committee include:

- Assessing and managing our corporate ESG strategy, including short to long-term climate risk scenario planning.
- Ensuring delivery of critical ESG performance metrics across the business.
- Review and submission of climate scenario risks, mitigatory activities, and opportunities.
- Engaging (via the Committee Chair) with the Board on ESG-strategy impacting activities on a periodic basis.
- Ensuring that our ESG strategy aligns with the UN SDGs most relevant to our sector.
- Ensuring that Hunkemöller respects, promotes, and protects human rights. This includes the remediation of any potential human rights infringements.
- Ensuring that our colleagues and suppliers are supported and trained across a broad cross-section of personal, social, and environmental welfare topics.
- Supporting our customers by ensuring that our teams provide accurate environmental information and claims for the products that we sell.

### 1.8.3 Due Diligence and Risk Assessment

Due diligence is an ongoing process that helps us to identify, mitigate, and prevent risks and address their existing and potential adverse impacts. We embed responsible business conduct in our policies, training, and management systems. We conduct regular and industry-specific due diligence on human & labour rights, environmental, and governance risks for our own operations and across our supply chain with the aim of identifying actual and potential harms. We prioritise risks based on:

- Severity: scale (how serious the impact is), scope (how many people are or will be affected) and irremediability.
- The likelihood of risk occurring based on the operating environment: conflict zone, weak governance; mismatch between local practices and international standards.

In 2024, the following risks were identified:

Social Risks	Environmental Risks	Governance Risks
Child Labour	Greenhouse Gas Emissions	Bribery and Corruption
Bonded & Forced Labour	Hazardous Chemicals	
Discrimination	Water Scarcity	
Freedom of Association and Collective Bargaining	Water Pollution	
Occupational Health and Safety	Microfibre Pollution	
Adequate Wages	Air Emissions	
Renumeration	Waste	

We assess social, environmental and governance risks through:

- External sources: NGO reports, media, country indices, country regulation, partnerships etc.
- Internal sources: number of factories in countries with high risk, supply chain risk mapping, social, chemical and environmental audit findings/data analysis, grievances received per country/supplier, raw material extraction and material processing. Our risk mitigation measures include our supplier monitoring programme, grievance mechanism, business integration, goal-setting and internal and external reporting. The effectiveness of our measures is evaluated based on progress and compliance with our policies.

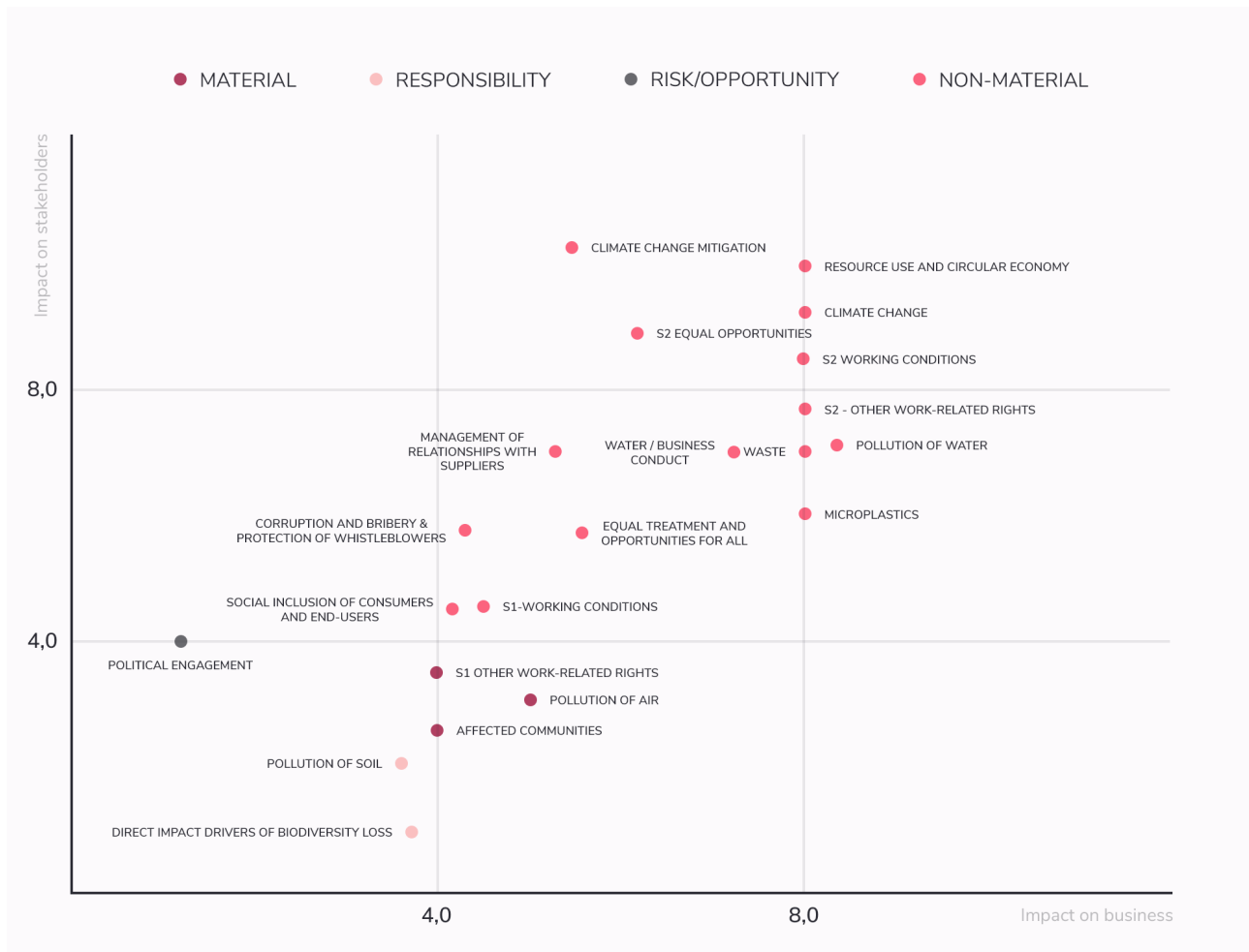
#### 1.8.4 Risk Management

The 2024 double materiality assessment (DMA) served as a critical input for the Hunkemöller 2024-2030 Sustainability Strategy and was used to inform our overall risk management approach and our priority-setting. To mitigate and prevent sustainability risks, our due diligence process includes the following activities:

- Monitoring the macroeconomic environment and developments in the garment and textiles goods industry.
- Undertaking an annual country risk assessment based on the Country Risk Rating report as drawn up by amfori based on data provided by the World Bank. Suppliers operating out of risk-countries are subject to specifically enhanced due diligence depending on the risks identified.
- Conducting regular social audits for all Tier 1 and nominated Tier 2 suppliers.
- Monitoring performance with factory environmental management system via Higg Index Facility Environmental Module (FEM), regular RSL (Restricted Substances List) testing of materials and products, and wastewater output control via wastewater tests by independent and accredited laboratories.
- The follow up on legal requirements in a timely manner.
- Implementation of an approval procedure for sustainability related product claims.
- Conducting stakeholder dialogue with NGOs and other expert organisations.
- Regular updates of Hunkemöller policies and sustainability standards.
- Provision of functioning grievance mechanisms for employees and external parties.
- Industry-wide collaboration with competitors in terms of human rights and environmental performance measurement tools, standards and certifications.
- Regular internal training.



## 1.9 Double Materiality Matrix



In 2023, Hunkemöller conducted its first double materiality assessment based on the principle of double materiality as requested by the Corporate Sustainability Reporting Directive (CSRD) to prepare for compliance with the CSRD requirements. This replaces the single materiality assessment and is therefore also used as a reference for sustainability-related disclosures in this year's Sustainability Report. A double materiality analysis has two dimensions: impact materiality (sustainability topics that can significantly affect the economy, environment, and people) and financial materiality (sustainability topics that can significantly influence Hunkemöller's development, performance, or financial value). These dimensions identify which sustainability topics are material for an organisation under the CSRD reporting requirements.

The 2023 materiality assessment was conducted by the Rainbow Collection consultancy in dialogue with senior management and experts. Discussions on each ESRS topic were held with internal subject matter experts which included:

- A horizon scanning stage, including peer benchmark assessment, legislation, and sustainability frameworks and ratings.
- Development of CSRD-compliant impact assessment criteria.
- Stakeholders interviews with internal and external stakeholders, including representatives from NGOs, investors, and trade associations.
- Results validation meetings between Hunkemöller's Sustainability Team and Rainbow Collection.

After the horizon scanning stage, the following list of topics were identified as being material to Hunkemöller:

### Social topics

- Human Rights in the Supply Chain
- Forced, Bonded, and Child Labor in the supply chain
- Gender Equity in the supply chain
- Worker Wages in the supply chain
- Labour Conditions in the supply chain
- Human Rights and Working Conditions of own Workforce
- Diversity, Equity, and Inclusion of own workforce
- Employee Engagement and Development of own workforce

### Environmental topics

- Climate Change Mitigation and Adaptation
- GHG Emissions
- Energy use
- Pollution
- Water Use in the Supply Chain
- Climate Actions in the value chain
- Resource Use and Waste

### Other topics

- Consumers and End Users
- Circular Design and Production
- Supply Chain Traceability and Management

The Supervisory Board conducted the final validation to approve the double materiality matrix. We have established cross-functional teams to implement the requirements of the CSRD throughout the organisation and support internal governance, measures around controls, data availability, and system changes. We will start reporting according to the CSRD framework in 2025, covering the reporting year 2024.

In addition, in 2024 a gap assessment was conducted, and new metrics have been defined. Deployment of the metrics is in progress, including implementing the related control framework. A cross-functional team is managing the CSRD implementation, following a detailed implementation roadmap. As the CSRD will have a broad organisational impact, including on governance, strategy, systems, processes, and controls, many functions within Hunkemöller are involved in the execution of the CSRD implementation.





### 1.9.1 The EU Taxonomy Regulation

The EU taxonomy Regulation is a classification system which defines a list of activities that could make a substantial contribution to one or more of six environmental objectives namely: 1. Climate Change Mitigation; 2. Climate Change Adaptation; 3. Sustainable use and protection of water and marine resources; 4. Pollution prevention and control; 5. Protection and restoration of biodiversity and ecosystems; and 6. Transition to a circular economy. The purpose of this regulation is to provide a definition of what constitutes a sustainable, economic activity and to redirect capital flows into companies that are aligning their business models towards such sustainable economic activities. To achieve this goal, companies must report on the proportion of “environmentally sustainable” revenues, investments (capital expenditure) and operating expenses.

The EU has identified eligible economic activities that substantially contribute to each of these environmental objectives. Linked to these eligible activities are technical screening criteria as well as do no significant harm criteria and minimum safeguards that define whether the activity is considered sustainable or not (aligned). For 2026, reporting is required for all six objectives; for 2025 alignment for the first two objectives is required. Hunkemöller will comply with the reporting requirements when they become applicable.

According to Article 2 of the Climate Delegated Act and Article 8 of the Taxonomy any undertaking subject to the Non-Financial Reporting Directive (NFRD) must provide information on “environmentally sustainable” revenues, investments (capital expenditure) and operating expenses (OpEx).

### 1.9.2 Taxonomy-Eligibility of Hunkemöller’s Economic Activities

The technical screening criteria in Annex I and Annex II of Delegated Regulation (EU) 2021/2139 of June 4, 2021, for the first two environmental objectives, namely climate change mitigation and climate change adaptation, do not list any business activities that are linked to the production and sale of footwear, apparel and accessories. This means that Hunkemöller’s business activities so far do not qualify as contributing substantially to climate change mitigation or climate change adaptation. Further technical screening criteria were published as Annexes I, III and IV of Delegated Regulation (EU) 2023/2486 (supplementing EU 2020/852) of June 27, 2023, for the remaining environmental objectives, namely sustainable use and protection of water and marine resources, pollution prevention and control as well as restoration of biodiversity and ecosystems. Likewise, these do not list any business activities that are linked to the production and sale of footwear, apparel and accessories. For the remaining environmental objective published as Annex II, the transition to a circular economy, activities related to apparel are listed but are limited to sales generated by services such as repair, remanufacturing or refurbishment, preparation for reuse, sale of second-hand goods, or product as a service business model, none of which are part of Hunkemöller’s current revenue generating activities. Since Hunkemöller does not have any economic activities related to nuclear power or power generation from gas, Hunkemöller will not report the related standard forms from the Delegated Act (EU 2022/1214).



## 2. ENVIRONMENTAL INFORMATION

### 2.1 Environment

The three core pillars of Hunkemöller's Together Tomorrow strategy are People, Product and Planet. According to scientific frameworks and research, there are nine processes that are critical for maintaining the stability and resilience of Earth's system as a whole. We have already breached six of the nine planetary boundaries including biosphere integrity, climate change and biochemical flows. Crossing these boundaries means we have gone beyond the safety threshold and that there is now an increased risk of experiencing non-linear, potentially irreversible changes. It is therefore vital that steps are taken by corporations worldwide to minimise our negative environmental impact. We can already see the effects globally: June 2024 was the warmest June in NOAA's 175-year record, and there has been a 70 percent decline in wildlife populations since 1970. We address five main environmental topics: climate change, pollution, water and marine resources, biodiversity, resource use and circular economy. Despite being discussed in separate sections below, all these environmental issues are interrelated. For example, climate change is a leading driver of biodiversity loss, as is pollution; innovating circular solutions and decreasing raw material consumption is a key solution to the climate crisis; and protecting water resources and minimizing the release of pollutants into the environment help protect ecosystems and biodiversity. Moreover, environmental issues are intrinsically related to social indicators, as society is dependent on ecosystem services and a safe, stable natural environment. Hence, addressing environmental problems is key to protecting livelihoods globally.



### 2.1.1 Higg Facility Environmental Module 4.0.

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

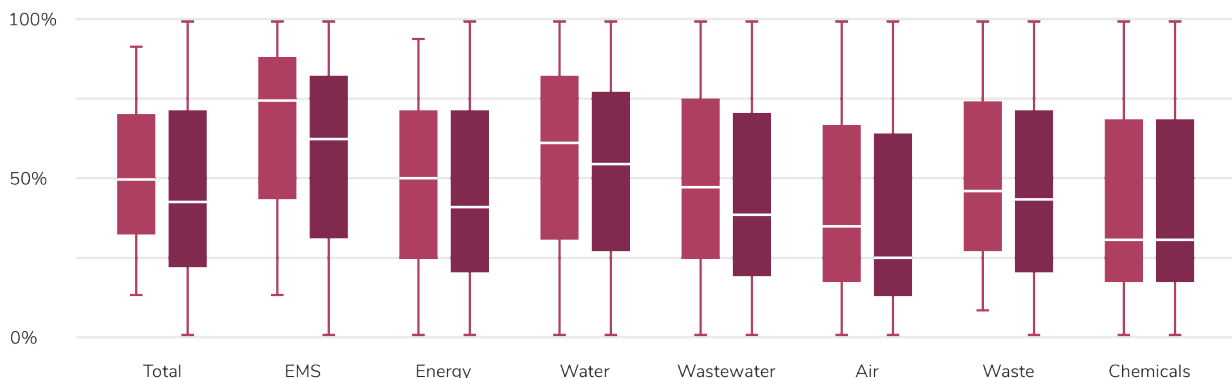
The main tool used for our environmental management along the supply chain is Cascale's Higg Facility Environmental Module (FEM) 4.0. Cascale, formerly the Sustainable Apparel Coalition (SAC), a global non-profit organization, bringing together and representing every stage across the apparel, footwear, and textile value chain.

Cascale and its members collaboratively developed the Higg FEM index to measure and evaluate the environmental impact of facilities, allowing hotspots to be identified and sustainability performance to be improved. The Higg FEM assesses seven environmental impacts: Environmental Management Systems (EMS), Energy, Water, Waste, Wastewater, Air Emissions, and Chemicals Management. Each impact scores out of 100 percent and consists of three levels signifying good, better and best environmental practices. Level 1 makes up 25 percent of the score for the category, and the facility can move on to answering the next levels if this is applicable to them (if not, level 1 makes up the entirety of the category's score). The Higg FEM consists of two sections. The Self-Assessment Questionnaire (SAQ) which must be completed by the facility for the previous year by the end of April, and the verification of the FEM, which must be conducted by a second- or third-party Cascale-approved verifier by the end of the following year. Since the 1st of January 2024, the Higg FEM has been updated to version 4.0. Changes include updates to questions, scoring and scope of verification, hence the scores from last year are not comparable to this year.

We required all Tier 1 and nominated Tier 2 facilities to provide verified FEM data for 2023 over 2024. In 2024, Tier 1 suppliers representing 99 percent of purchased goods completed the self-assessment questionnaire and 96 percent of purchased goods completed the required verification. 67 percent of nominated Tier 2 suppliers completed the Higg FEM SAQ, and 58 percent completed the verification. For nominated Tier 2 facilities, it is not possible to accurately deduce Higg FEM coverage of purchased goods, as we are still in the process of mapping all Tier 2 suppliers. We did not reach 100 percent verification across Tier 1 suppliers or nominated Tier 2 suppliers for three main reasons:

- a. Exceptions were made due to geopolitical conflict in the factory's vicinity;
- b. Exceptions were granted for suppliers who had relocated or only recently started producing for us, and
- c. In case of test orders or when order volumes were low, making the relative cost for the facility high. In line with our responsible purchasing practices, in these cases we try to find a compromise, such as using the alternative amfori Business Environment Performance Initiative (BEPI) if the facility is an existing amfori member, which would result in no additional costs.

The graph below shows the scores per module of Hunkemöller facilities who shared their verified Higg FEM results (Tier 1 and nominated Tier 2 facilities) (purple), compared to the industry benchmark (pink), taken from the assessment platform. The graph shows that the facilities Hunkemöller works with score better on average across all categories, based on data available.



In 2024, we required all nominated Tier 2 facilities to share verified Higg FEM data with us. By expanding our requirements to nominated Tier 2 suppliers we ensure that our environmental due diligence continues further down the supply chain. Furthermore, the data we collect through the Higg FEM assessment is crucial for developing continuous improvement plans with facilities, carbon footprint calculations, and increasing transparency in line with upcoming legislation such as the Digital Product Passport.

In 2024, we introduced a further supplier requirement across Tier 1 and nominated Tier 2 facilities completing the Higg FEM to improve our environmental management across our supply chain. We require facilities to complete a corrective action plan (CAP) for environmental impacts with verified scores below 15 percent. The CAP is based on findings from the Higg FEM assessment. We require the facility to share their remediation plan with us within 30 days, ensuring continuous improvement of our facilities.

### 2.1.2 IPE

In October 2024, we signed up to use the IPE (Institute of Public and Environmental Affairs) platform to enhance our environmental due diligence along our Chinese supply chain, across Tier 1 and nominated Tier 2 facilities. IPE is a non-profit environmental research organisation which collects and analyses government and corporate data. Environmental information is collected across facilities in China and made available to improve supply chain transparency and to help support greening of supply chains. Hunkemöller began using IPE to monitor facilities in China and receives automated notifications should an environmental violation be recorded. If we are alerted to a violation, we take steps to reach out to the relevant facility, encourage them to be transparent and disclose the required environmental information, and support them in developing a remediation plan. In 2024, 0 environmental violations from our Chinese suppliers were reported through this platform.

### 2.1.3 Supply Chain Mapping

**Target: 100 percent of Tier 2 and 3 suppliers mapped by 2025**

We are striving towards having full visibility and traceability throughout our value chain, to identify and monitor human and environmental impacts with the aim of preventing or ending certain human rights or environmental violations, fulfil our due diligence obligations and be able to communicate transparently about the progress made. We acknowledge the dynamic nature of globally dispersed supply chains, which require a formal process and system for establishing product origin and provenance. These will need to be integrated into our business activities and capture and map supply chain changes.

For due diligence reasons, it is crucial we are aware of who is making our products. We are committed to working with our suppliers in an open, constructive, and transparent manner and we request that our suppliers apply the same approach to their own supply chain. We want to ensure that there are no environmental or human rights violations occurring at any stage in the production process. We monitor this through environmental, social and product audits/tests. By understanding who our suppliers are at every stage of the lifecycle of a product, we can ensure we receive all the necessary information and documentation for reporting. This means that we must keep our supplier list updated so that we do not impose our ESG requirements - which can be resource-intensive for suppliers and to Hunkemöller - on suppliers who no longer produce for us. EU legislation is also requiring companies to map their entire supply chain and be transparent about this. We therefore must map our supply chain for legal reasons. As part of our commitment to transparency we publish information relating to our key Tier 1 suppliers on our corporate website and this information is updated twice yearly.

The upstream supply chain of Hunkemöller products can be broken down into four main stages: Tier 1-4 suppliers. Tier 4 suppliers are responsible for the cultivation or extraction of raw materials; Tier 3 suppliers process raw materials into yarn; Tier 2 suppliers are responsible for material production and processing, and this is where wet processes like finishing and dyeing occur; and Tier 1 suppliers manufacture and assemble the final product.



We currently have full visibility of our Tier 1 suppliers, good visibility of our nominated Tier 2 suppliers, and limited visibility of other Tier 2 suppliers. We do not have visibility of our Tier 3 or Tier 4 suppliers. Our objective is to have a complete list of suppliers per tier and establish an efficient process to ensure all information is current. However, there are many challenges to overcome. There is a vast number of stakeholders to engage with, both due to the typical fan-out tiered structure of external suppliers and the number of internal teams in contact with suppliers, meaning effort must go into ensuring that all departments and processes are aligned. Furthermore, the supply chain is constantly changing, whereby supply chain mapping remains an ongoing process. This is further complicated as mapping must be done at product level for the Digital Product Passport and for a more accurate carbon footprint calculation, which increases complexity and requires additional technological and software support. There can also be resistance from suppliers to sharing information regarding their direct suppliers, so we prioritise establishing long-term, trusting relationships with our suppliers.

We have devised a supply chain mapping roadmap for over 2025, which we plan to achieve through collaboration with our Tier 1 and nominated Tier 2 suppliers.

When?	What?
H1 2025	Complete Tier 2 supplier visibility
H2 2025	Complete Tier 3 supplier visibility

Having mapped our Tier 1-3 supply chain by the end of 2025, we plan to develop a 2026 supply chain mapping roadmap based on findings from 2025. The plan will include how we plan to track and store this information, how often we will review our supply chain, and how we need to prioritise our efforts based on expected risks.

## 2.2 Climate Change

Our climate pillar includes the material topic climate change, which covers both our impact on climate change (mainly GHG emissions) and the impact of climate change on our organization (physical and transition risks). It covers our own operations and value chain (up- and downstream). To stop climate change from happening, we need to take measures to reduce GHG emissions in our operations and supply chain and increase energy efficiency in our operations.

Climate change and the degradation of nature are global threats to the health of the planet and people's lives and livelihoods. Climate change can already be seen causing profound and, in some cases, irreversible damage to ecosystems and livelihoods. Over 2024, we have witnessed deadly heatwaves and floods, destructive wildfires, and are witnessing a global coral bleaching event.

Despite current climate policies, a 2024 Guardian survey of IPCC scientists found at least 80 percent of respondents foresaw global warming of at least 2.5 degrees, well beyond the internationally agreed 1.5-degree limit. According to the UN Environmental Programme, the fashion industry is responsible for roughly 10 percent of global carbon emissions, and this figure is only expected to increase. Despite being a major contributor to climate change, the fashion sector is expected to also be significantly impacted by the issue, such as experiencing disruptions and increased costs along the supply chain as production is impacted by extreme weather events and changing growing seasons.

The negative consequences of climate change are not distributed equally. It has been well documented that the poorest countries and women will be impacted the hardest. Since 78 percent of our supplier workforce is female, and most of our production countries are in Asia which is increasingly impacted by





extreme weather due to climate change, it is especially important that we work towards decreasing our emissions. This is why we are taking major steps to develop a decarbonisation strategy and emission reduction targets verified by the Science-Based Target initiative. These targets are fully aligned with the goals of the Paris Agreement, which aims to cap the increase in global temperature at 1.5°C.

### 2.2.1 Transition Plan for Climate Change Mitigation

In 2023, Hunkemöller committed to setting 10-year Science-Based Targets (SBTs), whereby we would work towards setting emission reduction targets which align with the 1.5-degree limit set in the Paris Agreement. We have since calculated our 2023 and 2024 corporate carbon footprints (see section 2.2.8). Based on the results, we identified emission hotspots and developed Scope 1, 2, and 3 targets, which were approved by Hunkemöller's Administrative Management and Supervisory Board. These targets have been submitted to the Science-Based Target initiative (SBTi) to be independently validated. Once the validation process is complete, we will publicly communicate our targets. We have undertaken the carbon footprint calculation and target development process alongside ClimatePartner, an environmental service provider supporting us through our climate action journey by assisting us in carbon accounting and SBTi alignment.

In 2025 we will start working on developing a decarbonisation roadmap which is in line with the then validated and approved Scope 1-3 SBTs. During this process we will identify the key levers for decarbonisation and plan an actionable roadmap, with departmental KPIs set against the strategies and targets. This decarbonisation plan will be embedded in and aligned with Hunkemöller's business strategy and financial planning.

### 2.2.2 Resilience Analysis

We did not conduct a Resilience Analysis in 2024 due to focusing all our resources on calculating our baseline carbon footprint and setting and validating our emission reduction targets with the SBTi. We plan to conduct our first Resilience Analysis to assess the resilience of the Hunkemöller's strategy and business model in relation to climate change once there is more clarity around the requirements under the EU Omnibus Regulation.

### 2.2.3 Climate Change Impact, Risk and Opportunity Management

Climate change, including extreme weather and water scarcity, is a principal risk to Hunkemöller and has the potential – to varying degrees – to impact our business in the short, medium and long term.

Our risk assessment mainly focuses on our supply chain, which will be greatly impacted by climate change and where we understand the most impacts, risks, and opportunities will be. Our supply chain is where most of our greenhouse gas emissions are emitted, and where the largest impacts of climate change will be felt geographically and socioeconomically. Our Double Materiality Assessment validated that most impacts, risks, and opportunities were found in the upstream phases of our supply chain.

The risk assessment identified reputational, legal, financial, and business risks to Hunkemöller after assessing the impact climate change would have on individual countries in our supply chain. We analysed physical risks, such as potential changes in growing seasons or disruptions due to extreme weather impacting our product sourcing, as well as workers experiencing adverse health effects from rising temperatures and humidity. As well as the physical risks, we also acknowledged the transitional risks associated with the increase in ESG regulations we must comply with, which can involve changing business practices in order to comply with these regulations or facing financial consequences for non-compliance.

Based on the analysis of data and reports for the locations in which our suppliers operate, flooding and heatwaves are the two climatic phenomena that, over time, can have the most significant implications for Hunkemöller. In our 2024 risk assessment we did not use climate-related scenario analysis, however we will incorporate this into our next risk assessment. We also plan to analyse impacts, risks and opportunities over short-, medium-, and long-term horizons. In the current risk assessment, we only assessed short- and long-term financial impacts.

Risk	Risk Description	Management of Risk	Level of Risk
Climate Change	<p>Climate change and governmental actions to reduce such change may disrupt our operations and/or reduce consumer demand for our products.</p> <p>Climate change is already impacting our business in various ways. Government action to reduce climate change – such as the introduction of a carbon tax, land use regulations or product composition regulations which restrict or ban certain GHG-intensive materials – could impact our business through higher costs or reduced flexibility of operations.</p> <p>Physical environment risks such as water scarcity could impact our operations. Increased frequency of extreme weather events such as high temperatures, hurricanes or floods could cause increased incidence of disruption to our supply chain, manufacturing and distribution network. If we do not act, climate change could result in increased costs, reduced profit and reduced growth.</p>	<p>We monitor climate change, have measured our GHG emissions and will have our Climate Transition Action Plan approved by SBTi in 2025. The decarbonisation roadmap will focus on emission hotspots, such as preferred materials across products and packaging, waste, and energy consumption across our own operations and our supply chain. We also monitor government policy and actions to combat climate change and advocate for changes to public policy frameworks consistent with the 1.5°C ambition of the Paris Agreement.</p>	<p>Increase</p> <p>↑</p>
Opportunity	Opportunity Description	Management of Opportunity	Level of Opportunity
Climate Change	<p>Competitive advantage and increased consumer demand through the development of low-emission products.</p> <p>Lower greenhouse gas emissions and improved climate change resilience through the development and use of more efficient production and distribution processes, as well as the increased share of renewable energy by our business partners.</p> <p><b>Stakeholder perception:</b> a strong environmental performance, with lower greenhouse gas emissions and improved climate change resilience, could lead to increased capital availability (green financing) and market evaluation, as well as increased employer attractiveness.</p>	<p>Increase the use of preferred materials; near sourcing; vertical sourcing. Help customers understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values.</p> <p>Introduce greener production processes; reduce waste; increase share of renewable energy. Encourage suppliers to optimise their production processes through energy efficiency, new machines or switching to renewable energy sources.</p> <p>Decrease our GHG emissions in line with the Paris Agreement.</p>	<p>Increase</p> <p>↑</p>

## 2.2.4 Climate Change Policies

Our Climate Policy is embedded within our wider Environmental Strategy. At the core of this policy is our journey to setting Science-Based Targets, including our approach to measuring emissions. Following the validation of the Science-Based Targets, we plan to update our Climate Policy in 2025 by targeting hotspots and developing initiatives to achieve the newly committed to goals. The 2024 policy focuses on six self-identified hotspots: energy efficiency, water conservation, chemical management, biodiversity, waste, packaging, transportation, and product design and use. Our 2025 policy will be aligned with SBTi and focusing on emission hotspots (see section 2.2.8). The future policy will include mitigation actions, adaptation actions, and energy initiatives looking to both shift to renewable energy and increase energy efficiency.



## 2.2.5 Climate Change Targets, Actions and Resources

### Air Freight

**Target: Reduce the amount of inbound air freight to below five percent by 2024**

Over 2024, 5,3 percent of products by weight and 11,2 percent of products by distance were transported by air freight, compared with 1 percent and 3,3 percent, respectively, in 2023. The air freight target was not met in 2024 as global logistics disruptions and geopolitical reasons risked delaying shipments. From 2025 onwards, our logistics targets will be incorporated into our broader decarbonisation strategy based on our Science-Based Targets.

### Circularity

We are working to increase the circularity across our products, packaging, and processes. For more information see section 2.6.

### Emission Reduction

**Target: Set 10-year carbon reduction targets in line with the SBTi by 2025**

We are on track to set targets validated by the SBTi in 2025. However, these targets will not necessarily be 10-year targets but rather 2030 targets. This ensures that our targets align with the CSRD legislation.

### Store Energy Consumption

**Target 1: Obtain store-level energy consumption data covering 70 percent of our store portfolio by 2027**

**Target 2: 10 percent of all stores will have LED lighting by 2027**

Our store energy consumption makes up most of our scope 1 and 2 emissions so ensuring that we can accurately capture this data is crucial for monitoring the progress towards our emission reduction target. Hence, we have set a target to capture actual energy consumption data rather than relying on assumptions and extrapolations. In 2024, we had actual heating and electricity data from 15 percent and 32,3 percent of all our stores, respectively. We are also starting to set targets which will help us reduce our scope 1 and 2 emissions, such as the LED lighting target. These targets will be incorporated into our broader decarbonisation strategy based on our Science-Based Targets.

### Science-Based Targets Strategy

Towards the end of 2024 we submitted our scope 1, 2 and 3 targets to SBTi, which should be validated by the SBTi in the first half of 2025. We selected 2023 as the baseline year, given the improved quality of our purchasing and supply chain data for that year. During 2024, we continued to refine our calculations and started working on improving our data collection processes, so that we could automate data collection as much as possible. Our submitted targets and emissions inventory will not include FLAG emissions. FLAG refers to the forest, land, and agriculture sector which is not applicable to us due to the type of products that we make and the materials- and production processes that we use, resulting in the percentage of FLAG emissions being below the SBTi reporting threshold. After final approval of SBTi, in 2025 we will plan further actions and allocate resources to ensure that we meet the targets. This will be the central climate change strategy of Hunkemöller moving forward.

### Climate Change and Human Rights

Hunkemöller also recognises the intertwined nature of climate change and human rights. Climate change directly and indirectly impacts all human rights. Meaningful, equitable, and sustainable human rights and environmental due diligence must address the link between these two disciplines and situate due diligence initiatives within a climate justice and human rights centred framework. With climate change being identified as a strategic risk to the business, Hunkemöller has adopted a strategy for addressing the climate change and human rights link specifically focusing on heat stress. We have written a report identifying which regions in our supply chain are most at risk of heat stress and plan to reach out to strategic suppliers to determine what measures are in place to adapt to rising temperatures and keep workers comfortable.

## 2.2.6 Energy Consumption Own Operations

Our aim is to advance toward a low-carbon economy by optimising processes, procuring energy from renewable sources, promoting efficient energy use throughout our value chain, reducing GHG emissions and helping to mitigate their effects. Our global energy consumption includes energy consumed in our corporate headquarters and international offices, our distribution centres and stores. In 2024, our energy consumption amounted to 47456 MWh. Our energy consumption per net revenue (energy intensity) amount to 0,0001MWh/EUR.

Energy efficiency helps us to control the consumption of resources with the aim of reducing it and mitigating our impact on the environment. We promote best practices in our teams and processes: the design and construction of our new DC has been certified in accordance with the widely recognised sustainable construction standard BREEAM.

## 2.2.7 Energy Consumption Suppliers

Our suppliers' facilities play an important role in our energy reduction plans. In the future we will be collaborate with our suppliers to increase the purchase and/or generation of electricity coming from 100 percent renewable sources and reduce thermal energy consumption in relation to stationary thermal sources. We currently capture our suppliers' energy consumption data through the Higg FEM assessment, where facilities are required to provide their consumption and energy source data. In 2024, only 1 percent of facilities providing verified Higg FEM data scored below 15 percent in the Energy module and needed to develop a corrective action plan on this topic.

We receive energy consumption data through verified Higg FEM assessments. Tier 1 suppliers, representing 90 percent of purchased products were able to provide energy data, however we are currently unable to calculate the proportion of our purchase value represented by Tier 2 suppliers which have completed and verified the Higg FEM due to incomplete visibility of our supply chain at component level. 29,5 percent of facilities which shared their verified Higg FEM data with us utilised a renewable energy source – either through purchased renewables or through onsite solar photovoltaic electricity.

## 2.2.8 Greenhouse Gas Emissions

We report our scope 1, 2 and 3 GHG emissions data with reference to the Greenhouse Gas Protocol Reporting Standard. To calculate carbon-equivalent emissions based on activity- and spend-based data, we use emissions factors. The GHG-emission data consists of a calculated CO<sub>2</sub> equivalent, defined as actual CO<sub>2</sub> emitted plus equivalent emission from other GHGs such as methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and various refrigeration blends, including hydrofluorocarbons (HFCs). The carbon footprint methodology follows the guidelines of the World Business Council for Sustainable Development (WBCSD)/World Resources Institute (WRI) GHG Protocol on corporate GHG accounting and reporting.



Of all our scopes, our Scope 3 emissions represent the largest part of emissions. We will not be able to achieve a reduction in our scope 3 targets without working closely with our suppliers and customers, as we are dependent on their efforts to reach our scope 3 targets. Collective action is essential to reduce emissions in our value chain. Obtaining accurate scope 3 data is another challenge across the garment and textile industry. Finally, the size and diversity of our supplier network presents challenges in influencing, scaling and tracking decarbonization practices. Calculating Scope 3 emissions is complex because of the highly fragmented and globalised nature of the supply chain, where a single garment often involves multiple suppliers across different countries, making it difficult to accurately track and aggregate emissions from each stage of production, from raw material sourcing to finished product distribution. Many of the challenges we face in reducing our GHG emissions remain industry-wide issues requiring innovative and collaborative solutions across our sector. We therefore engage in multi-stakeholder initiatives to address them.



The table below shows our corporate carbon footprint for 2023. It must be noted that the below emissions exclude the emissions from the construction of the new distribution centre in Almere in 2023, as these are considered not representative of normal Hunkemöller operations.

Sub-Category	Total Percentage	Total CO2e tonnes
<b>Scope 1</b>	<b>1,20%</b>	<b>1.394</b>
Direct emissions from company facilities	0,90%	1.045
Direct emissions from company vehicles	0,30%	349
<b>Scope 2</b>	<b>9,60%</b>	<b>11.506</b>
Purchased electricity for own use	6,80%	8.077
Purchased heating for own use	2,90%	3.429
<b>Scope 3</b>	<b>89,20%</b>	<b>106.520</b>
<b>3.1 Purchased goods and services</b>	<b>69,00%</b>	<b>82.398</b>
Products	64,50%	76.986
Packaging	2,20%	2.574
Other	2,40%	2.838
<b>3.2 Capital goods</b>	<b>3,60%</b>	<b>4.262</b>
<b>3.3 Fuel and energy-related activities</b>	<b>2,70%</b>	<b>3.266</b>
<b>3.4 Upstream transport and distribution</b>	<b>2,80%</b>	<b>3.387</b>
Inbound Logistics	1,80%	2.180
Other Upstream Logistics	0,90%	1.208
<b>3.5 Waste generated in operations</b>	<b>1,00%</b>	<b>1.179</b>
<b>3.6 Business travel</b>	<b>0,10%</b>	<b>131</b>
<b>3.7 Employee commuting</b>	<b>6,60%</b>	<b>7.929</b>
<b>3.8 Upstream leased assets</b>		N/A
<b>3.9 Downstream transport and distribution</b>	<b>0,40%</b>	<b>535</b>
<b>3.10 Processing of sold products</b>		N/A
<b>3.11 Usage of sold products</b>	<b>0,00%</b>	<b>2</b>
<b>3.12 End of life of sold products</b>	<b>2,70%</b>	<b>3.203</b>
<b>3.13 Downstream leased assets</b>		N/A
<b>3.14 Franchises</b>	<b>0,20%</b>	<b>229</b>
<b>3.15 Investments</b>		N/A

The table below shows our corporate carbon footprint for 2024.

Sub-Category	Total Percentage	Total CO2e tonnes
<b>Scope 1</b>	<b>2,90%</b>	<b>3.073</b>
Direct emissions from company facilities	1,60%	1.747
Direct emissions from company vehicles	1,20%	1.326
<b>Scope 2</b>	<b>10,50%</b>	<b>11.276</b>
Purchased electricity for own use	7,00%	7.575
Purchased heating for own use	3,40%	3.702
<b>Scope 3</b>	<b>86,70%</b>	<b>93.475</b>
<b>3.1 Purchased goods and services</b>	<b>63,70%</b>	<b>68.696</b>
Products	49,60%	53.454
Packaging	1,90%	2.006
Other	12,30%	13.235
<b>3.2 Capital goods</b>	<b>3,50%</b>	<b>3.773</b>
<b>3.3 Fuel and energy-related activities</b>	<b>3,10%</b>	<b>3.355</b>
<b>3.4 Upstream transport and distribution</b>	<b>3,00%</b>	<b>3.273</b>
Inbound Logistics	2,30%	2.445
Other Upstream Logistics	0,70%	828
<b>3.5 Waste generated in operations</b>	<b>0,50%</b>	<b>492</b>
<b>3.6 Business travel</b>	<b>0,50%</b>	<b>592</b>
<b>3.7 Employee commuting</b>	<b>9,40%</b>	<b>10.180</b>
<b>3.8 Upstream leased assets</b>		N/A
<b>3.9 Downstream transport and distribution</b>	<b>0,30%</b>	<b>297</b>
<b>3.10 Processing of sold products</b>		N/A
<b>3.11 Usage of sold products</b>	<b>0,00%</b>	<b>0.857</b>
<b>3.12 End of life of sold products</b>	<b>1,90%</b>	<b>2.051</b>
<b>3.13 Downstream leased assets</b>		N/A
<b>3.14 Franchises</b>	<b>0,70%</b>	<b>765</b>

The total emissions have decreased by 9,70 percent from 2023 to 2024. A breakdown into the changes is provided below.

The primary source of our scope 1 and 2 CO<sub>2</sub>- equivalent emissions is energy consumption across our offices, stores and distribution centres, followed by emissions from our lease cars. The values are based on an extrapolation of buildings we had actual consumption data for, considering country-specific emission factors. We are striving to increase the coverage of actual energy consumption data across our own operations to improve the accuracy of our reporting and to better track progress. Since electricity consumption remains one of the largest causes of emissions from our own operations, we aim to increase our green energy usage over the next years. In 2024, 2,22 percent of electricity consumed in Spain came from renewable sources. Our scope 1 and 2 emissions increased by 11,24 percent from 2023 to 2024. These changes can mainly be attributed to changes in extrapolation methodology.



Our scope 3 emissions decreased by 12,2 percent from 2023 to 2024, mainly driven by a reduction in emissions across our products and packaging. This can be attributed to changes in the volume of products bought and an increase in preferred materials used. The majority of our scope 3 emissions can be attributed to our products, accounting for the raw materials, processing and manufacturing emissions, as well as transportation throughout the supply chain. Hence, we expect our decarbonisation roadmap to focus heavily on this sub-category. The emissions are calculated based on product data, such as material composition and Tier 1 supplier, however many assumptions must be made as we are still working on gathering product- and fibre-specific data through the entire supply chain. We ask our suppliers to report their verified energy consumption through the HIGG FEM platform to calculate emissions from Tier 1 manufacturing. We collect these on an annual basis. We receive this manufacturing data with a one-year delay, due to the time necessary for facilities to verify their data. In the absence of verified supplier data, we must estimate the emissions in our value chain with standard emission factors. Using standardised factors creates barriers to fully understanding our emissions profile, measuring progress and identifying opportunities for reduction.

Our upstream and downstream transport is calculated based on activity-based data from our internal data systems or directly from our logistics providers. These transport related emissions accounted for 3,20 percent in 2023 and 3,30 percent in 2024. This change was driven by an increase in air freight being used.

Another hotspot identified through our carbon footprint calculations was commuting. The high emissions associated with this sub-category are driven by lack of data. This data is collected through employee surveys; however, the completion rate is low, and data is mainly provided by employees working in offices, therefore there is a bias towards employees with longer commutes. Hence, the resulting extrapolation is much higher than expected. To improve data quality in this area we are taking steps to increase the completion rate and improve the assumptions being made for the extrapolation.

Where no activity-based data can be used, we use spend-based data and relevant emission factors to calculate our emissions for these categories. We constantly strive to improve our data coverage and quality across all sub-categories. In 2024, we initiated the ESG IT Project, which aims to streamline and automate data collection as much as possible.

### 2.2.9 Greenhouse Gas Intensity

Our greenhouse gas intensity amounted to 0,0002 metric tonnes carbon dioxide equivalent per net revenue in 2024.

### 2.2.10 Greenhouse Gas Removal and Mitigation Projects

In 2023, Hunkemöller partially offset its carbon footprint based on a limited scope 1 and 2 assessment of its own operations. In 2024, Hunkemöller did not finance any greenhouse gas removal or mitigation projects through carbon credits, since we were focusing our efforts on measuring our baseline carbon footprint and setting Science-Based Targets, rather than offsetting. The primary reason to prioritise reducing our greenhouse gas emissions over the coming years rather than investing in carbon removal schemes is that preventing emissions in the first place is far more effective and environmentally sustainable than trying to remove carbon dioxide that has already been released into the atmosphere. Moreover, currently the carbon market is still fragmented and under-regulated, leading to concerns that available credits lack integrity. When investing in carbon credits, we need to be sure that carbon projects are delivering on promised climate benefits and do not have negative consequences for biodiversity and human rights.

### 2.2.11 Internal Carbon Pricing

Risk	Risk Description	Management of Risk	Level of Risk
Carbon Pricing	<p>Carbon pricing may impact our value chain and own operations due to increased cost and operational losses.</p> <p>Changing and tightening regulations and (climate) ambitions could drive implementation of taxes or market schemes. This could translate into rising direct and indirect costs linked to carbon emissions, where the strongest impact would likely be on cost of sales linked to raw materials, production and distribution emissions.</p> <p>Suppliers are likely to pass on the full costs of carbon pricing schemes to Hunkemöller in countries where carbon prices are likely to be high.</p>	<p>Meeting our SBT targets across the value chain will help in mitigating our impact on the environment and will enhance our resilience to transitional risks, such as carbon cross-border tax and national quotas for GHG emissions. Moreover, it will help protect Hunkemöller's operating profit in the coming years.</p> <p>Model the most likely scenario of how our suppliers might pass on the costs to Hunkemöller.</p>	<p>Increase</p> <p>↑</p>
Opportunity	Opportunity Description	Management of Opportunity	Level of Opportunity
Carbon Pricing	<p>Carbon pricing presents opportunities to incentivise cleaner technologies which we as a company can benefit from.</p>	<p>Carbon pricing will help lower overall greenhouse gas emissions.</p> <p>When carbon credits can contribute to further the sustainable development goals to which we have aligned our ESG strategy.</p>	<p>Increase</p> <p>↑</p>

Carbon pricing, taxation and emissions trading schemes are expected to be the primary levers through which governments around the world will regulate emissions and incentivise decarbonisation. This will impact our business and value chain, potentially increasing the price of raw materials, energy and equipment, among others.

Hunkemöller does not currently apply internal carbon pricing to support business and investment decisions. The reasons for this are two-fold. Firstly, most of 2024 was spent on calculating our carbon footprint and setting SBTs. Therefore, we still do not have enough visibility and understanding of our carbon footprint across all products and along the supply chain to effectively implement this. We will work on reducing the number of assumptions made as we proceed with carbon footprint calculations annually. Secondly, there are currently no international standards which can be used to set internal carbon pricing and support Hunkemöller in setting a carbon price.

### 2.2.12 Financial Effects and Opportunities

Whilst we have not undertaken a quantitative assessment to assess the financial effects from physical and transitional risks and climate-related opportunities, below we provide a qualitative overview of potential financial impacts on Hunkemöller.

Over the next years, an increase in EU legislation to address climate risks comes into effect, such as the expansion of textile extended producer responsibility, and an increase in ESG reporting requirements for corporations. We must pay the associated compliance costs, which are forecast to increase. Furthermore, the new regulations require an increase in data collection and reporting, which may require investments in our data systems and software, and/or costs associated with hiring external support for this.

Hunkemöller has set SBTs and must ensure that actions and resources are in place to allow the emission targets to be met. There are potential costs associated with each project, as well as setting up systems to measure progress in terms of emissions from each project.

The physical risks of climate change are concentrated downstream in our supply chain, which can result in Hunkemöller experiencing knock-on costs. For example, the increase in extreme weather events can lead to garment production or raw material cultivation disruptions, and the long-term climate forecast expects productivity to decline in facilities. Whilst our focus is on mitigating and adapting to climate change, there may be potential climate-related opportunities to explore further. For instance, changing weather patterns in Europe may result in shifting demand patterns for various products, such as swimwear.


## 2.3 Pollution

The fashion industry is one of the most polluting sectors globally, contributing to air, water, and soil pollution. The fashion industry alone is responsible for around 20 percent of global clean water pollution. Pollution is not solely an environmental issue, negatively impacting ecosystems and resulting in biodiversity loss, but also a social one, causing a wide range of health problems. It is crucial that steps are taken to address this issue, which is why Hunkemöller has developed policies and procedures to ensure pollution-related risks are minimized across the supply chain.


### 2.3.1 Risk Identification

Due to the nature of Hunkemöller's products, we prioritise user safety and work to mitigate any product-related risks, particularly eliminating harmful substances in the materials used which could come in contact with our consumers' skin. Hence, we have an extensive Chemicals Policy and conduct product due diligence testing. Our risk assessment identified most pollution-related risks to occur in the supply chain, as opposed to our own operations, due to the manufacturing and agricultural processes. Our Chemical Strategy therefore focuses on collaborating with our Tier 1 and Tier 2 suppliers to eliminate and remediate these risks. Actual risks at production sites are identified through regular wastewater testing and virtual factory visits. The risk assessment was conducted internally, consulting several internal stakeholders, as well as using resources provided by external organisations which specialise in the textile industry pollution, such as Cascale, the ZDHC, and TMC. We also spoke directly to our Tier 1 and nominated Tier 2 suppliers to investigate which measures are in place, particularly focusing on wastewater and microfibres.

The main pollution risks include water, air, and soil pollution. The textile industry is predominantly responsible for water pollution, with textile dyeing and finishing being responsible for about 20 percent of global clean water pollution. Our Pollution Strategy is therefore centred around our Chemicals and Microfibres Policies. We currently have no visibility of our Tier 4 suppliers, which can be responsible for soil pollution through the agricultural use of pesticides. However, we still try to minimise soil pollution through our material choices, opting for organic materials where possible (see section 2.6.3.1). Furthermore, we work to mitigate soil pollution from wastewater released by our wet processing facilities through imposing stringent supplier requirements (see section 2.3.4). We have limited leverage to measure and reduce air pollution from facilities along our supply chain, however we use the Higg FEM 4.0 to monitor air emissions and aim to develop air emission targets in 2026. We acknowledge that the end-of-life stage of products can result in water and soil pollution from landfill. This is why we are taking steps to increase our circularity. For more information on the steps that we are taking to address these risks, see section 2.6.3.

Risk	Risk Description	Management of Risk	Level of Risk
Pollution	<p><b>Pollution can negatively impact human health.</b> Toxic chemicals used in dyeing and finishing processes can harm the health of workers and consumers. These chemicals can also contaminate water and soil.</p> <p><b>Pollution can negatively impact the environment.</b> The textile industry's pollution can cause habitat degradation.</p>	Monitor compliance with Hunkemöller policies and procedures to ensure pollution-related risks are minimized across the supply chain.	No change 



Opportunity	Opportunity Description	Management of Opportunity	Level of Opportunity
Pollution	New technologies and industry engagement can reduce pollution in the textile and garment industry by improving production processes, using less energy and water, and reducing waste.	Increased cooperation across the textile and garment industry will help reduce pollution.	Increase 

### 2.3.2 Pollution of Air, Water and Soil

Climate change and the degradation of nature are global threats to the health of the planet and people's lives and livelihoods. Pollution contributes to the climate crisis, and to the health and resiliency of the planet, which underpins the well-being of everyone who inhabits it. Along our value chain, we see opportunities to reduce emissions by encouraging suppliers to set their own Science-Based Targets and working with logistics partners to shift to lower-emission transport options. Given that the majority of our value chain emissions are beyond our direct control, industry collaboration is critical to achieving our targets. Cooperating across the industry is therefore an integral part of our plan.

Due to a lack of visibility of our upstream supply chain - which is a major contributor to the release of pollutants such as synthetic pesticides, fertilisers, and other chemicals – as well as not having the available technologies available to measure specific pollutants which can be attributed to Hunkemöller production processes, we are not yet able to quantify many pollutants.

#### Air, Light and Noise Pollution

Air pollution and climate change are two sides of the same coin. Natural phenomena such as erupting volcanoes and dust storms can cause climate change and air pollution, but humans are also contributing to air pollution and global warming through the production and consumption of goods. Air pollution problems, such as smog and acid rain, result from the release of pollutants (fine particles, harmful gases such as NO<sub>x</sub> et SO<sub>x</sub> etc.) into the atmosphere. Most pollutants are released through human activities, such as transportation, the burning of fuels for electricity or heating, and a variety of industrial activities. Especially black carbon – also known as soot – which is formed by the incomplete combustion of wood and fossil fuels, creates carbon dioxide (CO<sub>2</sub>) and carbon monoxide, which warms the atmosphere. In regions where it is concentrated, it can alter weather patterns and ecosystem cycles and impact human health. By implementing control measures, we can reduce black carbon emissions. Our decarbonisation strategy, which we will start developing in 2025 aligned with our Science-Based Targets, will consider the energy sources used by our suppliers, and attempt to increase the clean energy sources being used. We will prioritise air pollution over light and noise pollution when working with suppliers, since the facilities do not significantly impact sensitive ecosystems. Hunkemöller does not create NO<sub>x</sub> and SO<sub>x</sub> emissions from our own operations or cause any relevant light or noise pollution to respond to this section of the law.

#### Water Pollution

Pollution of water, water consumption, water withdrawals, water discharges, use of resources, and water and sanitation in our supply chain all appear on our list of material topics. Our suppliers can potentially release pollutants into nearby water sources, such as rivers, lakes, and oceans, contaminating water and affecting water quality and harming aquatic life. Our chemical management strategy and water stewardship policy are designed to ensure that water remains free from harmful influences during production processes.



#### Microplastics and fibres

Microplastics are small plastic particles less than 5 millimetres long. Microplastics come from a variety of sources, including synthetic fibres. The manufacturing, wearing and washing of textiles made from synthetic fibres are a source of microplastics, whereby these microplastics can be released directly into the environment. Textile products release microfibrils during manufacturing processes and during product use, due to washing or UV exposure. Microfibrils are released from natural, synthetic, and man-made cellulosic textiles throughout their lifecycle. These microfibrils can have negative environmental impact

on soil, air and water and harm ecosystems, wildlife, and human health. There is little research done to understand the root causes of microfiber shedding and limited technology available to us to accurately measure pollutants. We therefore do not have metrics on the emissions and microplastics generated by Hunkemöller. Vertically integrated Tier 1 and nominated wet process suppliers are however encouraged to implement mitigation measures to reduce microfibre leakage during the manufacturing phase, actively research technologies for microfibre removal, and invest in systems that capture microfibre particles in wastewater.

### Hazardous waste

We require our suppliers to store hazardous waste – whether chemical, bio-chemical, electrical or production-related - in designated areas, protected from weather events such as rain and sun. This waste must not pose any risk of leaking into groundwater, must be stored by separate waste stream and must be collected by a certified waste collector.

### Substances of Concern

Chemicals are commonly used in the textile and apparel industry. Processes like finishing and dyeing use chemicals which can be harmful to production workers, local communities, consumers and the natural environment. The management of chemicals during the production phase is therefore very important. We are working hard to ensure product quality and safety by eliminating hazardous chemicals from processing activities. To support the development of safe clothing with no hazardous chemicals present, we have implemented a restricted substances policy – the Hunkemöller Restricted Substance List (RSL). Besides adhering to this policy, all our suppliers must also 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 are also required 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, such as through the Better Mills Initiative (see section 2.4.3). Regarding product testing, we have a risk based chemical testing approach based on product, industry and country of origin. For substances of concern throughout the manufacturing process, we utilise the ZDHC MRSL.

We take no additional steps to address substances of concern since there are no known processes that use substances of (very) high concern within the value chain, making this topic immaterial to Hunkemöller, confirmed by the Double Materiality Assessment. The nature of our products requires us to prioritise comfort, safety, and skin-friendliness in our materials, so substances of concern tend to be naturally and automatically avoided.

### 2.3.3 Pollution Policies

Hunkemöller's environmental strategy focuses on the processes with the greatest environmental impacts, meaning those processes using significant quantities of energy, water and chemicals as well as those resulting in substantial discharges of wastewater. The majority of our pollution-related impacts originate in our upstream supply chain, specifically from the operations of our supply chain partners who perform wet process activities such as dyeing and finishing.

The core document that outlines our policy on pollution is the Hunkemöller Ethical Code of Conduct (ECoC), which must be implemented by all suppliers as a condition of doing business with us. The ECoC is built upon the central requirement of legal compliance and contains indications and expectations toward suppliers in terms of general environmental discharges. These include the following:

- Suppliers must measure, monitor, and minimise discharges to the local environment, including emissions to air, water, and land, and take steps to limit noise pollution.
- Suppliers must ensure wastewater is treated sufficiently prior to discharge from site, in line with local and national regulations and, where applicable, ZDHC requirements.
- Suppliers must conduct wastewater tests as required to meet all national and local legal requirements and share wastewater quality data with Hunkemöller, when requested.
- Suppliers shall aim to minimise waste through operational efficiencies and promote the reuse and recycling of waste where possible.
- Regulations on the transboundary movement of hazardous waste must be followed at all times.

We expect our business partners to cascade our requirements down to their own partners as well; suppliers must ensure that their production facilities, suppliers, and subcontractors involved in production for Hunkemöller follow the requirements listed in ECoC.

Additionally, Hunkemöller has policies, aligned with leading industry initiatives, on specific topics as needed:

- Our **Chemicals Policy** ensures the collaboration between Hunkemöller and suppliers for responsible chemical management across our value chain, from our wet processing facilities to the final products sold in stores. The policy aims to mitigate social and environmental impacts caused by harmful chemical exposure at both the product- and process-levels. Our chemical management approach, including the recall process, focuses on both mitigation and remediation of potential risks, including pollution of air, water and soil, and incidents and emergency situations. The Chemicals Policy has been shared internally and with our direct and nominated suppliers who have been encouraged to cascade the responsible chemical practices outlined down the supply chain. The Chemicals Policy includes an industry standard Restricted Substance List (RSL), which is shared annually with all suppliers, and refers to the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing RSL (MRSL). This ensures chemical compliance across products and processes and prevents the use of substances of concern and very high concern.
- Our **Microfibre Policy** aims to minimise the release of microfibrils into air, water and soil, along all stages of the value chain, from manufacturing to end-use. The policy is guided by the recommendations made by The Microfibre Consortium (TMC).

#### 2.3.4 Pollution Actions

To ensure that our policies addressing pollution are being adhered to, we take numerous actions to monitor our value chain and reduce pollution.

##### Supplier Requirements

All Tier 1 and nominated Tier 2 facilities with wet processing operations are required to submit a ZDHC ClearStream Wastewater and Sludge test report annually. This report ensures testing occurs in a standardised way and tests according to the ZDHC MRSL parameters. If any parameters exceed the ZDHC thresholds, Hunkemöller requests the creation of a Corrective Action Plan (CAP) and for the wastewater to be retested once the remediation actions have been completed. Hunkemöller also requires a verified Higg FEM 4.0, in which the Air Emissions, Wastewater, Waste and Chemicals modules must not score below 15 percent. If a facility does score under 15 percent, it is required to complete a corrective action plan within 30 days of Hunkemöller receiving the verified results. The facility is also required to share a timebound plan outlining the actions that it will take to address the findings. In 2024, among the Tier 1 and nominated Tier 2 suppliers which submitted verified Higg FEM reports, one supplier had a Higg FEM score of under 15 percent for Waste, five suppliers had a Higg FEM score of under 15 percent for Wastewater, sixteen suppliers had a Higg FEM score of under 15 percent for Air Emissions, and six suppliers had a Higg FEM score of under 15 percent for Chemical Management. In total, 25 percent of facilities scored under 15 percent in at least one of these categories. We hope to reduce this through the actions outlined in Section 2.3.5. Additionally, Tier 1 suppliers must provide OEKO-TEX® STANDARD 100 certification for textile products annually. This label tests textiles for harmful substances. This chemical audit sets the benchmark for textile safety, from yarn to finished product. From 2025 onwards, Tier 2 suppliers must also provide OEKO-TEX® STANDARD 100 certification for textile products annually.

##### Virtual Factory Visits

Before onboarding a facility, and when deemed necessary, Hunkemöller conducts a virtual factory visit of the facility. During the visit the Corporate Social Responsibility (CSR) team ensures that responsible chemical management requirements, set out in the Chemicals Policy, are being followed.

##### Product Testing

Hunkemöller conducts quarterly due diligence chemical testing on products, to ensure that they do not contain substances listed on the RSL. If any product fails the test, the Recall Procedure outlined in the Chemicals Policy is followed. In 2024, 8 products were tested.



### 2.3.5 Pollution Targets

Hunkemöller has set voluntary pollution targets. Whilst the targets do not relate to specific loads of pollutants, due to current inability to regularly monitor such metrics, the targets relate to increasing our due diligence and pollution prevention.

#### ZDHC

Target 1: Full alignment with ZDHC Wastewater testing guidelines by 2027

Target 2: Have full insight into the chemical management and chemicals used in our supply chain by 2030

Target 3: Water leaving our wet processing facilities will have zero hazardous chemicals by 2030

Year	Action Taken
2024	<ul style="list-style-type: none"> <li>■ Tier 1 and nominated Tier 2 suppliers with wet processes provide ZDHC ClearStream report annually.</li> </ul>
2025	<ul style="list-style-type: none"> <li>■ Tier 1 and nominated Tier 2 suppliers with wet processes provide ZDHC ClearStream report biannually</li> <li>■ Hunkemöller to become Friend of ZDHC.</li> </ul>
2026	<ul style="list-style-type: none"> <li>■ Tier 1 and Tier 2 suppliers with wet processes provide ZDHC ClearStream report biannually.</li> <li>■ Hunkemöller to become Signatory of ZDHC.</li> </ul>

In 2024, 50 percent of vertically integrated Tier 1 suppliers and nominated Tier 2 suppliers with wet processing provided a wastewater test in 2024. Of those, 50 percent provided a ZDHC ClearStream report and not an alternative.

#### Product Chemical Due Diligence

Target: Testing 12 products a year by 2025

We have set minimum targets below for Due Diligence chemical testing to manage risk effectively to ensure that consumers, workers and the business itself are protected against restricted substances. Our testing decisions are carried out on a risk-based system of supplier, product and process performance. Our smart testing is done by an external third party (Hohenstein) who advise which of our products carry the biggest risk and should therefore be tested. These risk-based tests are our minimum requirement - our product testing is not limited to just these tests. The factories we produce at do their own testing and additional random chemical checks are carried out throughout the year as part of our supplier risk procedure and through the monitoring of changes in legislation. In 2024, we tested 8 products.

#### Air Pollution

Target: Eliminate the use of coal in our supply chain by 2030

Coal is still used in the textile industry as boiler fuel, especially in China. We monitor our supplier base's energy consumption and sources through the Higg FEM and report based on this data. Last year we reported that no monitored Tier 1 suppliers used coal as an energy source. However, in 2024 we noted that this data may not be representative of coal usage, since coal is often used in steam-electric power generation, and steam or electricity is recorded as the energy source. We plan on developing an alternative plan to obtain accurate data on the current coal usage in our supply chain in 2025.

#### Microfibres

Target: Research microfibre shedding in different materials and set parameters and on the release of microfibre fragments during wet processing by 2030

In 2025 we will become friend of the Zero Discharge of Hazardous Chemicals (ZDHC) initiative; in 2026 we will become a signatory of ZDHC, which works closely with The Microfibre Consortium (TMC) in developing a testing methodology which accounts for microfibres. The ZDHC and TMC are collaborating to incorporate microfibre testing into the ZDHC ClearStream report. Once this test has been introduced,

we will be able to measure microfibres released into wastewater by our wet processing facilities through the ZDHC ClearStream test reports.

### Further Pollution Targets

In 2026 we expect to have full visibility of our Tier 2 wet processing suppliers. We plan to set quantitative targets based on the Higg FEM 4.0 assessment.

### 2.3.6 Potential Financial Risks and Opportunities

There are costs associated with the actions Hunkemöller and its suppliers take to mitigate pollution risks. For example, ZDHC wastewater testing and the Higg FEM audits must be paid for by suppliers, and product chemical tests are paid for by Hunkemöller. Remediation steps can also be costly. When a Due Diligence chemical test fails, we need to recall the associated products and identify responsible alternatives. When products contain a harmful chemical, we need to responsibly destroy them through a third party. Additionally, all packages and products must be sent back to the distribution centre for collection. The costs associated with this process include logistics expenses, disposal fees with third parties, labour costs from stores and HQ, and potential reputational impacts.

Water, air, and soil pollution in the supply chain can have a reputational impact as well as other financial costs in the medium and long term. Air pollution within facilities is detrimental to workers' health and can reduce worker productivity, according to the IZA World of Labour. Soil and water pollution can adversely impact ecosystems and disrupt agricultural production necessary for natural fibres.

However, the increase of consumers' awareness and desire for circular fashion also brings business opportunities as Hunkemöller looks to finding circular solutions for its products (see section 2.6.3).

## 2.4 Water and Marine Resources

One of the pressing environmental challenges facing the textile industry is its considerable water footprint. The textile sector extracts large amounts of water from natural sources such as groundwater. Processes like dyeing, finishing, fabric treatment and cultivation of natural fibres are heavily water-dependent, making the textile sector one of the biggest consumers of freshwater resources globally. Excessive water extraction and usage can deplete groundwater reserves and lead to contamination, thereby exacerbating water scarcity. Beyond environmental concerns, water-related challenges intersect with social risks, since water available for drinking, sanitation, and agriculture can be compromised. At Hunkemöller, we use water at many stages of our value chain – from the generation of raw materials (such as growing cotton) and wet processes in production to our own operations and customer use. Cotton agriculture and wet processing both use significant amounts of water and can contribute to water scarcity in communities near manufacturing hubs, which in turn disrupt livelihoods and causes disruptions in supply. Chemical use can contaminate water supplies and pose potential risks to humans and the environment. The functioning of offices, retail outlets, warehousing and logistics also use water. Throughout the life cycle of our products, we therefore need to think about water extraction, water use, and water discharge, as well as how our activities, and the activities of our partners, may impact human and environmental health.

### 2.4.1 Risk Identification

Hunkemöller products do not rely on marine resource extraction for production, or discharge wastewater into the ocean. However, in our supply chain we do use a substantial amount of water. That is why water is a material topic for us. Pollution of water, water consumption, water withdrawals, water discharges, use of resources, and water and sanitation in our supply chain all appear on our list of material topics, so we focus on water-related impacts, risks, and opportunities. The main risks pertaining to water across the industry are overextraction and pollution. In our risk assessment, we assessed water risks specific to Hunkemöller operations by mapping our Tier 1 and nominated Tier 2 facilities onto WWF's Water Risk map.

Our risk assessment found most impacts, risks and opportunities arise within the supply chain rather than our own operations, since our direct use of water across stores, HQs and distribution centres is limited to non-industrial use. Therefore, our Water Strategy focuses on our supply chain. To ensure that we

prioritise and act where we can have the greatest impact, we engage with multiple stakeholders as part of our Water Strategy. We use tools provided by organisations such as the ZDHC and Cascale to measure our impact, and work with NGOs (Solidaridad) and facilities directly to identify factory-specific risks. For more information on our work on the ground in Bangladesh see the Better Mills Initiative in section 2.4.3.

Risk	Risk Description	Management of Risk	Level of Risk
Water and Marine Resources	<p>Our suppliers can potentially release pollutants into nearby water sources, such as rivers, lakes, and oceans, contaminating water and affecting water quality and harming aquatic life.</p> <p>Wet processing uses significant amounts of water. This can contribute to water scarcity in communities near manufacturing sites, pose health risks to communities and disrupt livelihoods. It can also disrupt supply.</p>	<p>Our chemical management strategy and measures aim to keep water free from harmful substances and influences in production processes.</p> <p>We are increasing the use of preferred materials in our products and packaging.</p>	<p>No change</p> <p>↔</p>
Opportunity	Opportunity Description	Management of Opportunity	Level of Opportunity
Water and Marine Resources	<p>Understanding water risks throughout the value chain and sharing challenges and solutions with other, co-located sectors can help protect, manage and restore water and marine resources.</p>	<p>Enhance collaboration to face these challenges.</p>	<p>Increase</p> <p>↑</p>

Wet processes were identified as the stage with greatest risk due to their high-water consumption and likelihood of water pollution. Furthermore, most of our Tier 2 facilities that are engaged in wet processes such as dyeing and finishing, are located in regions with high water scarcity and water quality risk, such as Bangladesh and China. Hence, we prioritise water stewardship at our Tier 2 facilities.

We also acknowledge the interrelation between water risks and our goals to increase usage of our preferred materials. Whilst using natural fibres reduces our dependency on fossil fuel-derived raw materials and is a key aspect of our decarbonisation strategy (see section 2.2.1), using materials such as cotton requires significantly more water (see section 2.6.3.1).

## 2.4.2 Water and Marine Resources Policies

The Hunkemöller Environmental Strategy includes a Water Stewardship Policy based on two pillars – protect and reduce – aiming to preserve water quality and improve water efficiency across the manufacturing stages and within our own operations. We do not currently distinguish between areas at water risk in this policy. Our approach to managing water risk and the steps being taken are outlined in sections 2.4.3 and 2.4.4.

In addition to the Water Stewardship Policy, water quality is addressed in our Microfibre Policy and Chemicals Policy, discussed in more detail under 2.3.3 (pollution policies). Our Material Manual outlines which materials are preferred for product design, addressing the water footprint of various materials, for instance Better Cotton being preferred over conventional cotton due to fact that Better Cotton is grown with a focus on water efficiency as well as promoting sustainable farming in general. Hunkemöller has not adopted policies or practices related to sustainable oceans and seas since no known processes associated with our products extract from or discharge into oceans or seas.

## 2.4.3 Water and Marine Resources Actions

Hunkemöller's actions focus on reducing our water consumption, focusing on our supply chain rather than our own operations based on our risk assessment. At our own facilities, water is mainly consumed for non-industrial purposes. Our direct water withdrawal has a low environmental impact since most of the water withdrawal comes from facilities located mainly in Western Europe, where high-quality freshwater is readily available with minimal treatment. Furthermore, wastewater in all our facilities is channelled to the appropriate wastewater systems. On that basis, our water usage and management does not have an impact on protected habitats.



## Supplier Requirements

The biggest impact in garment and textile production is in wet processing, which mostly fall under tier 2. In our water stewardship strategy, we therefore focus on the environmental performance of these manufacturers, namely fabric mills, dyeing and printing facilities, and washing plants. To track and review their water consumption and identify the various water sources being used, we use the Higg Facility Environmental Module (FEM 4.0). Facilities must score above 15 percent in the Water, Wastewater and Chemicals modules of the Higg FEM 4.0. If this score threshold is not reached, the facility must complete a corrective action plan within 30 days of Hunkemöller receiving the verified results and share a timebound plan outlining the actions that will be taken to address the findings. In 2024, out of the Tier 1 and nominated Tier 2 suppliers which provided verified Higg FEM reports, two suppliers had a Higg FEM score of under 15 percent for Water, five suppliers had a Higg FEM score of under 15 percent for Wastewater, and six suppliers had a Higg FEM score of under 15 percent for Chemical Management. In total, 12 percent of facilities scored under 15 percent in at least one of these categories. We hope to reduce this through the actions outlined in 2.4.3, focusing on water pollution. As part of our chemical output management, we require annual wastewater testing at our suppliers' production facilities according to the latest ZDHC wastewater guidelines to ensure clean water discharge. By testing raw wastewater for chemicals listed in the ZDHC Manufacturing Restricted Substances List (MRSL), we can monitor the chemicals used by suppliers and identify and prioritise opportunities to improve the performance of our suppliers. If a hazardous chemical is detected a corrective action plan is initiated to find out the root cause of the contaminator. Because Higg FEM only provides a snapshot of the environmental impact of the facilities that make our products, we also monitor our suppliers on their compliance with Hunkemöller chemical requirements. Articles produced for Hunkemöller must meet all European legal restrictions as well as our RSL. All suppliers to Hunkemöller are required to provide products that are REACH compliant, including compliance related to any Substances of Very High Concern (SVHCs).

## Better Mills Initiative

In 2023, we partnered with Solidaridad for the Better Mills Initiative project in Bangladesh, which addresses the environmental impact of washing, dyeing and finishing of fabrics, as well as the health and safety of workers. This initiative aims to improve chemical and water management in wet processing facilities through knowledge dissemination and capacity building. The project brings brands, consultancies and factories together to deliver targeted solutions. Following the completion of this project, we hope to share the resources and expertise developed with other wet processing facilities.

In 2023, Phase A of this project was completed, in which a wet processing facility in Bangladesh was visited and an impact assessment was undertaken, identifying risks and necessary improvements. In 2024, we started Phase B, during which we planned what actions should be taken to improve upon the identified measures at the wet processing facility and at brand-level. The focus areas and actions were determined in collaboration with our wet processing facility, other brands involved in the project, and Solidaridad. In 2025 Hunkemöller will partake in microfibre shedding, chemical management, and effluent treatment plant training, and the wet processing facilities will receive microfibre shedding and chemical management system training. As well as the trainings, which are aligned with ZDHC guidelines, the wet processing facility will also take part in a zero liquid discharge pilot project.

## Preferred Material Usage

The quantity of water necessary for the cultivation or production of various fibres differs, and there are some natural fibres that require significant amounts of water. In our Material Manual (see section 2.6.2) we weigh up the advantages and disadvantages of different fibres, also considering water usage, to ensure we make the best decisions for our product and the environment. When we do use high water consumption fibres, like cotton, we try to use certified materials. The Better Cotton Initiative helps farmers find more water efficient methods for cotton cultivation. Alternatively, we use certified organic cotton – such as OCS or GOTS – which has a lower water footprint compared to conventional cotton as cultivation occurs in more rain-fed areas. Finally, we are expanding our use of recycled cotton to bypass the need for water use for the growing phase of cotton. For more information regarding our efforts to increase our usage of preferred materials with lower environmental impact, see section 2.6.3.1 (Resource Use and Circular Economy).

## 2.4.4 Water Targets

Because the water use in our own operations is limited to non-industrial consumption, our water footprint hotspot lies in the production phases of our supply chain. Our supply chain encompasses one of the most water-intensive areas of our value chain, namely wet processes (dyeing, washing, finishing and printing, among others). Mindful of the importance of these processes in water management, we are currently focusing our water stewardship efforts at our Tier 2 (wet processing) facilities, who are required to complete and verify the Higg FEM in which they are encouraged to set water reduction targets of their own. As our risk assessment and Double Materiality Assessment did not identify water consumption as high risk in our own operations, we have decided to focus on setting targets where we can have a greater impact, for instance our journey to set Science-Based emission reduction targets (see section 2.2.5) and striving to become more circular (see section 2.6.3). This assessment is backed by the Double Materiality Assessment conducted externally. We therefore have no water targets pertaining to water consumption in our own operations. However, we are striving to improve the visibility of water consumption, both across our supply chain and in our own operations.

## 2.4.5 Water Consumption

### Own Operations

The water consumption at our facilities is calculated through direct meter readings and bill charges from public water utilities companies. Where this data is not available, assumptions and extrapolations were made based on available data. In 2024, water consumption in own facilities - corporate headquarters, DCs and stores - amounted to 35080 cubic metres, based on extrapolation based on metres squared from units we received actual consumption data from. Our total water consumption intensity was  $7,4 \times 10^{-5}$  m<sup>3</sup> per net revenue. The baseline water stress at country level for the countries in which we have our own operations (stores, distribution centres, head offices), based on the WRI Aqueduct Country Rankings tool are shown in the table below. The tool considers agricultural, domestic and industrial factors and provides a quantitative rating representing the ratio of water demand to available renewable water supplies.

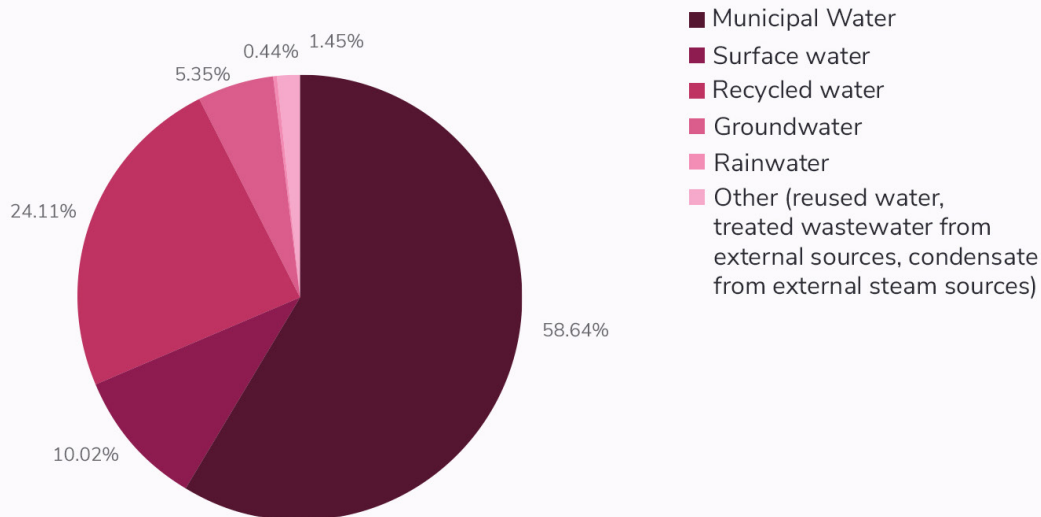
Country	Score	Baseline Water Stress	Water Consumption (m <sup>3</sup> )
Austria	0,26	Low	1482
Belgium	4,41	Extremely high	2279
Denmark	0,95	Low	1425
France	1,92	Low-medium	467
Germany	2,04	Medium-high	12866
Luxembourg	2,93	Medium-high	341
Netherlands	1,58	Low-medium	4150
Norway	0,19	Low	621
Spain	3,94	High	736
Sweden	0,78	Low	2549
Switzerland	0,41	Low	620

### Supply Chain

In 2023, we communicated the total water consumption of our Tier 1 suppliers based on verified Higg FEM data. We expanded our data collection from Tier 1 suppliers to nominated Tier 2 suppliers in 2024. This year we decided that we will not be communicating the total water consumption for our Tier 1 or Tier 2 suppliers as we believe that the data is not accurate enough to reflect consumption attributed to Hunkemöller production processes. This is due to the incomplete visibility of our supply chain at component level, and facilities manufacturing various products for multiple brands with various water intensities. Therefore, a clear water consumption allocation to Hunkemöller's production processes cannot be made based on the available data.

The graph below shows the water source split for all suppliers (Tier 1 and nominated Tier 2) who shared their verified Higg FEM assessments, taking into account domestic and production water consumption. Compared to 2023, where only Tier 1 supplier data was included, the share of municipal water used has increased by 7,43 percent and groundwater and rainwater have decreased by 37,6 percent and 5,41 percent, respectively. In 2023, only the three previously mentioned categories were recorded, however with the broadened scope in 2024 additional water sources are now also seen to be utilised.

### Water Sources Used by Tier 1 and nominated Tier 2 Suppliers



In 2024, we also started recording whether a facility was considered a high-water risk based on its location according to the Higg FEM assessment, which requires facilities to use both the WRI Aqueduct Tool and the WWF Water Risk Filter. Based on the facilities with verified Higg FEM data, 55 percent were considered high water risk.

#### 2.4.6 Collaborations with External Initiatives

To optimise the environmental management of our Chinese supply chain, in 2024 we linked to the Chinese Institute of Public & Environmental Affairs (IPE) transparency tool, that monitors pollution incidents in China. In addition to the environmental performance of the textile factories, the IPE monitors suppliers of raw materials and chemicals, as well as the wastewater treatment plants and the results of wastewater analyses. Furthermore, we started collecting water and sludge test reports in line with the Manufacturing Restricted Substances List (MRSL) by the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation. This regulates the quality of discharges, facilitating compliance with requirements for both chemical suppliers and the facilities that use them.

#### 2.4.7 Financial Effects and Opportunities

Water stress must be treated as a material risk, since water resources are essential to the raw material production stages in the supply chain, as well as further down the supply chain, where fibres are treated and finished. As water becomes a limited resource, the cost of goods will increase. Thirsty crops, such as cotton, will be most impacted by this and their production could be disrupted. The “Adapting to climate change – physical risk assessment for global cotton production” analysis commissioned by the Cotton 2040 Initiative found the highest cotton-producing countries to be increasingly exposed to climate risks, with 40 percent of global cotton regions experiencing a decreased growing season. Furthermore, around half of global cotton will experience increased risk of drought. By not taking action to address water-related risks, we put ourselves at risk of negative financial effects due to supply chain disruptions centred around our Tier 4 suppliers, and Tier 2 suppliers, many of which are located in water scarce regions. Lack of action also exposes Hunkemöller to reputational risks from exacerbating water stress and negatively impacting the livelihoods of affected communities.

Whilst there are opportunities to minimise water consumption across our Tier 2 and Tier 4 facilities, these efforts also have financial implications. Preferred materials with lower water footprints, such as Better



Cotton or recycled cotton, may be more expensive to source. Additionally, suppliers may experience increased costs due to investing in water efficient or circular technologies; or using less water intensive techniques such as dry dyeing. However, these increased costs may be passed onto Hunkemöller.

## 2.5 Biodiversity

The fashion industry is heavily dependent on biodiversity, particularly for the production of natural fibres, but also for packaging materials and material processing. However, the fashion industry simultaneously contributes to global biodiversity loss through its contribution to climate change, pollution across the products' life cycle, and material sourcing contributing to land use change. At Hunkemöller, we try to protect ecosystems through our Pollution Strategy (see section 2.3.1), our decarbonisation journey (see section 2.2.1) and our Biodiversity Policy.

Risk	Risk Description	Management of Risk	Level of Risk
Biodiversity	<p><b>Biodiversity loss and climate change are interdependent and mutually reinforcing - one accelerates the other, and vice versa.</b></p> <p>Most of Hunkemöller's biodiversity impact occurs in the supply chain, particularly through the usage of raw materials. These are directly linked to soil degradation, conversion of natural ecosystems and waterway pollution.</p>	<p>Set SBTs and increasing our use of preferred materials to help protect biodiversity.</p> <p>We collect material and packaging consumption data on an annual basis for the country of origin</p> <p>Collect material and packaging consumption data on an annual basis for the country of origin to stop deforestation.</p> <p>Regenerative Agriculture practices such as the Better Cotton Initiative, can help reduce the impact of production on soils and promotes soil health by restoring the soil's organic carbon.</p> <p>To mitigate the risk of biodiversity loss due to the production process, we will address environmental pollution risk through our Water and Pollution Strategies.</p>	<p>No change</p> <p>↔</p>
Opportunity Description		Management of Opportunity	Level of Opportunity
Biodiversity	<p>Prevent the loss of biodiversity and restore plant and animal species; improve natural habitats and ecosystem functioning in business areas and supply chains (including agriculture).</p>	<p>Increase supply chain transparency.</p> <p>Scale up innovative materials, processes and end-of-life solutions.</p> <p>Actively engage with suppliers to fight waterway pollution.</p> <p>Educate and empower consumers.</p>	<p>Increase</p> <p>↑</p>

### 2.5.1 Biodiversity Risk Identification

The main biodiversity risks associated with the textile industry are related to raw material production, material preparation and processing, and end of life. To address the end-of-life stage, at which waste can accumulate in and disrupt ecosystems, we strive to reduce waste and integrate circular design practices. This is discussed further in section 2.6. The main threat to biodiversity during the material preparation and processing phase is pollution, to which microfibre release during the consumer-use phase also contributes. Pollution is one of the main drivers of biodiversity loss worldwide, and our Pollution Strategy is addressed under section 2.3.

Hunkemöller aims to make responsible sourcing decisions to mitigate adverse impacts on biodiversity. Whilst we have limited influence on our Tier 4 suppliers, responsible for the raw material production, due to current lack of visibility, we can minimise our impact on biodiversity at this stage through our choices of

materials. The Textile Exchange's Biodiversity Insights Report covers material biodiversity-related risks; the following materials were found to be applicable to Hunkemöller: cotton, viscose, and synthetic fibres. The main risks associated with the use of synthetic fibres are associated with climate change, which we address through our decarbonisation strategy laid out in section 2.2.1. The usage by weight in 2024 of cotton was 9,5 percent and of viscose was 8,6 percent. Our relative low usage of these fibres resulted in the externally conducted Double Materiality Assessment finding Biodiversity a non-material topic. Despite this, we still try to limit our negative impact on biodiversity by not using animal products, using recycled and organic materials where possible, and using branded materials such as Better Cotton and Ecovero Lenzing viscose fibres (see section 2.6.3.1). If our usage of viscose, cotton, and other fibres derived from natural sources significantly increases or we change our animal-derived materials strategy, we will revisit our risk assessment and biodiversity strategy to ensure that all identified risks are adequately addressed.

### 2.5.2 Biodiversity Policies

The Hunkemöller Environmental Strategy includes our Biodiversity Policy and Deforestation Policy. Our policies aim to ensure that Hunkemöller's adverse impact on biodiversity and ecosystems is minimal. The policies focus on areas deemed higher risk according to the Biodiversity Risk Assessment, so prioritise risks along the supply chain, particularly material sourcing, as opposed to our own operations. Our Material Guide reinforces our goal to mitigate biodiversity loss and protect ecosystems by outlining preferred materials. We recognise the interlinked nature of biodiversity and climate change, therefore the Hunkemöller biodiversity Policy should be read in conjunction with the Hunkemöller Climate Policy. The Deforestation Policy, aligned with the EU Deforestation Regulation, reiterates our commitment to responsible sourcing, continuous improvement, and supply chain transparency, as well as stating Zero Tolerance for Deforestation.

In addition to the aforementioned, our Animal Welfare Policy aims to guarantee good animal welfare and the conservation of biodiversity when sourcing materials. This policy prohibits the use of leather, wool, fur, silk, down, feathers, bone, horn, shell, and teeth. Moreover, the policy explicitly states that materials cannot be derived from wild animals, particularly species classed as vulnerable or endangered, as per the IUCN or CITES checklists. Hunkemöller is proud to be a member of the Fur Free Retailer programme.

## 2.6 Resource Use and Circular Economy

Under circular economy models, raw materials can be recovered or reused, or even used as new raw materials. The Ellen MacArthur Foundation describes circular economy as a "system where materials never become waste and nature is regenerated. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting". At Hunkemöller, we acknowledge the importance of promoting the circular economy, in regards to the resources we use, the quantity of raw materials used, and the waste and end of life treatment of our products. We focus on ways in which we can reduce our use of raw materials, by choosing recycled options where possible and reducing packaging materials. We also try where we can to opt for certified preferred materials, which have a lower environmental impact than their conventional counterparts. Due to the nature of our complex products and the limited availability of recycling techniques that can process blended materials and metal components, we currently face challenges closing the loop and developing a circular system. To promote a harmonised approach toward working with circularity principles, we support the proposal for a new Ecodesign for Sustainable Products Regulations (ESPR) and continue to investigate circular solutions and champion initiatives to help our business transition to a circular economy.

Today's patterns of consumption and production are a major cause of climate change, biodiversity loss, waste and pollution. Continued population growth will only increase pressure on natural resources. Transitioning to a circular economy is important to Hunkemöller as it reduces our reliance on finite resources, addresses supply risks and avoids negative externalities arising from waste. Additionally, improving circularity will play a significant role in delivering our scope 3 carbon emissions targets, fostering a positive social impact on communities and ensuring sustainable and balanced growth for the company. Our goal is to:

- Collaborate across the apparel industry to develop and scale innovative circularity solutions
- Reduce waste and pollution
- Circulate products and materials
- Regenerate nature

Creating a circular economy starts with design. Based on our double materiality assessment, in 2025 we will develop a time-bound plan, aligned with the ESPR, to scale internal trainings and develop circular design frameworks that will leverage expertise and equip our product design & development teams to create garments that contribute to a more circular ecosystem. We will also develop a circularity packaging strategy, which builds on the existing work we have already been doing to improve circularity of packaging waste in our operations. Finally, we will keep engaging with circular economy experts and organisations to stay up to date on the latest developments and incorporate innovative approaches into our circularity initiatives.

### 2.6.1 Resources and Circular Economy Risk Identification

As a brand selling physical fashion products and packaging, Hunkemöller generates both direct and indirect waste streams, which result in negative environmental and social impacts. The associated risks and opportunities have been identified and analysed through internal workshops, as part of our DMA process, Hunkemöller's internal risk assessment, and investigating industry-wide trends.

Whilst the subject of resource use and circular economy presents many opportunities and risks to Hunkemöller, we recognise that there are many interconnections between the two. The Double Materiality Assessment identified more opportunities than risks on this topic, as there is growth potential in the sustainable fashion market for which more innovative materials are becoming mainstream. However, there were many dependencies identified. The increasing EU legislation on circularity requires system and technologies in place to support the recycling of our products. Moreover, the switch to preferred materials may impact product margins.





Risk	Risk Description	Management of Risk	Level of Risk
Resource Use and Circular Economy	<p>Non-circular products and materials might not be durable, reusable, repairable, which could lead to over-consumption of resources and excessive waste generation.</p> <p>High energy consumption, wasteful practices, and unsustainable sourcing can increase production costs, making us less competitive.</p> <p>Environmental violations and reputational damage from unsustainable practices may result in legal fines and loss of customer trust, impacting revenue.</p> <p>Transitioning to a circular system will bring significant logistical, financial, and technological risks and challenges.</p>	<p>We monitor climate change, have measured our GHG emissions and will develop a climate change transition plan and have our emission reduction targets approved by SBTi in 2025.</p> <p>We are increasing the use of preferred materials in our products and packaging, reducing our packaging waste, and are taking steps to decarbonise our operations through eco-efficiency measures and renewable electricity. We also monitor government policy and actions to combat climate change and advocate for changes to public policy frameworks consistent with the 1.5°C ambition of the Paris Agreement.</p>	<p>Increase</p> <p>↑</p>
Packaging	<p>Emerging regulations can tax or ban the use of certain packaging materials which could impact our operations and business performance.</p> <p>There is a risk around finding appropriate replacement materials, but also due to high demand, the cost of recycled (plastic - or other alternative packaging materials could significantly increase in the foreseeable future, and this could impact our business performance.</p> <p>We could also be exposed to higher costs due to taxes or fines if we are unable to comply with packaging regulations, which would again impact our profitability and reputation.</p>	<p>Explore new material developments, find solutions to reduce the amount of packaging materials we use, increase recycling post-consumer use and source certified or recycled materials for use in our packaging.</p>	<p>No change</p> <p>↔</p>

Opportunity	Opportunity Description	Management of Opportunity	Level of Opportunity
Resource use and Circular Economy	<p>The adaptation of circular strategies can reduce global land use change, waste and production costs and reduce our carbon footprint. It can also strengthen customer loyalty.</p>	<p>Increase the use of preferred materials; near sourcing; vertical sourcing. Help customers understand the impact of their buying decisions and make choices that fit their needs, their tastes and their values.</p> <p>Introduce greener production processes; reduce waste; increase share of renewable energy. Encourage suppliers to optimise their production processes through energy efficiency, new machines or switching to renewable energy sources.</p> <p>Collaborating among industry peers and partners to foster innovations that further enable a circular industry.</p> <p>Decrease our GHG emissions in line with the Paris Agreement.</p>	<p>Increase</p> <p>↑</p>

Packaging	<p><b>Competitive advantage</b> through the development of low-emission packaging options.</p> <p><b>Lower greenhouse gas emissions and improved climate change resilience</b> through the development and use of preferred packaging materials.</p> <p><b>Stakeholder perception:</b> a strong environmental performance, with lower greenhouse gas emissions and improved climate change resilience, could lead to increased capital availability (green financing) and market evaluation, as well as increased employer attractiveness.</p>	<p>Increase the use of preferred packaging materials.</p> <p>Reduce waste and decrease our GHG emissions in line with the Paris Agreement</p>	<p>Increase</p> <p>↑</p>
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## 2.6.2 Resources and Circular Economy Policies

In 2024, Hunkemöller developed and implemented a Waste Reduction and Circularity Policy to establish unified standards for managing circularity and waste within our operations. By doing so, we strive to enhance our sustainability practices, ensure regulatory compliance, and foster a culture of continuous improvement in environmental stewardship.

We also have a Material Manual, an informative document providing key information and guidance on preferred materials that will enable both Hunkemöller employees and suppliers to understand and meet Hunkemöller's high material standards. Our Material Manual includes our general standpoint on shifting away from non-renewable resources and mainly covers raw material production and expectations when sourcing sustainable materials. It also includes material specific requirements since the sourcing of materials require due diligence processes at supplier level to ensure that any risks are identified and addressed.

We did not use any animal derived fibres such as wool, silk, leather or feathers in our collections in 2024. This follows our Animal Welfare Policy, which is part of our Environmental Strategy.

In 2025, we will introduce an Office Supply Purchasing Guide which will replace the Preferable Purchasing Principles. This guide will outline the requirements of the procurement of amenities for our International HQ, developing standards with our suppliers to reduce the negative impact of our purchases. The guide will be aligned with the EU Deforestation Legislation and aim to decrease our paper purchases as well as ensuring we do not contribute to deforestation by opting for recycled or certified alternatives.

## 2.6.3 Resource Use and Circular Economy Actions

### 2.6.3.1 Preferred Material Usage in Products

We consider a preferred material one that has a reduced impact on the environment and society compared to conventional alternatives, as outlined in our Material Manual. We are focusing on using preferred material alternatives across our core materials: cotton, polyester, polyamide (nylon), and man-made cellulosic fibres - in particular viscose - and require our preferred materials to be substantiated by third-party standards. Working with certified material standards is important to us, since it enables us to identify the fibres used across each production step. The main standard that we use is the Global Recycle Standard (GRS), a standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices and chemical restrictions. We also use RCS, the Recycled Claim Standard used for products that contain at least 5 percent recycled material. Regarding branded sustainable materials, we mainly use viscose from EcoVero™ (Lenzing™ AG), recycled nylon from ECONYL® and recycled Polyester from REPVE® (Unify). In 2024, 100 percent of our preferred materials were covered by product certifications.

Conventional cotton farming and production processes have a much more negative impact on people and the environment than preferred cotton options, because they use more water and chemicals. The chemicals used in conventional cotton farming pose a risk to the health of farmers and the wider community. Hunkemöller is a proud member of Better Cotton. Through its implementing partners, Better Cotton trains farmers to use water efficiently, care for soil health and natural habitats, reduce the use of the most harmful chemicals and respect workers' rights and well-being. Better Cotton is sourced via a chain of custody model called mass balance. This means that sourcing from Better Cotton is not about a content claim on a product but rather about creating demand and encouraging more farmers to adopt sustainable practices. In 2024, 66 percent of our cotton consumption consisted of BCI cotton and 5,5 percent was certified organic cotton. Because we do not classify cotton grown in accordance with BCI principles as fully sustainable – it is neither organic nor fully traceable – we are looking to source more sustainable alternatives. In 2024 we therefore introduced alternative natural fiber options in our nightwear collection such as GOTS certified organic cotton and linen. We aim to increase our use of organic and recycled cotton where possible.

Where possible, we aim to use recycled polyester and polyamide, to reduce our carbon emissions and the quantity of raw materials required. To reduce the environmental impact of our viscose garments, we use Lenzing™ EcoVero™, which uses at least 50 percent less water and emits at least 50 percent less carbon dioxide than generic viscose fibres according to Higg MSI.

Viscose, Modal and Lyocell are all MMC fibres obtained from cellulose, primarily derived from dissolved tree pulp, and are associated with several risks. Dissolving wood pulp is an energy-intensive and chemically demanding manufacturing process. To produce 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 combat biodiversity loss and ensure that our sourcing of man-made cellulosic materials does not contribute to deforestation, we must trace the origins of our raw materials. For this reason, we aim to use preferred viscose in our collections, such as Lenzing™ EcoVero™. Ecovero™ viscose fibres are made from sustainable wood and pulp and certified (EU Ecolabel) and controlled sources. These fibres can be identified in the final product through blockchain technology and enables us to identify the fibres used across each production and distribution step.

Polyester makes up the bulk of Hunkemöller's material use and carbon impact. Polyester is a man-made fibre made from fossil fuels. It is our intention to steadily increase our use of recycled polyester. Recycled polyester utilises waste, helps us reduce our dependence on petroleum as a source of raw material and reduces greenhouse gas emissions. The main barriers for adopting more recycled polyester in our collections are higher prices and the need for solutions to recycle textile waste back into textiles. As textile-to-textile recycled polyester is not yet scaled, we still rely on polyester made from plastic bottles such as REPREVE®. We see textile-to-textile recycling solutions such as the use of chemically recycled polyester as a key enabler to closing the material loop and reducing virgin resource consumption. To rely less on synthetics from non-renewable sources in the future, we will explore new alternatives from bio-based sources.

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

#### 2.6.3.2 Packaging

Across the globe, millions of tonnes of packaging materials end up in landfills, are incinerated or leak into the environment. Preventing products and materials from becoming waste is key to a circular economy. By taking a holistic approach that involves product design, production, supply chain management and customer engagement, we aim to increase the use of preferred packaging materials and reduce our use of packaging materials to reduce our negative environmental impacts. For example, we plan to implement practices to reduce product and transportation packaging and increase reusable, recyclable or compostable packaging material use, where possible.



We intend to reduce our negative impact of our packaging by reducing our packaging and increasing preferred materials across our packaging options. We aim for our paper packaging to be made of FSC or recycled paper or cardboard. Our hangtags are already made from FSC paper. Regarding plastic packaging, we aim to eliminate unnecessary plastic components, and where this is not possible, replace virgin plastic with recycled plastic. According to our materiality assessment, our highest priority material resources are related to both our products and our packaging. Packaging presents a complex challenge because of how materials are sourced, applied, and then disposed of. We source our packaging materials primarily from the Far East, where they are manufactured and applied to our products. Looking ahead, we have set a goal to replace 100% of our consumer-facing virgin plastic. This goal applies to in-store virgin plastic packaging including, polybags, protective hygiene stickers and kimbles (to attach labels to the garment). This is why all our plastic hangers are circular – all product hangers are taken back and fully recycled into new hangers. It also applies to virgin transport plastic packaging such as the foil used to protect the garments during shipment from manufacturing regions to the EU. Online plastic packaging, such as polybags to protect the garment for online orders from our customers, also falls under this goal. For example, polybags are used for hygienic reasons and to protect our products in transport and storage. Conventional polybags made from virgin plastic have a high carbon footprint. Roughly half of our polybags were made of recycled plastic in 2024.

We are also taking steps to reduce and optimise our packaging throughout our operations. We will take steps in 2025 to investigate where we can reduce waste throughout our processes, such as testing how we can reduce foil usage, or improving our returns process to minimise waste. We also are focusing on how to optimise our transportation and packaging, to minimise empty space and require less packaging per product.

### 2.6.3.3 Digitalisation

We hope to reduce unnecessary material usage throughout our supply chain by embracing digitalisation. In 2025 we hope to increase our use of 3D design samples and virtual stores. These techniques can help Hunkemöller teams see accurate depictions of our products and stores and make informed decisions about our collections earlier on in the process. This will reduce the need for physical samples, which will not only decrease material usage, but also transport emissions. The benefit of digitalisation can also be directly linked to responsible purchasing practices, demonstrating the interlinkage between the social and environmental issues, as better and faster decision making improves communication and helps with planning for Hunkemöller and our business partners, reducing the number of last-minute changes.



### 2.6.3.4 Other Actions Across our Own Operations

Despite focusing on circularity and resource use at product and packaging level, we are also taking additional steps to reduce waste across our stores and in our International HQ. In our HQ, we eliminated single use coffee cups to reduce our overall waste. Across our stores, we are also shifting our campaign strategy over 2025, which should lead to a reduction in the number of materials purchased for our visual merchandising.

### 2.6.4 Resource Use and Circular Economy Targets

#### Product Targets

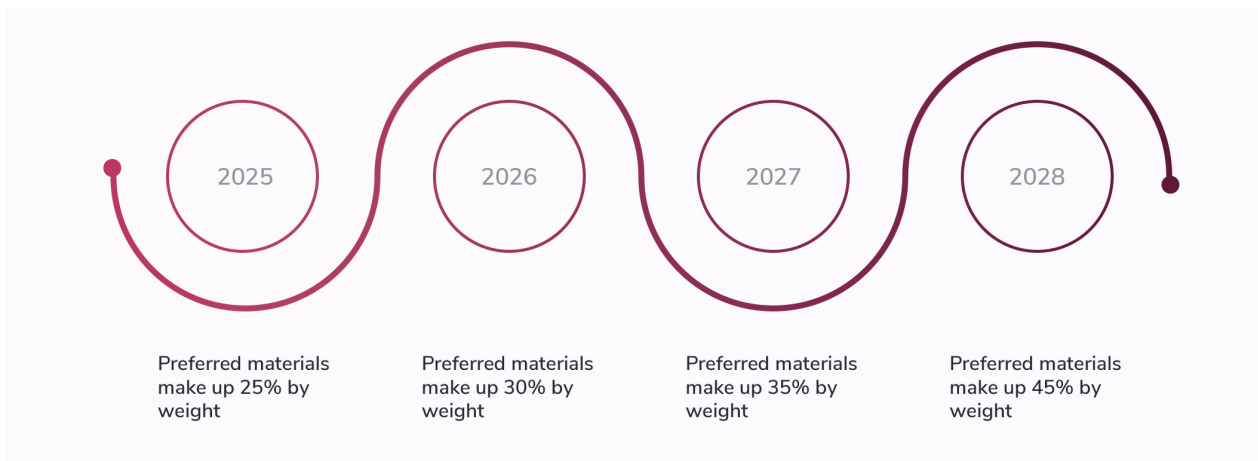
Target 1: Preferred materials will make up 45 percent of materials by weight by 2028

Target 2: Have at least 15 percent of our products made from a single material, rather than blends, by 2028

Target 3: Have at least 50 percent of polyamide and polyester recycled by weight by 2028

Target 4: Have at least 20 percent recycled materials by weight by 2028

In 2024, 12,74 percent of our materials were recycled by weight. In 2025 we will set internal departmental intermediary targets to ensure that we remain on track to our 2028 goal and continuously increase the proportion of recycled materials in our collection. Our internal roadmap to reach this goal is shown below:



In 2024, 15 percent of our total polyamide and polyester was recycled. In 2024, we met our target of 20 percent preferred material usage by weight, achieving 22,09 percent across the year, an increase from 20,4 percent over 2023. We want to increase the proportion of our products made from single materials to make it easier for them to be recycled at the end-of-life stages. In 2024, 10,47 percent of our products purchased were made of one material. Finally, we are a member of UPV Textiel in the Netherlands. By complying with their requirements and through their support, we hope to reduce our textile waste in line with EU legislation.

#### Product Safety

Target: 100 percent of our textile materials are sourced from suppliers with OEKO-TEX® Standard 100 by 2025

We are committed to guaranteeing the highest standard of product safety to protect the health of our customers. However, chemicals in a fabric cannot be seen with the naked eye. For this reason, all our suppliers need to align with the most stringent legislative (e.g. EU Reach) and industry standard updates. Because our textile products come in direct contact with the skin, they also need to comply with the limits set by STANDARD 100 by OEKO-TEX®. This is an independent and internationally uniform testing and certification system that aims to ensure that textile products are free of harmful substances and therefore safe for human health and the environment. In many cases, the STANDARD 100 limits are significantly more stringent than national and international legal requirements. We engage actively with all our textile suppliers to verify that all material and components used in our textile products are OEKO-TEX® certified. To monitor and report against this target, in 2025 we extended our OEKO-TEX® requirement to cover Tier 2 suppliers, to test at a material level.

## Greening the Supply Chain

Target 1: 10 percent of our products will incorporate sustainable dyeing practices by 2030

Target 2: 50 percent of our products will be sourced through vertical sourcing by 2030, where a minimum of 50 percent of materials will be local

These targets are part of our preliminary work towards our decarbonisation roadmap. We recognise that most of the impact occurs during the product manufacturing process within our supply chain. We have therefore set these targets and will begin to track progress towards them in 2025.

## Product Packaging

Target 1: All polybags sourced by suppliers must be from recycled plastic by Q4 2024

Target 2: The virgin plastic kimble will be replaced by a recycled plastic kimble or a fabric cord by Q4 2024

Target 3: Merge our three custom hangtags into one hangtag by Q1 2025

Target 4: Change the virgin plastic hygiene strips into biodegradable hygiene strips in 2025

Our product polybags are either sourced by our suppliers through a nominated packaging supplier or independently. Approximately half of product polybags are sourced directly by our suppliers. All polybags sourced through our nominated packaging suppliers are made of recycled plastic. We want all our polybags to be recycled, which is why we aim for all own-sourced polybags to also be made of recycled plastic by the end of 2024. We currently do not have visibility on what percentage of our own-sourced polybags from suppliers were made of recycled plastic.

Regarding the plastic kimble, we did not manage to replace this with a fabric cord in 2024. We are now looking to integrate this fabric cord in 2025 as part of our rebranding project. In 2025, we will also replace the virgin plastic hygiene strips in our underwear with biodegradable hygiene strips. Finally, we want to reduce unnecessary material usage by reducing the number of hangtags on our products. This target is also being considered while rebranding, as well as ensuring compliance with all regulations that require certain information to be available to customers. After further research into this topic, we found that it is unlikely that we will be able to switch to one hangtag, however we hope to reduce to two hangtags in the 2025 rebranding project.

Finally, we are substituting Targets 5 and 6 with the Packaging and Packaging Waste Regulation (PPWR) targets, to align with EU legislation and standards. We are now aiming for the following PPWR targets outlined below for our packaging waste:

Target 1: In 2030, 5 percent of packing waste must be reduced from a 2023 baseline

Target 2: In 2030, all packaging must be compostable or recyclable, graded on a performance scale from A (95 percent recyclable or higher) to C (at least 70 percent recyclable)

Target 3: In 2030, 35 percent of new packaging will be made from recycled content

Target 4: In 2030, the empty space ratio for grouped, transport and e-commerce packaging must not exceed 50 percent

Target 5: In 2030, 40 percent of transport and sales packaging must be reusable

## Non-consumer Packaging

Target: Reduce packaging waste by 25 percent by 2030 based on a 2024 baseline

We aim to reduce the packaging used for our logistics and omnichannel operations by increasing carton fill efficiency, lowering waste in e-commerce returns processing, and reducing foliage.



## 2.6.5 Resource Inflows

Our inflows are the materials that we source and use in our products and packaging. We calculate these flows based on product weight and composition data. To reduce the negative impact from these inflows, we try to increase our use of preferred and certified materials. Regarding our packaging materials, we try to source materials with a lower environmental impact than conventional materials such as FSC or PEFC certified paper or recycled plastic. According to our materiality assessment, our highest priority material resources are related to both our products and our packaging. The breakdown on resource inflows is based on the assumptions and extrapolations made for our carbon footprint exercise, based on internal data on purchased goods and material compositions and direct data from our packaging suppliers. The methodology differs slightly from how we internally calculate our product materials and we are working to align the two approaches.

Packaging group and material	Sum of Weight [kg]	Share of total packaging weight
<b>Hangers</b>	<b>147.598</b>	
Steel	6.979	0,40%
Recycled plastic	140.619	7,94%
<b>Labels</b>	<b>364.724</b>	
Coated nylon	6.320	0,40%
Paper	298.694	16,90%
Recycled paper	47.257	2,70%
Polyester	12.452	0,70%
<b>Other</b>	<b>25.162</b>	
LLDPE	4.040	0,20%
PP	6.000	0,30%
RLDPE	15.122	0,90%
<b>Pallet</b>	<b>291.525</b>	
Wood	291.525	16,50%
<b>Paper/cardboard</b>	<b>798.150</b>	
Paper/cardboard	798.150	45,00%
<b>Polybags</b>	<b>144.849</b>	
Recycled LDPE	71.270	4,00%
LDPE	73.580	4,20%
	<b>1.772.007</b>	<b>100,00%</b>

Product Materials	Gross weight [t]	Share of total weight
Cotton	269,84	8,90%
Elastane	222,67	7,40%
polyacrylnitril / Acryl	2,78	0,10%
Polyamide	939,98	31,10%
Polyester	740,2	24,50%
Polyurethane	9,46	0,30%
Viscose	35,25	1,20%
Recycled polyamide	206,67	6,80%
Recycled polyester	93,78	3,10%
LENZING™ ECOVERO™	225,85	7,50%
Organic cotton	16,61	0,50%
Eau de toilette	1,56	0,10%
Extrapolated	17,64	0,60%
Rubber	3,27	0,10%
Silicone	4,38	0,10%
Thermoplastic rubbers	7,34	0,20%
high carbon	213,7	7,10%
Others	10,01	0,40%
Total	3020,99	100,00%

### 2.6.6 Resource Outflows

At Hunkemöller, we are committed to taking actions to prevent, eliminate, or minimise our overall waste. Our sustainability strategy covers this aim and the need to progress towards a circular economy model that transforms waste into resources. The monitoring, handling, and categorisation of waste plays a crucial role in our transition to this circular model. However, we recognise that we are not yet at the level we aim to be. We currently have limited information available for a number of waste streams in our own operations, especially our stores. Collecting accurate, relevant, and verified data across all our waste streams is challenging because we depend on numerous external parties for this information. To gain a better insight into how we manage waste in our own operations, we are developing a waste management approach that examines governance structure, strategies to enhance and standardise our waste collection, tracking and monitoring procedures, and data accuracy for all the waste streams we handle. This will help us to set a better baseline, develop a target and track progress. Regarding the waste hierarchy, our top priority is the elimination of waste in our own operations, since this is where we have direct influence.

For our purchasing and merchandising operations, we are working to further optimise our assortment planning. Unsold merchandise as well as customer returns are currently partly resold and partly donated.

We are committed to keeping our packaging in use for as long as possible and reducing the amount of post-consumer packaging waste going to landfill. This requires us to redesign our packaging materials, improve their recyclability and work with industry partners on innovative solutions through new business models. In 2024, we further improved on the reporting accuracy of our packaging waste. The waste that we generate in our own activities is managed by a third party. Currently, all waste data shown in the table below is based on the assumptions and extrapolations made when calculating our carbon footprint, based on a limited scope of actual data from our waste management services. We have taken steps to try and reduce our operational waste, for instance we have gone paperless for all import documents to reduce paper waste.

Waste stream	Share of total waste consumption [%]
Paper	57,21
Hazardous waste	0,02
Plastic	3,55
Municipal waste	38,02
Glass	0,05
Biological and vegetal waste	1,16
<b>Total</b>	<b>100,00</b>

### 2.6.7 Potential Financial Effects and Opportunities

The increasing EU legislation on circularity means that there is potential risk of financial consequences if requirements are not met. Currently, some preferred materials are more expensive than their conventional counterparts, so shifting to these fibres could impact margins. However, as the DMA has identified more opportunities than risks (see section 1.9), as there are potential financial gains to be made from both the growing sustainable fashion sector and the increasing demand for circularity from consumers and legislation. With Extended Producer Responsibility expanding and increasing fees across Europe, there are financial incentives to reducing material usage and finding more sustainable solutions, such as more efficient packaging.



## 3. SOCIAL INFORMATION

### 3.1 Social Impacts

Hunkemöller recognises its responsibility to respect human rights and the importance of managing the appropriate due diligence to fulfil this obligation as a business. We do this by striving to operate responsibly along the entire value chain, from raw material production to our own operations, by safeguarding the rights of our own employees and those of workers who manufacture our products through our Ethical Code of Conduct, and by using our influence to bring about positive change wherever adverse human rights impacts are linked to our business activities.

#### 3.1.1 Human Rights

In the first half of 2024, Hunkemöller submitted a Human Rights and Environmental Due Diligence Report to the German authorities and published it on its website to fulfil its annual public reporting obligation under the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettengesetz or LkSG). The Act, which became effective on January 1, 2023, regulates the responsibility of German companies to respect human rights in their global supply chains and calls on companies to identify, assess, and prioritise risks and address them by taking steps to minimise or eliminate adverse impacts. To the best of our knowledge and belief, we have aligned our internal due diligence processes and reporting systems to comply with the requirements of the LkSG, which seeks to strengthen human rights and environmental protection in the following areas: child labour, forced labour, discrimination, land grabbing, occupational health and safety, the right to fair wages, the right to form unions, and environmental violations.

We are committed to cooperating in the remediation of adverse human rights and environmental impacts that we have caused and/or contributed to, and in the mitigation and remediation of adverse impacts to which we are linked through our business relationships. In response to the ongoing war in Ukraine and continued political instability in post-coup Myanmar, we continue to carry out a heightened version of human rights due diligence. In Ukraine, while physical access to conduct on-site audits remains restricted, we have actively engaged with our supplier to monitor the human rights situation. In Myanmar, we continuously engage with international and local stakeholders to monitor the evolving human rights situation. To enhance these efforts, we joined the Multi-Stakeholder Alliance for Decent Employment in the Myanmar Apparel Industry ('MADE'), a project that is co-funded by the European Union and aims to uphold and monitor human rights and social and environmental standards in Myanmar supplier factories and promote responsible business practices.

Finally, we are committed to maintaining our achieved 100% response rate in the Business and Human Rights Resource Centre ('BHRRRC') company response mechanism, which encourages companies to publicly address human rights issues raised by civil society. We continue to receive external recognition for our transparent approach to managing human rights.





## 4. OUR PEOPLE

Happy people power our brand; they are our greatest asset. Their performance, well-being, and personal growth significantly shape brand desire, customer satisfaction, and, ultimately, financial performance. We are dedicated to fostering an inclusive and supportive environment where everyone can thrive, embrace their unique purpose, and navigate life's challenges with mutual respect. Promoting well-being, vitality, and absence prevention lies at the heart of our corporate social responsibility efforts. Through resources like mental health workshops, flexible work policies, and tailored career coaching, we strive to continually enhance the well-being of our employees, supporting them across various life and career stages.

Our people strategy is built around three key pillars: Leadership & Culture, Talent & Training, and Performance. These pillars seek to focus our efforts on people and culture through:

- Attracting, developing, and retaining key talent across all levels
- Developing role-model leaders who inspire and empower
- Crafting a premier employee experience that prioritises well-being and engagement
- Instilling a culture of continuous learning and innovation
- Recognising and rewarding both individual and team contributions.

We are committed to building an environment where employees feel supported and empowered to grow. To achieve this, we focus on embedding our six core values – Empowering, Playful, In-Touch, Inclusive, Inspiring, and Responsible - into every aspect across our people policies and processes, including recruitment, promotion, and performance evaluation.

## 4.1 Diversity, Equity, and Inclusion

**Target 1: Achieve 50 percent gender balance on the board by 2028**

**Target 2: Conduct a full review of all global policies through a DEI lens by Q4 2025**

Our brand is built on global diversity – through our 109 employee nationalities and the 11 countries where we operate. At Hunkemöller, diversity, equity, and inclusion are integral to who we are and how we operate. DEI is embedded in our DNA and fuels our brand, powered by the diverse people who make it thrive. While we are proud of the progress we've made, we recognise that DEI is an ongoing journey of growth, learning, and improvement.

We are committed to fostering a workplace and brand culture that reflects the richness of the communities we serve. This means creating awareness, encouraging open conversations, and equipping employees with the tools and knowledge to prioritise inclusivity. Through critical evaluation of our policies and practices, we aim to continuously align with DEI principles, addressing gaps and making meaningful adjustments where necessary.

DEI extends beyond internal practices to every aspect of our communication and representation as a brand. Fashion has the power to challenge stereotypes, break down barriers, and foster inclusivity. At Hunkemöller, we embrace this potential by ensuring our products and campaigns represent the diversity of society and empower all individuals to feel seen, valued, and confident in their identity.

### Key Areas of Focus:

- **Inclusive Communication:** Providing tools to foster respectful, clear, and inclusive dialogue across all levels of the organisation and in our external messaging.
- **Inclusive Leadership:** Equipping leaders to build diverse, equitable, and supportive teams.
- **Inclusive Recruitment:** Addressing unconscious bias and ensuring equal opportunities for all candidates.
- **Inclusive Marketing:** Featuring diverse models and influencers, promoting body positivity, and challenging traditional beauty standards to redefine what it means to be beautiful.

Through learning bites, training sessions, and modules such as inclusive communication, we are building a culture where DEI is not just a goal but a continuous process. In 2024, 49 percent of employees completed our inclusive communication module, reflecting our commitment to embedding these principles in daily interactions. By Q4 2025, we aim to complete a comprehensive review of all global policies through a DEI lens, ensuring they align with our values and support an inclusive workplace.

DEI is not just about where we are today but about the future we are building - a future where diversity is celebrated, equity is prioritised, and inclusion is a shared responsibility. By staying accountable and challenging ourselves, we aim to foster a culture that inspires, supports, and empowers everyone who interacts with our brand.

## 4.2 Equal Pay and Fair Remuneration

At Hunkemöller, we aim to remunerate our employees fairly and in alignment with our values and applicable national laws. We strive to ensure that our remuneration practices are equitable and reflect the professional experience, dedication, and responsibilities of everyone.

Recognising the diversity of the 11 markets in which we operate, we adapt our remuneration policies to the specific circumstances of each location, aligning with local benchmark practices. Regular reviews help us maintain fairness and competitiveness across all roles and regions.

To support equity, we conduct periodic pay equity reviews to identify and address any disparities in remuneration. This helps ensure that employees are rewarded fairly for their contributions, fostering a culture of transparency and trust.



Our remuneration framework consists of both fixed and variable components. Fixed remuneration is determined by role responsibilities and experience, while variable pay is tied to clear, measurable indicators such as company performance and individual or team achievements. In our stores, monthly sales commission schemes and performance-based bonuses recognise contributions to key business goals, such as customer satisfaction and team success.

To ensure clarity and engagement, we communicate our remuneration policies transparently and provide channels for employees to ask questions or raise concerns. By continuously refining our approach, we aim to align our practices with our broader commitment to fostering a supportive and equitable work environment.

#### 4.2.1 Fostering Wage Parity

At Hunkemöller, we strive to ensure fair and equitable pay practices that reflect the professional experience, dedication, and responsibilities of each employee. Our remuneration policy is designed to prevent discrimination on any grounds, including gender, age, culture, religion, or background.

We regularly review our pay practices, conducting annual analyses to monitor progress and identify areas for improvement. These reviews help us to address any potential disparities and to make adjustments where necessary, reinforcing our commitment to fairness across all levels of the organisation.

While we recognise that achieving full wage parity is a continuous process, we are dedicated to making consistent progress. Through ongoing monitoring and targeted actions, we aim to foster a workplace culture where fairness, transparency, and equity guide our pay practices.

### 4.3 DEI, Advertising, and Communication

Fashion has the power to challenge stereotypes, break down barriers, and create a more inclusive society. Fashion is not just clothing; it's an expression of our identity and a reflection of our culture. Our brand is open to everyone, regardless of appearance, ethnicity or gender identity and we want our products to reflect the diverse society we live in. It is important that our communication and advertising reflect this commitment. This means that we proactively educate our teams on inclusive language and practices, embrace all body sizes and shapes, and promote body positivity. We educate our marketers to be role models for LGBTQIA+ inclusion and portray the community in ways that bypass societal preconceptions. We do this through responsible, honest, and inclusive marketing communications which:

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

In 2024, we provided training sessions on inclusive communication skills in which 49 percent of employees took part. Communication is about connecting with people, and inclusive communication is essential for creating an inclusive community, where everyone feels valued. We are committed to advertising ethically and transparently.

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

### 4.4 Employee Well-Being and Safety

We believe that physical, mental, and social well-being are of equal importance and form the foundation of sustainable performance. We are uncompromising in our commitment to the safety of our employees, customers, and stakeholders, ensuring that everyone feels safe and supported.

Our holistic approach addresses the diverse needs of our employees, focusing on prevention, education, and support to promote physical and emotional well-being. Key areas include work-life balance and

fostering a workplace where everyone feels free to be themselves. We actively work to eliminate the stigma around mental health, encouraging open conversations, and addressing barriers that may prevent employees from seeking help.

Safety is a shared responsibility, and vigilance is crucial to maintaining a secure and rewarding environment. Our facilities and stores adhere to rigorous corporate safety standards, aligned with governmental regulations. Retail store operations include regular walk-throughs to identify risks and mitigate potential hazards. Employees are encouraged to actively participate in safety initiatives by reporting risks and suggesting improvements. To promote physical well-being, we regularly evaluate workstations to improve ergonomics and reduce physical strain. Currently this is done in the Netherlands and Belgium. By Q1 2026 we aim to have researched the possibility of rolling this out to all countries where Hunkemöller is located. While we recognise that our workplace safety and well-being standards have not yet been implemented in all EU countries in which we are active, we are aware that it is a continuous process and dedicated to making consistent progress. By prioritising safety, well-being, and inclusivity, we aim to create a workplace where every individual feels valued, supported, and empowered to thrive.

## 4.5 Fire Safety and First Aid

Health and Safety are integral to our Code of Conduct and embedded deeply in our culture, governance, and operating structures. We expect and empower our people to follow policies and procedures, and to take proactive action if they identify situations or behaviours that could affect the physical or mental well-being of others. Managers actively ensure that workplaces, processes, and equipment remain safe for all employees.

Our Health, Safety, and Environment (HSE) team leads these efforts, ensuring compliance with legal standards while pursuing higher benchmarks wherever possible. The HSE team monitors safety performance, implements improvement measures, and provides targeted training to employees and contractors. We acknowledge our duty of care to customers and visitors, ensuring safe and healthy environments across all our sites.

In 2024, the Netherlands HS team (2 members + 1 intern) conducted 35 safety reviews (29 in DC) and held 30 training sessions attended by 341 of our employees. Using a centralised HSE tool, we log hazardous situations and incidents to ensure thorough investigations and the implementation of effective risk control measures. This proactive approach allows us to prioritise short-, mid-, and long-term action plans, supporting both safety and operational excellence. By Q1 2026 we aim to have the systems in place to monitor the HS data of all counties where we are active.

We remain committed to supporting injured employees by making reasonable adjustments to their duties and working environment, aiding their recovery and return to work.

Statistics of Injuries and Ill Health*		
Description	2023	2024
	Work-related Injuries	
Fatalities because of work-related Injuries	Number: 0 Rate: 0	Number: 0 Rate: 0
Recordable work-related Injuries	Number of cases: 13 Rate: 7.49	Number of cases: 26 Rate: 15.19
	Work-related Ill Health	
Recordable work-related Ill Health	Number of days: 284 Rate: 163.7	Number of days: 438 Rate: 255.9
Number of hours worked	1734603.50	1711860.86

\* Recordable work-related injury or ill health:

- Any work-related fatality;
- Any work-related injury or illness that results in loss of consciousness, days away from work, restricted work or transfer to another job;
- Any work-related injury or illness requiring medical treatment beyond first aid;
- Any work-related diagnosed case of cancer, chronic irreversible diseases, fractured or cracked bones or teeth and punctured eardrums.

Recordable work-related injury or ill health rate = Number of recordable injuries or ill health\* / number of hours worked

## 4.6 Working from Home and Abroad

We strive to create a work environment where employees feel supported and empowered. Recognising that many of our team members have roots or families in other countries - sometimes even on different continents - we want to help them maintain strong connections with their loved ones. As of 2024, employees can work from abroad for up to two weeks per year.

In addition, employees can choose to work from home two days per week, depending on their preference and role requirements. This hybrid working model not only supports a better work-life balance but also provides employees with more leisure time by reducing the need to commute.

By embracing flexible work arrangements, we aim to foster a workplace where employees can thrive both personally and professionally. These initiatives reflect our commitment to promoting well-being, inclusivity, and adaptability in an ever-changing world.

## 4.7 Work-Life Balance

Promoting employee well-being is a top priority at Hunkemöller. We actively implement measures that support work-life balance, with a particular focus on mental health, staying fit, and fostering vitality. As a brand powered by women for women, we advocate for shared responsibility in caregiving, recognising it as both a right and a duty. This commitment is reflected in our equality plans, which aim to create an equitable environment for all.

In 2024, a total of 136 employees took leave for birth, adoption, or foster care placement. 56.6 percent returned to work. These numbers highlight the importance of our efforts to support employees during critical life stages. By prioritising work-life balance and shared responsibility, we continue to nurture a workplace culture where all employees feel supported, valued, and empowered to succeed both personally and professionally.

## 4.8 Internal Workplace Grievance Mechanisms

We are committed to maintaining a safe, healthy, and respectful working environment for everyone. If employees or third parties have concerns, they can raise issues through HR, an internal or external confidant and/or an external complaint committee (differs per country) for cases involving inappropriate behaviour, harassment, sexual intimidation, discrimination, or workplace aggression. For more serious matters, such as criminal offenses, legal non-compliance, miscarriages of justice, or environmental damage caused by the company, we offer a secure whistle-blower scheme. These channels ensure that illegal or unethical conduct can be reported safely, confidentially, and without fear of retaliation. Reports are followed up immediately, and if confirmed, appropriate measures are taken to address the situation.

In 2024, we received 13 reports of alleged violations for our Dutch operations. Of these, 23.1 percent (3 reports) originated from HQ, 15.4 percent (2 reports) from our Distribution Centers (DC), and 61.5 percent (8 reports) from Stores. Most complaints involved inappropriate behaviour (10 reports) and 3 reports regarding 'other behaviour'. All complainants received confirmation of receipt of their complaint



within 7 days, and all complaints were remediated within three months unless the report is investigated by the official complaints committee or when a mediation process is initiated. In that case, remediation might take longer than 3 months.

We remain dedicated to fostering a transparent and supportive culture. To further enhance these grievance mechanisms, we are focused on increasing awareness and accessibility through targeted training and communication initiatives. By providing safe and effective reporting channels, we strive to create a workplace where everyone feels empowered to speak up and contribute to a positive working environment. By Q1 2026 we aim to have the systems in place for collecting data on alleged violations in all counties where we are active.

## 4.9 Labour Relations and Works Council Committee

At Hunkemöller, we are committed to respecting our employees' labour rights worldwide, with specific adherence to ILO Conventions 87 and 98, which safeguard the right to freedom of association and collective bargaining. We recognise the role of trade unions in representing workers and negotiating terms of employment. Employees are free to join trade unions, and we ensure non-discrimination based on union membership.

In line with our labour relations commitments, we comply with all relevant national laws and conventions, including those governing working hours and conditions. In 2024, 87 percent of employees were covered by local collective bargaining agreements, compared to 88 percent in 2023.

Number of Employees that are covered by collective agreements		
	2023	2024
Netherlands	1232	1128
Belgium	524	596
Luxemburg	35	31
Germany	3445	2765
Austria	225	194
Switzerland	0	0
France	47	50
Spain	108	115
Norway	63	59
Sweden	213	182
Denmark	253	223

At Hunkemöller, we also operate three Works Council Committees. These councils play a critical role in promoting and protecting employee interests while serving as sparring partners in decision-making processes:

- The Dutch Works Council is represented by 9 employees from HQ, DC, and Stores.
- The European Works Council includes 17 employees from across the company globally (HQ, DC, and Stores).
- The Belgian Works Council is represented by 12 employees from HQ, and Stores.

By fostering open dialogue and strong collaboration with these councils, we ensure that employee voices are heard and integrated into our business decisions. Looking forward, we aim to strengthen these partnerships to address the evolving needs of our workforce.

## 4.10 Staying Fit, Vital and Happy

Our 'Fun, Vital & Happy Programme' provides a wide range of activities and initiatives to support employees in staying healthy, balanced, and energised. These include relaxation sessions, healthy lifestyle workshops, mindfulness and stress management sessions, nutrition advice, various sporting events, stop-smoking courses, and individual coaching.

To help reduce stress and relieve muscle tension, HQ employees have access to a massage chair. Additionally, we support carer-employees - those who provide care for individuals with physical, mental, or cognitive conditions such as a parent, spouse, relative, or friend - by offering free coaching sessions through our partnership with Fello. This organisation helps carer-employees balance their caregiving responsibilities with work-life demands.

For mothers returning from maternity leave, we have partnered with Partner Inc., an organisation dedicated to reducing the dropout rate of working parents. Through tailored programs, Partner Inc. supports employees in balancing parenting and professional responsibilities, ensuring they feel confident, supported, and less stressed.

We also organised Inspirational Sessions based on our Values to increase engagement and foster a welcoming and connected company culture. These sessions were hosted quarterly in 2024, using both face-to-face and digital channels to maximise accessibility.

In addition, employees enjoyed Fun Events throughout the year, such as special holiday activations, product campaigns, our football tournament, monthly drinks, and the end-of-year event. These activities strengthened team bonds and contributed to a vibrant workplace atmosphere.

By prioritising employee well-being through these initiatives, we are fostering a workplace culture where everyone feels valued, supported, and empowered to thrive. Looking ahead, we plan to expand the Fun, Vital & Happy Programme to include more flexible and accessible wellness options for all employees.

We currently only collect data on the Fun, Vital & Happy Programme for our operations in the Netherlands. By Q1 2026 we aim to have the systems in place to collect these data for all countries where we are active.

## 4.11 Employee Engagement

**Target 1: Reduce HQ employee turnover to below 25 percent and Store & DC turnover to below 55 percent by 2028**

**Target 2: Achieve an employee engagement score of 80 percent by 2028**

We want all our employees to feel happy, motivated, and empowered in their daily roles. Their feedback is crucial for gaining insights into their needs and identifying ways to improve their overall engagement. Operating in a dynamic and fast-paced environment, we prioritise fostering an open, continuous, and two-way dialogue with our employees. In 2024, we changed this target as we aligned and streamlined all targets to the same timeline of 2028. Additionally, we reassessed our progress and gathered new data, which resulted in us readjusting our targets to be more realistic and achievable for 2028.

In Touch is one of the six Hunkemöller Brand Purposes and Values. By listening and collaborating, we ensure our employees' voices are heard, and their feedback translates into meaningful actions. Through annual pulse surveys, we engage employees across our offices, distribution centres, and stores on topics such as well-being and leadership performance. These surveys are completely anonymous and provide real-time feedback, allowing us to align strategies and identify opportunities for improvement. Two key questions in our surveys are:

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

In 2024, 4184 employees participated in our surveys, achieving a participation rate of 63 percent (76 percent HQ, 58 percent DC, and 62 percent Stores). This reflects an increase from 2023's rate of 31 percent. Based on the results, we continue to refine our approach to employee engagement. Survey outcomes were shared globally and at departmental levels, followed by action plans tailored to team-specific feedback. Initiatives implemented include campaigns on work-life balance, mental health support, internal mobility, learning opportunities, and enhanced well-being services.

As part of our long-term vision, we have set the ambitious goal of achieving an employee engagement score of 80 percent. This reflects our dedication to creating a workplace where every individual feels valued and empowered. By integrating employee feedback into our strategy, we are committed to fostering a thriving, inclusive, and engaging work environment.

## 4.12 Talent Attraction and Development

**Target: Increase internal promotions by 20 percent by 2028**

One of the pillars of our Brand Purpose and Values is Empowering. At Hunkemöller, we empower each other to be ourselves, unlocking full potential through support and encouragement. We are committed to attracting and fostering a diverse, inclusive, and talented workforce. Recognising that the best talent is often within our organisation, we focus on retaining and developing employees by nurturing their skills. This benefits not only our customers and communities but also the company.

Our Employee Value Proposition - creating moments that matter, together - reflects our commitment to building meaningful connections - both with our employees and through the experiences we create for our customers. This philosophy guides every stage of our recruitment and development process, ensuring that we bring in individuals who share our vision and values while providing them with the tools to grow and succeed. In 2024, this target was also aligned and streamlined to the same timeline of 2028. Additionally, we reassessed our progress and gathered new data, which resulted in us readjusting our targets to be more realistic and achievable for 2028. The updates to our targets reflect our commitment to continuous improvement and our aim to set goals that are ambitious yet feasible.

Our digital recruitment process is engaging, flexible, and sustainable, prioritising the candidate experience. Once new hires join, we offer extensive induction programmes tailored to their roles. For example, our head office induction helps non-retail colleagues understand our brand values, while our retail induction programme ensures consistency across all locations.

Hunkemöller continues to navigate the challenge of competing for highly sought-after talent in a rapidly changing landscape. In 2024, we recruited 4767 new employees, bringing our total workforce to 6152 by the end of the year. Additionally, 5691 employees left the company. While high turnover in retail store positions is common due to the part-time nature of many roles, we remain committed to providing growth opportunities for all employees. In 2024, 79 percent of our workforce worked part-time, reflecting the flexibility we offer to align with personal needs and study schedules.

The full-time equivalent (FTE) workforce represented 2997 of total jobs in 2024, compared to 2963 in 2023. As a testament to our efforts, Hunkemöller has once again been recognised as a Top Employer in the Netherlands, Germany, and Denmark by the Top Employers Institute Certification Programme. This independent recognition highlights our dedication to fostering a supportive and engaging workplace.

## Employee Distribution by Contract Type, Gender, Age, and Job Classification

	2023				2024			
	Permanent		Temporary		Permanent		Temporary	
	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%
Distribution by Gender								
Women	4601	97	2343	98	3868	97	2132	98
Men	119	2.5	17	0.7	100	2.5	28	1.3
Non-binary	3	0.06	1	0.04	0	0	3	0.2
Other/Unspecified	2	0.04	19	0.8	2	0.05	19	0.9
Total	4725	100	2380	100	3970	100	2182	100
Distribution by Age								
<30 years old	2364	50	2108	89	1782	45	1884	86
30 to 40 years old	1019	22	164	6.9	921	23	166	8
> 40 years old	1342	28	108	4.5	1267	32	132	6
Total	4725	100	2380	100	3970	100	2182	100
Distribution by Job Classification								
Directors	17	0.4	1	0.04	13	0.3	2	0.09
Management	68	1.4	6	0.3	67	1.7	11	0.5
Other	4640	98	2373	99	3890	98	2169	99
Total	4725	100	2380	100	3970	100	2182	100

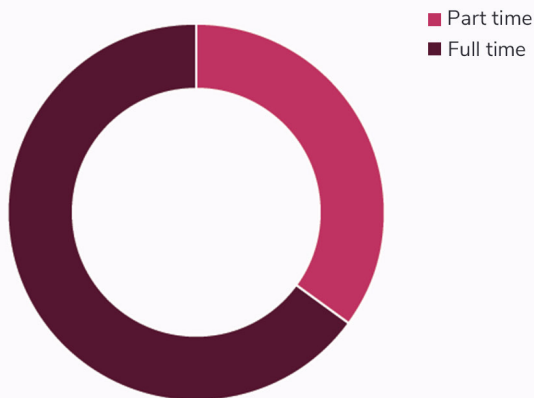
## Employee Distribution per Country

	2023	2024
Netherlands	1787	1693
Belgium	642	588
Luxemburg	35	29
Germany	3541	2829
Austria	235	196
Switzerland	81	76
France	51	49
Spain	136	131
Norway	112	100
Sweden	210	181
Denmark	290	260

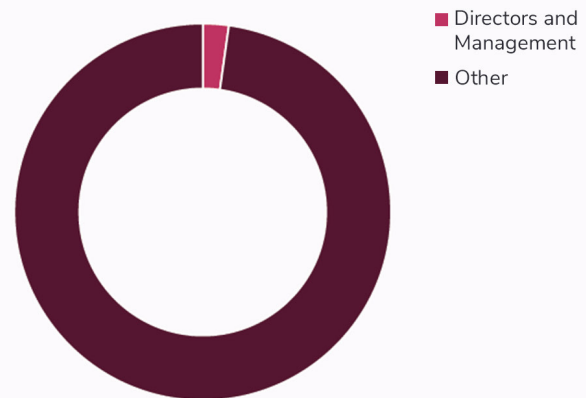


Looking ahead, we plan to expand our talent attraction and development initiatives, with a focus on internal mobility, leadership training, and diversity. By continually investing in our people, we aim to remain a leading employer in the retail industry.

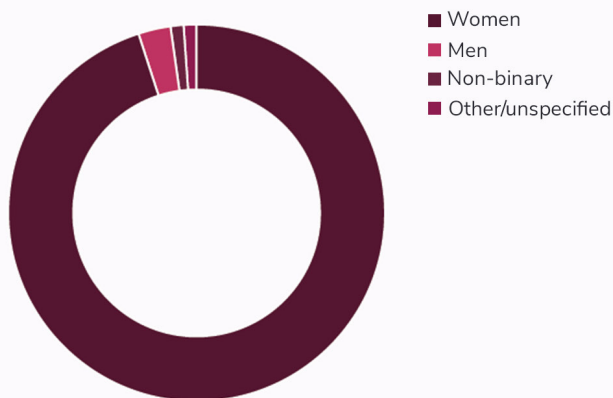
Employee distribution by contract type



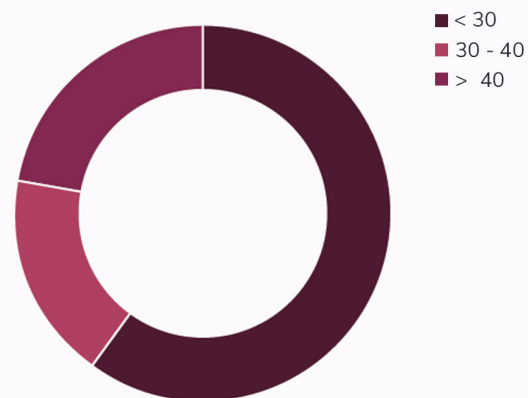
Employee distribution by job classification



Employee distribution by gender



Employee distribution by age



### Offboarding

Our aim is to ensure that the employee's last day is as smooth and positive as their first day at Hunkemöller, signifying an appreciative end to the employment relationship. We facilitate a respectful, timely, and insightful offboarding process, allowing both Hunkemöller and the employee to reflect on their time together, ensure knowledge transfer, and maintain a positive relationship post-employment. This is done through an in-depth exit interview to understand the reasons behind the decision to leave the company.

## 4.13 Employee Training, Development, and Leadership

**Target: Maintain an 80 percent completion rate at the Hunkemöller Academy and an 80 percent attendance rate for our leadership courses by 2028**

We believe that when our people learn and grow, our business grows too. That's why we continue to invest in the continuous learning, training, and development of all employees - particularly those in our physical stores. With technical advancements, ever-changing product trends, and retail innovations, continuous training is essential to maintain competitive service levels.

To ensure consistency in service, we provide online training programmes that are regularly evaluated and certified. These are complemented by in-store training sessions led by our global network of training ambassadors, who focus on maintaining high service standards. The quality of customer service depends on the skill, knowledge, and experience of the product experts in our stores and online. Strategic workforce

planning and the use of Workday help us to identify skill gaps and determine the capabilities of our employees. We provide a wide choice of training and development options, including courses, workshops, and coaching – both online and offline, standardised or tailored to specific needs.

To stay competitive and meet growing customer expectations, we are transforming all areas of the company, including introducing new store concepts, enhancing digitalisation, and adopting new ways of working.

In 2024, 4655 employees participated in virtual and in-person development modules covering topics such as leadership, commercial skills, customer service, and supply chain management. These programmes help employees develop core capabilities and equip them to thrive in a dynamic retail environment. Looking ahead, we aim to further personalise learning experiences, integrate advanced digital tools, and expand leadership training to ensure every employee can grow and contribute to Hunkemöller's success.

#### 4.14 KeepHub

Good communication is essential for building a motivated and engaged workforce. At Hunkemöller, we are committed to communicating clearly and transparently through digital platforms, printed materials, and direct dialogue. Our goal is to ensure that every employee feels heard and has easy access to the information they need.

Keephub is our internal communication platform and the central hub for all business-related information. This user-friendly mobile app connects our 7500 colleagues across markets, providing a single platform for accessing policies, training, key data on pay and performance, and regular updates. With Keephub, employees can easily stay informed about company developments, access tailored content, and connect with colleagues in other markets to share insights and collaborate.

The platform supports Hunkemöller's commitment to innovation by making essential resources accessible anytime, anywhere. In addition, Keephub fosters collaboration by offering teams a space to share updates and insights, enhancing cross-market communication.

Our policies and communications through Keephub are designed to be clear, easy to understand, and reviewed annually to ensure alignment with legal requirements. Looking ahead, we plan to expand Keephub's functionality with interactive features and personalised content to further enhance employee engagement and support.



## 5. CONSUMERS AND END-USERS

### 5.1 Customer Communication

To be able to offer the right quality product to our customers, we try to gain an in-depth understanding of their thoughts, behaviours, motivations, and concerns. Our store, Ecom, and marketing teams work with designers and product teams to understand customer needs and identify trends. By listening to our customers and offering a response adapted to their needs at the right time and place, we can deliver the best customer experience and journey. We aim to facilitate easier, informed choices through transparent, accessible information. Simultaneously, our photographers, audiovisual producers, and stylists ensure that the images of the models and the campaigns that feature them convey a positive, inclusive, and diverse image, while presenting their characteristics and qualities in the most honest way. Besides our physical stores, we offer our customers a variety of digital tools, such as online browsing and online purchase and in-store pickup. This allows us to increase the availability of items and foster a more direct relationship with our customers, who can access our products whenever, wherever, and however they choose. In 2024, our websites received more than 10+ million visitors and 25 million sessions/visits to Hunkemöller's online stores.

To address the challenges of serving customers in different countries and stores, we train our teams in product knowledge, store processes, customer orientation, and respect for diversity and inclusion. Hunkemöller is also working to guarantee accessibility in its stores and on our online sales websites. Therefore, it is our aim that all our stores meet architectural accessibility standards to enable people with disabilities to access and move around the stores with ease. We have the ambition to refurbish a significant amount of our stores in the future to optimise the shopping experience for all customers. Regarding accessibility to our websites and using accessibility menus, our American website already complies with the Accessibility Guidelines or General Accessible Design Principles established by Web Accessibility Initiative (WAI) Working Group, a part of the World Wide Web Consortium (W3C). These menus, visible from the home pages of each website, provide a variety of voice, browsing, colour, and content adjustments to ensure an inclusive and barrier-free browsing experience for users and customers. It is our aim to have the same menus integrated in all our other corporate websites by 2026 latest, by which time we will have updated our corporate website.



## 5.2 Customer Service

As part of the various ways of relating and interacting with our customers, our customer service teams deal with a range of issues linked to the purchase of our products before, during, and after a transaction takes place. During this process, each concept classifies autonomously the reasons for customer contact, which can be grouped in four broad groups of queries: pre-purchase (issues prior to purchase), post-purchase (related to an order or purchase at the store), customer service (regarding contact channels, web and app), and complaints and claims. In 2024, the Hunkemöller customer service areas fielded a total of 335,699 customer contacts (calls, e-mails, Whatsapp conversations and messages via social media profiles), concerning questions on products, the purchasing process, shipments, possible incidents, or current issues affecting the retail concepts, among other matters. Notably regarding this figure, the progression of online sales in recent years constitutes the bulk of contacts, mainly relating to inquiries about orders, such as their status or delivery lead times. Service level (meaning the percentage of contacts resolved) was 102 percent. The percentage of contacts resolved in 2024 is higher than the contacts received as 2024 started with a backlog of cases from 2023 which were resolved at the beginning of 2024.

## 5.3 Product Health and Safety

**Target: Maintain RSL & REACH compliance rate on material and product level above 90 percent**

The health and safety of our products is paramount to Hunkemöller. Accordingly, we have standards, training plans, and prevention and control programmes devised to ensure that our products comply with the strictest requirements and guidelines in all the markets where we operate. On our website, we also share tips with consumers on how to care for and extend the lifespan of their clothing. In case we receive information about incidents and/or complaints about our products, these are forwarded to our technical team for evaluation and follow-up. If there are signs that a product may be unsafe for consumers, it is withdrawn from the market, customers are notified through the relevant channels, and all units sold are recalled, according to our internal procedure. In 2024, 0 products were recalled for health and safety reasons, compared to 3 products in 2023. When this happens, we also launch a programme to identify the root cause of the incident and prevent it from recurring.

## 5.4 Advertising, Promotion and Social Media

Hunkemöller's marketing approach is intended to ensure a consistent consumer experience in the digitally led marketplace that is seamlessly connected both online and offline, across all our digital commerce, retail and wholesale channels. Our marketing and advertising efforts encompass marketing, communications, social media, and special events. They are an integral component of our relevance and success. Our inhouse teams coordinate Hunkemöller's marketing and advertising, tailoring the overall consumer experience for all regions and product lines, and across all channels of distribution. We use high profile brand ambassadors and well-known social media influencers to help drive our brand awareness and cultural relevance. We have focused on better aligning regional needs with regional and local ambassadors and influencers to best cater to local market needs and unique activations.

Our marketing programmes place a significant emphasis on digital media, which allow us to expand our consumer reach and enable us to provide timely information in an entertaining fashion regarding our products, special events, promotions, and store locations. We are focused on driving consumer engagement through a digital-first 360° approach around key products and key consumer moments, utilising our brand as a creative platform for collaborations, capsule collections, and experiential events. Our initiatives fuse entertainment, and digital commerce to digitally immerse consumers. Social media is another one of our customer relation channels and has become increasingly important both as an initial communication point of contact and as a complement to traditional channels. In 2024, Hunkemöller had more than 3.2 million total followers in the various social media platforms (1.2 million Instagram followers, 1.8 million Facebook followers and 254k on TikTok). Finally, through our customer loyalty programme, we continue to provide customers with meaningful and highly personalised discounts tailored to their needs and wallets.



## 6. OUR COMMUNITY

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

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

The initiatives that we promote and the projects that we embark upon must be voluntary; non-profit and focused on a social and/or environmental benefit and we must be able to measure their outputs and impacts. In 2024, we collaborated with the following organisations and advocated the following initiatives:

- **Pink Ribbon:** in 2016, Hunkemöller entered 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. We sell 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 2024, we donated 25.560 euro to Pink Ribbon in the Netherlands, 20.000 euro to Pink Ribbon in Germany and 8400 to Pink Ribbon in Belgium.



## 7. OUR SUPPLY CHAIN

Hunkemöller offers a wide range of lingerie items. These products, designed by the Hunkemöller design team, are manufactured in compliance with Hunkemöller's specifications, which include social and environmental requirements. Our supply chain covers the production, logistics, and distribution of our products. Supply chains should be agile and flexible. Even though we work with a limited number of suppliers and production has become more effective and efficient, supply chain management still faces poor downstream supply chain traceability and lack of real-time information sharing. To optimise the flow of goods, maximise customer satisfaction, and minimise negative environmental and social impacts, we need to improve the way we develop and transport our products. Key drivers for achieving this are ensuring better precision in our quantification, allocation, pricing, and personalisation. By using AI and better data, we are optimising production processes and streamlining our supply chains.

The textile supply chain is long and complex, spanning multiple countries and types of companies, all with its own social and environmental challenges. To fully understand where a product came from and whether it was produced fairly and sustainably, we need to be able to track it from cradle to grave. In 2023 we introduced a PLM system, which helps us with mapping and monitoring our upstream suppliers. Only by having long-term partnerships and working together, can we build capacity, share information, accelerate innovation, and realise our sustainability strategy. Our ambition is to expand the application of our social and environmental standards to the manufacturing of all products and materials – from raw materials to end product. From 2025 onwards, all our nominated Tier 2 suppliers must be OEKO-TEX® 100 certified, BSCI/SMETA audited or SLCP verified, and Higg FEM/BEPI verified.



## 7.1 Supply Chain Due Diligence

The Hunkemöller responsible supply chain management model is based on the due diligence approach, which is essential to prevent and mitigate the negative impacts of any inadequate performance by our suppliers. This means that we conduct regular due diligence on human rights & labour, environmental, and governance risks of our own activities and across our supply chain as per the recommendations of the UN Guiding Principles for Business and Human Rights as well as the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, and other relevant responsible business conduct standards. We have a country risk assessment in place to identify locations that may have a higher risk of human rights violations. This assessment is updated periodically and considers open-source country analysis, as well as global benchmarking reports to determine at-risk sites. We embed responsible business conduct in our own policies, trainings, and management systems and identify actual and potential harms in our own operations and 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 expect our suppliers to comply with the standards as laid out in our Ethical code of Conduct which is based on recognised international standards such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organisation (ILO) alongside ILO's Fundamental Conventions. We ask our suppliers in turn for compliance from their suppliers - who ask the same from their suppliers. This will create a cascade of sustainable practices that flows smoothly throughout the entire supply chain. We are aware that cascading sustainability requirements through our extended supply chain remains a challenge since the concept has not yet become fully institutionalised and/or suppliers might not always feel compelled to comply.

Supply chain due diligence is an ongoing process, in which we can identify, mitigate, prevent risks, and address existing and potential adverse impacts in (e.g. child labour, discrimination, hazardous chemicals, etc.). Our risk assessment process of potential harm to people (human rights & labour and environmental risks etc.) and the environment (pollution, biodiversity etc.) includes:

- External sources: NGO & industry reports, media, country indices and country regulation, Hunkemöller partnerships with SAC, MADE etc. and stakeholder dialogue. This ongoing dialogue enables us to identify and understand concerns and what is expected of us and can solve common challenges.
- Internal sources: Hunkemöller social, chemical, and environmental audit findings/data analysis, grievances received per country, supply chain risk mapping, number of factories in countries with high risk, also including non-critical factories, material processing, and raw material extraction.

We prioritise risks based on:

- Severity: scale (how serious the impact is), scope (how many people are or will be affected), and irremediability.
- The likelihood of risk occurring based on operating environment: conflict zone, weak governance; mismatch between local practices and international standards.
- Material risks per supplier, factory or site.

Our mitigation measures include our factory monitoring programme, grievance mechanism, supplier scorecards, business integration, goal-setting, and internal and external reporting. The effectiveness of our measures is evaluated based on progress and compliance with our policies. The sustainability and buying departments review risks within their area of responsibility. To mitigate and prevent sustainability risks, Hunkemöller has set targets and implemented a due diligence process. Hunkemöller reports internally and publicly (through annual sustainability reports) on the following activities and progress toward our goals:

- Conducting regular full and follow-up social audits based on International Labour Organisation standards (including reaudits and capacity building projects) for all Tier 1 and nominated Tier 2 suppliers.

- Monitoring performance with factory environmental management system via Higg Index Facility Environmental Module (FEM), regular RSL testing (Restricted Substances List) of materials and products, output control via wastewater tests by independent and accredited laboratories.
- Following the status of new regulation via industry associations and key partners, and follow up on legal requirements (e.g. CSDDD, DPP) in a timely manner. Implementation of approval procedure for sustainable product claims.
- Actively conducting stakeholder dialogue with NGOs and other expert organisations.
- Regularly updating Hunkemöller policies and sustainability standards (e.g. Ethical Code of Conduct, handbooks, Human Rights Policy Statement).
- Setting up a functioning grievance mechanism and enhancing industry collaboration with competitors in terms of human rights and environmental performance measurement tools, standards, and certifications. Additionally, conducting regular internal training.

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

### 7.1.1 Supply Chain Risks and Opportunities

We continuously assess our main supply chain vulnerabilities, to prepare the management of identified risks, reduce their direct impact, and manage performance gaps. Supply chain rights risks are steered through internal management and control systems that play a key role in the way we conduct and monitor our activities along the value chain. This table below presents and describes the main non-financial supply chain risks identified within the company. Assessment of these risks is ongoing and can change considering changes to the internal and/or external context.





Risk Description	Risk	Opportunity
Fundamental Human Rights	Serious violations of human rights, fundamental freedoms, health and safety of colleagues, third parties, suppliers, and providers.	-
Diversity, Equity, and Inclusion	Unfair treatment of employees, unequal opportunities based on gender, age, cultural background, disability, ethnic origin, nationality, religion or sexual orientation.	DEI can help bring vulnerable or marginalised populations opportunities to develop and increase their skills, improve their income, and elevate their living standards. DEI can help foster a thriving, resilient, and responsible supply chain.
Transparency	A lack of transparency can lead to unauthorized subcontracting and/or raw material sourcing. It not only hinders accountability but also poses risks to ethical and environmental standards.	Supply chain transparency allows businesses and consumers to understand how goods are produced and distributed. This includes knowing where and how products are made, the labour practices that are involved, the journey of products from source to consumer, and any environmental impacts that occur along the way.
(Multi) Stakeholder Engagement	Misunderstandings and miscommunication can lead to confusion and mistrust. Failing to address (community) concerns can erode trust and invite negative perceptions.	Stakeholder engagement can lead to a better understanding of needs, concerns, and expectations. Cooperation between public, private, and civil society actors within the field of sustainability and the textile industry can help with meeting sustainability criteria in supply chains; stakeholders have different knowledge about topics which can help solve complex issues.
Compliance with Social, Environmental, & ESG Regulations	Reputation and legal risks.	Positive impact on stakeholders.
Climate Change	Physical risks and risks of maladaptation to the environmental transition.	Energy savings, resource availability.
Environmental Impacts Throughout the Value Chain	(Micro)plastic and chemical pollution, biodiversity damage, water, air and soil pollution, waste management.	Emission and pollution control, protection and optimisation of resources in the value chain.
Transformation of the Business Model to Reach Environmental Targets	Opening up to non-efficient economic partners.	New consumer habits, development of the economy of use and circularity.

### 7.1.2 Data Sources

To ensure a high level of transparency and promote the sharing of environmental and social data with our industry peers, we have chosen to use external databases, most of which are publicly accessible:

- The Open Supply Hub, an open-source map and database of global apparel facilities.
- Supplier data on wastewater testing (ZDHC ClearStream reports) and other third parties wastewater test reports.
- The Higg Index Platform from the Sustainable Apparel Coalition.
- Accord Bangladesh inspections database: The Bangladesh Accord on Fire and Building Safety in Bangladesh.
- amfori BSCI social inspections database.
- amfori BEPI environmental inspections database.
- Hunkemöller sustainability data collection tool records social and environmental performance data from suppliers that manufacture our products.

## 7.2 Supplier Risk Management

In an increasingly uncertain and volatile world, we must have purchasing strategies in place to manage supplier risk. We annually assess our suppliers according to four major risk categories:

- External risks: geopolitical or economic crises, climate change, epidemics and pandemics, cyber-attacks etc.
- Strategic risks: rising costs, financial risks, supplier integration of sustainability, innovation and obsolescence, quality of the supplier relationship.
- Operational risks: capacity risks, quality, procurement, workforce availability, skills management and development.
- Sustainable development risks: regulations, business ethics, human rights, health and safety, environment.

## 7.3 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 they are active and the values and standards that apply within Hunkemöller, which are laid down in our Ethical Code of Conduct (ECoC). The ECoC underpins our Code of Conduct (CoC) and sets out the non-negotiable standards of behaviour expected from all our suppliers. We maintain rigorous internal policies and oversight mechanisms to ensure ongoing adherence to the ECoC standards and that our policies address any risks and opportunities for our value chain. Our policies are reviewed yearly to ensure they reflect the current operating context and the latest legal requirements.

### Ethical Code of Conduct

The Ethical Code of Conduct (ECoC) outlines Hunkemöller's ethical, social, and environmental requirements vis-à-vis its suppliers. It is based on Hunkemöller's vision and commitment to improve human rights, health, safety, equality, development, and ensure fair and decent working conditions. Furthermore, it is based, amongst other principles, on the core UN Human Rights Conventions and Treaties, International Labour Organisation (ILO) Conventions, the UNGPs, and the OECD Guidelines for Multinational Enterprises. Our ECoC is applicable to all suppliers, their subcontractors, and other business partners who do business with Hunkemöller and states that they must take ultimate responsibility for the work performed by their own sub-contractors. Standards equally apply to permanent, temporary, and agency workers, as well as piece-rate, salaried, hourly paid, legal young workers (minors), part-time, night, and migrant workers. The Hunkemöller ECoC has been created to fulfil our human rights commitment to our employees, our customers, our shareholders, and other stakeholders. In case of changes to the law and changes in society, the ECoC will be updated.

### 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 location in the supply chain. It is essential for Hunkemöller that workers are not put at risk and that children are not deprived of an education or childhood.

### Supply Chain Diversity, Equality and Inclusion Policy

Diversity, Equality, and Inclusion (DEI) are crucial factors in building sustainable and successful supply chains. Hunkemöller is committed to encouraging equality, diversity, and inclusion. The aim of the Hunkemöller DEI Policy is for our company to be truly representative of all sections of society, for our suppliers to feel respected, to prevent and remove discrimination, harassment, and victimisation wherever we encounter it and to promote equality of opportunity in everything that we do.

Gender Equality is an important part of our DEI Policy. Hunkemöller is committed to gender equality in the supply chain because it understands that all workers benefit when the most vulnerable thrive. Across the international apparel supply chain, women and gender non-conforming people are more vulnerable to sexual harassment and violence, with limited bargaining power and union representation. The aim of the Hunkemöller Gender Equality Policy is to strengthen the economic independence of women and gender

non-conforming people, raise the percentage of women and gender non-conforming people in employment and management positions, and share the burden of unpaid work and care responsibilities more equitably. The purpose of the Gender Equality Policy is to define and communicate clear commitments to advance gender equality through equity, inclusivity, and human rights by responding to gender-based disparities, discrimination, and biases within our supply chain. The Supply chain DEI policy was updated in 2024.

Hunkemöller is a signatory to the Women's Empowerment Principles (WEPs). These seven UN principles offer guidance to businesses on advancing gender equality and women's empowerment in the workplace, marketplace, and community. Hunkemöller believes that full and equal participation of women is crucial for fostering innovation, productivity, and sustainable economic growth. The principles provide a supportive framework on how to promote gender equality and women's empowerment in the workplace.

### Purchasing Practices Policy

Purchasing practices can have serious implications on a supplier's workforce and workplace conditions. Purchasing practices is how we describe working with a factory over the life cycle of a product. It can include everything from designing and developing products to placing orders to forecasting and negotiating costs. The Hunkemöller Responsible Purchasing Practices Policy outlines our commitment to establishing and implementing policies that consider the needs of both the brand and supplier to create a fair and mutually beneficial partnership. Examples of Responsible Purchasing Practices include clearly defining and adhering to agreed-upon order quantities, payment terms, providing the supplier with enough lead time and technical details to create the product, and the brand and supplier taking on the shared duty of social and environmental responsibility. The Responsible Purchasing Practices Policy was updated in 2024.

### Responsible Exit Policy

Hunkemöller is committed to acting responsibly. We recognise that our suppliers have a material bearing on our success and are committed to dealing with them in a responsible and ethical manner. A responsible exit from factories begins with a responsible entry and the development of long-term partnerships with suppliers. Our responsible exit process outlines the process for responsible factory exits to ensure we exit a relationship responsibly and minimise the risks posed to those who own and/or are employed by the business. The Responsible Exit Strategy was updated in 2024.

### Animal Welfare Policy

Ensuring good animal welfare is a crucial component of Hunkemöller's ESG strategy. We take steps to ensure that goods that we sell have been produced in a sustainable way, with respect for people, the environment, and animals. We recognise our responsibility to guarantee good animal welfare and the conservation of biodiversity when sourcing materials. The Hunkemöller Animal Welfare Policy provides information on animal welfare and explains the due diligence processes that we apply. It also describes what relevant standards and principles currently exist to promote best practices.

### Chemical Management Policy

Hunkemöller is committed to responsible chemical management procedures for all products, including accessories attached to garments, prints, and packaging materials. We expect the same commitment from our suppliers. The purpose of the Hunkemöller Chemical Management Policy is to achieve the safe use of chemicals in our supply chain and to control the hazards that they present to workers, the community, and the environment. The Chemical Management Policy underpins our Restricted Substances List (RSL) and sets out the non-negotiable standards of behaviour expected from all our suppliers. The Chemical Management Policy was updated in 2024.

## 7.4 Stakeholder Engagement

Because building a sustainable future is not something that we can achieve alone, it is essential to join forces and collaborate with NGOs, industry peers, trade unions, local communities, our value-chain workers, and other stakeholders to improve our social and environmental impact. Achieving our sustainability goals will require extraordinary effort by all, but only by working and learning together can we connect individuals and communities, share insights and innovations, and drive meaningful change to shape a better tomorrow for people and the planet. Stakeholder engagement can help us understand the



perspectives of those who might be affected by our activities. It is therefore important that we hear their perspectives, experiences, and ideas.

To drive our Together Tomorrow strategy, we must understand what matters most to both our internal and external stakeholders. We engage with stakeholders in a variety of ways: through relationships that we have built with NGO partners over the years, through surveys and forums, through supply chain assessments and feedback mechanisms, and in conversations with investors, as well as through various other formal and informal means. Engaging stakeholders in two-way communication is critical for formulating our ESG and broader business strategies and helps us understand where we can make the biggest change and have lasting impact. We also value the ability to engage with policymakers and regulators, as their work shapes the frameworks, guidelines, and incentives that drive sustainability initiatives and transparency. This collaborative effort enables us to gain valuable insights into evolving regulatory landscapes, allowing us to adapt our strategies and operations accordingly.

Our Stakeholder				
Stakeholder	Principle	Topics	Manner of Engagement	Frequency
Customers	Our (potential) customers are our most important stakeholders. We want to make high quality and responsibly produced garments and accessories accessible to as many people as possible.	Transparency; (Sustainable) Material Use; Quality & Product Safety; Product Care; Circular Economy; Diversity, Equity, and Inclusion	Stores, Website, Newsletters, Advertisements and Leaflets, Social Media, Annual Sustainability Report, Customer Service.	Daily
Employees	Our own employees are the core of our organisation. Only with involved, committed employees can we achieve our goals.	Transparency & Traceability; Responsible Purchasing Practices; Working Conditions; Child, Forced and Bonded Labour; Freedom of Association; Carbon Footprint; Circular Economy & EcoDesign; Regulatory Sustainability Developments; Diversity, Equity, and Inclusion.	Internal (Online) Communications and training; Works Council; ESG Steering Committee meetings; Management & Trading Board Consultation; Sales & Service days; E-learning.	Daily
Investors	Supervisory board with main shareholders Parcom and Carlyle	Strategic Decisions and objectives.	Meetings and consultations.	Monthly
Trading Board	The TB is a body consisting of 9 persons that carries out oversight of the organisation.	Strategic Decisions and objectives.	Meetings and consultations.	Bi-weekly
Suppliers & agents in production countries.	We work closely together with our suppliers and agents and aim for long-term partnerships. To achieve our goals, joint commitment is important.	Transparency & Traceability; Responsible Purchasing Practices, Health & Safety; Working Conditions; Child, Bonded and Forced Labour; Discrimination; Freedom of Association; Carbon Footprint; (Sustainable) Material Use; Circular Economy; Diversity, Equity and Inclusion	PLM & Supplier Hub (Digital Correspondence); online and in-person visits to Production Facilities; Supplier Meetings and Conferences.	Daily

NGOs, Unions & Industry Associations	We engage in open discussions with NGOs, unions, and industry associations for increased transparency, to learn about industry best practices and real time updates in supplying countries.	Transparency & Traceability; Responsible Purchasing Practices; Wet Processing & Chemical Management; H&S; Working Conditions; Child, Bonded & Forced Labour: Freedom of Association; Discrimination; Diversity, Equity and Inclusion; Carbon Footprint; Sustainable Material Use; Circular Economy.	Working Groups; Meetings through Multi-stakeholder Initiatives; Stakeholder Dialogue and Engagement; Annual Sustainability Report	Bi-Weekly
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We assign relevance to stakeholders based on the following:

- **Dependence:** importance of the relationship for the stakeholder, indicating groups or individuals who directly or indirectly depend on Hunkemöller activities or products in order to operate
- **Influence:** importance of the relationship for Hunkemöller, indicating groups or individuals that may have an impact on the company for strategic or operational decision-making.
- **Tension:** temporal dimension of the relationship, indicating groups or individuals who require the immediate attention of the organisation on broader financial, economic, social, or environmental topics.

Hunkemöller does not lobby as a separate entity. However, as part of our membership of industry initiatives and organisations, our experts provide feedback on policy positions to those initiatives and organisations and attend meetings with policy makers from time to time. We ensure that our feedback provided is aligned with our Sustainability Strategy and targets, such as limiting global warming to 1.5 degrees.

## 7.5 Partnerships

Collaboration is an important key to sustainability. Because sustainability is a global problem with no single solution, solving social and environmental challenges requires cooperation. We cannot do it alone. Partnerships bring diverse insights on how we can mutually tackle complex problems; through partnerships we can identify unexplored opportunities and gain access to skills and resources. Our sustainability strategy can therefore only be realised with strong partnerships and cooperation on all levels. This may be global, regional, national, local, or even on an industry level. Our partnerships are built on common principles and values, a shared vision, and shared goals to create a more sustainable and inclusive future for all. These were our partners in 2024:

### 7.5.1 amfori BSCI and BEPI

Amfori BSCI (Business Social Compliance Initiative) is an international social compliance standard that monitors suppliers on issues of human rights and helps us implement compliance and improvements within our global supply chain. Hunkemöller has been an active member since 2004, and makes use of the Code of Conduct, management tools, monitoring system, capacity-building, and external auditing. Due diligence is at the core of the system, so it has supported u in implementing a risk-based approach to proactively identify, prevent, and address adverse human rights impacts detected in our supply chain. Specifically, amfori BSCI focuses on 13 key human rights performance areas: social management systems, workers involvement and protection, the rights of freedom of association and collective bargaining, no discrimination, violence or harassment, fair remuneration, decent working hours, occupational health and safety, no child labour, special protection for young workers, no precarious employment, no bonded, forced labour or human trafficking, protection of the environment, and ethical business behaviour. Amfori BEPI (Business Environment Performance Initiative) is a cross-sectorial tool that helps companies, and their business partners identify and address sustainability issues and focus improvement efforts on topics most relevant to their operational activities. BEPI encompasses 8 environmental performance areas which include environmental management systems, energy & climate, emission to air, water & effluents, waste, biodiversity, chemicals, and nuisances. The tool is applicable to all industries.

## 7.5.2 International Accord

**Target: 100% remediation of International Accord initial safety findings from existing production facilities (from before 2024) by 2025**

In 2023, Hunkemöller re-signed the New International Accord and its Bangladesh Country-Specific Safety Programme (CSSP). This is a legally binding agreement to provide safe workspaces for employees working in clothing factories. The International Accord includes independent safety inspections of factories and public reporting of the results thereof. Through the International Accord, we collaborate with multiple stakeholders to identify and address fire, electrical, structural, and occupational safety risks. We work closely with suppliers to identify the root causes behind any safety issues, and partner with them to develop lasting solutions.

## 7.5.3 Cascale, Higg BRM, Higg FSLM and Higg FEM

In 2021, Hunkemöller became a member of Cascale – formally known as the Sustainable Apparel Coalition (SAC) – to drive collective action and positive change. Cascale 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 has rolled out the Higg Index tools, integrating them in our day-to-day business. The Higg Facility Social & Labour Module (Higg FSLM) measures overall social labour practices in production facilities by measuring the social impact of manufacturing across areas such as wages, working hours, health and safety, and employee treatment. Production facilities can use the Higg FSLM assessment to understand performance hotspots and reduce audit fatigue. The Higg Facility Environmental Module (FEM) is a standardised tool that uses data to measure the environmental impact of product manufacturing at factories (energy/greenhouse gas emissions, water, wastewater/effluent, air emissions, waste, and chemicals management). We are further able to measure the direct impact from product manufacturing 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 had our self-assessment externally verified (BRM 2021). In 2022 and 2023, the BRM was updated to deliver on industry needs more effectively. The tool now has greater alignment with 'best in class' frameworks on issues such as biodiversity or responsible purchasing practices. Because of this major overhaul, we did not have our BRM 2022 verified.

## 7.5.4 Solidaridad

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

## 7.5.5 Netherlands Trade Union Confederation

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

## 7.5.6 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 collaborating with companies to strengthen children's rights. Working with The Centre helps us prevent and remediate any potential child labour in our production facilities.

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

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

### 7.5.8 Women Empowerment Principles

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

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

### 7.5.9 ClimatePartner

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

## 7.6 Human Rights in the Supply Chain

Respect for and the promotion of human rights and the creation of social value is a key priority when it comes to our supply chain. To ensure effective Human Rights due diligence, we have robust policies, tools, and practices in place designed to identify, prioritise, and mitigate the impact Hunkemöller has on people. We continuously and rigorously monitor our supply chain through internal and external audits, corrective action plans, and trainings, among other measures. We expect our suppliers to fully meet our standards and requirements, which covers standards for ethical conduct, human rights, environmental sustainability, and product safety. In line with our values, we respect the Universal Declaration of Human Rights and the other core human rights treaties, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), the United Nations Guiding Principles on Business and Human Rights, and the Organisation for Economic Co-operation and Development (OECD) principles of responsible business conduct, and local legislation. To ensure all of these are applied, Hunkemöller incorporates, shares, and verifies these requirements through its ECoC, which suppliers must adhere to. The principles we follow for responsible supply chain management are enshrined in our ECoC and are as follows:

- We respect and promote respect for the natural environment.
- We respect and promote respect for human rights and labour rights across the entire business and in all our relationships with business partners and third parties.
- We view child labour, forced labour, health and safety hazards, and unethical behaviour as being incompatible with our CoC and ECoC.
- We observe and respect labour rights, especially those enshrined in the core Conventions and Recommendations of the International Labour Organisation (ILO).
- We seek to build a sustainable business culture, driving innovation, and enabling sustainable development over the long term.




- We control and manage all risks and opportunities that might affect Hunkemöller, considering the impact and results of environmental and social action plans.
- We report yearly on our sustainability performance.
- To capture and address potential and actual risks related to possible labour rights violations upstream and downstream of our supply chain, we ask our suppliers in turn for compliance from their suppliers - who ask the same from their suppliers.

### 7.6.1 Human Right Risks in the Supply Chain

Through identifying and reviewing the most salient human rights risks in our supply chain, it provides us a comprehensive overview which allows for the development of effective human rights due diligence processes and practices. This ensures that the protection and promotion of human rights is kept at the forefront of our work and all aspects of the business.

Risk	Risk Description	Management of Risk	Level of Risk
Freedom of Association	<p>Social conflict and freedom of association breaches could be a risk due to a lack of social dialogue at factories.</p> <p>The risk is more likely upstream in our supply chain when no audit programme is in place or when there is no monitoring programme at the raw material extraction stage.</p>	Following up on third-party complaints related to freedom of association and support factory management to create a worker participation committee as a platform for social dialogue.	<p>No change</p> <p>↔</p>
Discrimination, Sexual Harassment and Gender-Based Violence	<p>Workplace discrimination based on gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, caste, birth or social background, marital status etc. is a very prevalent risk and is rampant in all industries and countries. Vulnerable and marginalised groups such as women and migrant workers make up the biggest part of our supplier workforce and they are more at risk of facing discrimination, harassment, and gender-based violence.</p>	Using social dialogue as a tool to overcome the under-representation of women and promote gender equality at work. We support our core suppliers in setting up effective social dialogue platforms in factories that include the voices of marginalised groups such as women. We also support them in conducting women empowerment training for factory workers	<p>No change</p> <p>↔</p>
Health and Safety	<p>Due to climate change, the risk of natural disasters, disease outbreaks, and health risks is increasing worldwide including in Asia where most of our supply chain is located.</p> <p>In addition, building and fire safety risks have been identified as major risks in the apparel sector, especially in Tier 1 and Tier 2 facilities.</p>	We focus on the OHS performance of our core Tier 1 and Tier 2 factories through social audits and factory injury rate monitoring. We regularly visit our suppliers to monitor their OHS performance and are signatory to the International Accord.	<p>No Change</p> <p>↔</p>
Fair Remuneration and Working Hours	<p>Alongside low pay, excessively long hours are a major concern for workers in the textile and garment industry. This risk can arise due to several types of factors including late payment, inefficient capacity planning, improper deductions, time-based or piecework rates, or the level of wages or income paid.</p>	<p>We monitor our suppliers on working hours and paying minimum wages to workers.</p> <p>As part of the Responsible Purchasing Project, we plan to measure the living wage pay gap of our Tier 1 suppliers.</p>	<p>No change</p> <p>↔</p>

Forced, Bonded and Child Labour	Hunkemöller's main sourcing countries have a high risk of forced, bonded and child labour practices. This risk particularly concerns external workers (temporary workers and subcontractors) and increases in our upstream supply chain when no audit programme is in place or when there is no monitoring programme at the raw material extraction stage.	<p>Increase the use of certification to address raw material extraction and Human Rights risks.</p> <p>Work with stakeholders on the ground to monitor practices, provide trainings, and remediate cases when brought to our attention.</p>	<p>Increase</p> 
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## 7.7 Human Rights Due Diligence in the Supply Chain

Hunkemöller has a country risk assessment in place to identify production countries and locations that may have a higher risk of human rights violations. This assessment is updated periodically and considers open-source country analysis, as well as global benchmarking reports to determine at-risk sites. These elements are supplemented with internal parameters, such as social audits, the number of full-time equivalent employees at production sites, and the number of reported complaints. Our approach to human rights due diligence includes defining and addressing human rights areas of severe impact, performing human rights impact assessments at selected sites, and implementing a multi-tier supplier sustainability programme. Hunkemöller's commitment to respecting human rights in the supply chain is led by the CSR Team. They guide the integration and continuous improvement of the human rights due diligence framework into management systems. The team is responsible for external stakeholder engagement. If and where needed the team provides training. The team has bi-weekly meetings with the Buying Director and weekly meetings with the buying teams to review progress and make important decisions on the approach to and direction of human rights. The Sustainability Manager reports to the CEO.

Area of Impact	Internationally Recognised Rights	Activities (Affected Stakeholder) & Possible Impacts	Most Vulnerable Groups & Possible Impacts
Non-discrimination	Freedom from discrimination (UDHR art. 1 and 2) Equal pay for equal work (UDHR art. 23.2) Freedom of belief and religion (UDHR art. 18) Rights of minorities (ICCPR art. 27)	Operations; Supply Chain; Other Activities (employees, workers, local communities)	Women, LGBTQIA+, Minorities & Marginalised Communities, Persons with Disabilities, Local Communities (including indigenous peoples)
Respectful Treatment	Freedom from degrading treatment (UDHR art. 5) Right to just and favourable working conditions (UDHR art. 23.1) Right to equal treatment (UDHR art. 1 and 2) Freedom of expression (UDHR art. 19)	Operations; Supply Chain (employees and workers)	Women, LGBTQIA+, Minorities & Marginalised Communities, Persons with Disabilities
Freedom from Child Labour	Freedom from child labour (ICCPR art. 24 & ICESCR art. 10.3) Right to education (UDHR art. 26) Right to a family life (UDHR art. 16.3)	Operations; Supply Chain; Other activities (employees, workers, local communities)	Children

Freedom from Bonded & Forced Labour	Right not to be subjected to slavery, servitude or forced labour (UDHR art. 4 and 5) Right to life, liberty, and security of person (UDHR art. 3) Freedom of movement (UDHR art. 13)	Operations; Supply Chain; Other Activities (employees and workers)	Migrant and Temporary employees/workers, Women, Marginalised Communities
Equal and Fair Treatment	Freedom from discrimination and right to equal treatment (UDHR art. 1 and 2) Equal pay for equal work (UDHR art. 23.2) Right to just and favourable working conditions (UDHR art. 23.1)	Operations; Supply Chain (employees and workers)	Women, LGBTQIA+, Minorities & Marginalised Communities, Persons with Disabilities
Remuneration	Right to a just remuneration (UDHR art. 23.3)	Operations; Supply Chain (employees and workers)	Women, Migrant employees/workers
Working Hours	Right to just and favourable working conditions (UDHR art.23.1).	Operations; Supply Chain (employees and workers)	Employees and Workers including Migrant workers, temporary workers etc.
Freedom to Organise and Collective Bargaining	Right to belong to a trade union and bargain collectively (UDHR art 23.4); Freedom of association (UDHR art. 23.1); Right to strike (ICESCR art. 8.1 [d]).	Operations; Supply Chain (employees and workers)	Employees and Workers (in general).
Health and Safety	Right to health (ICESCR art. 12.1); Right to life (UDHR art. 3).	Operations; Supply Chain (employees and workers)	Pregnant Women, Persons with Disabilities, Minorities and Marginalised Communities, Night Workers, Workers in Dormitories and Young

Comprehensive and effective due diligence concerning human rights in a global supply chain entails robust policies, tools, and practices designed to identify, prioritise, and mitigate the impacts on people. Hunkemöller has developed a socially sustainable management system of its supply chain to ensure a rigorous compliance programme that includes audits, corrective action plans, and trainings, among other measures, accompanied by a strategy that focuses on five notable human rights impact areas:

- Social Dialogue
- Freedom of Association
- Responsible Purchasing Practices and Living Wage
- Health and Safety
- Transparency

This strategy is based on the respect for and promotion of human rights, as well as the creation of social value.

## 7.8 Supply Chain Monitoring

The Ethical Code of Conduct (ECoC) responds to the social issues highlighted by international organisations (UN, ILO, OECD, etc.) and in particular: human rights, health and safety, management practices and use of chemical substances, corruption, and communication with employees. This document has been signed by all our Tier 1 and nominated Tier 2 manufacturers. The application of the ECoC is verified by means of internal and external audits. Hereby we focus on verifying ten main topics:

1. Management practices
2. Forced, bonded and child labour
3. Freedom of Association and collective bargaining
4. Discrimination, violence, and harassment
5. Grievance mechanisms
6. Health and safety
7. Fair remuneration (compensation) and living wage
8. Working hours
9. Chemicals management and protection of the environment
10. Ethical business behaviour (corruption)

These themes are evaluated in audits to reflect the situation at a production facility at a given time and to assess our manufacturing partners on their ability to provide fair, healthy, and environmentally sound workplace conditions. We assess our suppliers against a number of critical compliance issues. This makes it possible to identify short, medium, and long-term areas for improvement at the production facility. Any cases of non-compliance identified during audits are given a clear time frame for remediation. While threshold issues are considered serious but correctable through remedial action, zero-tolerance issues – such as forced, bonded, and child labour practices; or critical life-threatening health, safety, and environment conditions – immediately trigger an action to remediate and potential disqualification of a supplier. The supplier is required to:

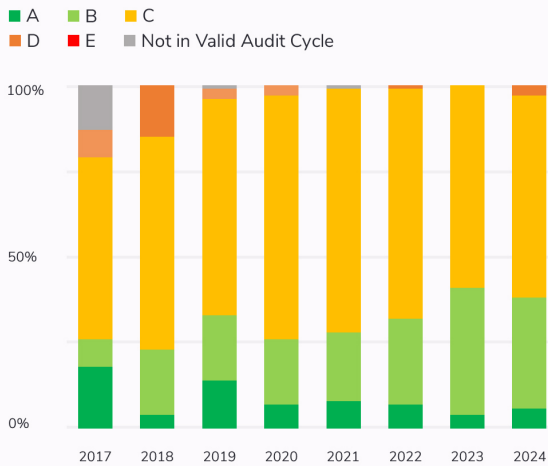
- Propose a plan to mitigate and/or resolve the identified Zero Tolerance(s).
- Commit to structurally resolving the Zero Tolerance.
- Provide regular updates and evidence.

Potential new manufacturing facilities are assessed in a similar way, and orders can only be placed if the facility is approved by the CSR team. Our focus is on maintaining partnerships with existing manufacturing partners rather than onboarding new ones. In 2024, 4 new suppliers were onboarded (2023: 1 suppliers). We operate a grievance mechanism to allow workers or third parties to submit complaints about violations of the Hunkemöller ECoC and human rights. All third-party complaints received through our grievance mechanism are reviewed and investigated, and the outcome is reported in our sustainability report.

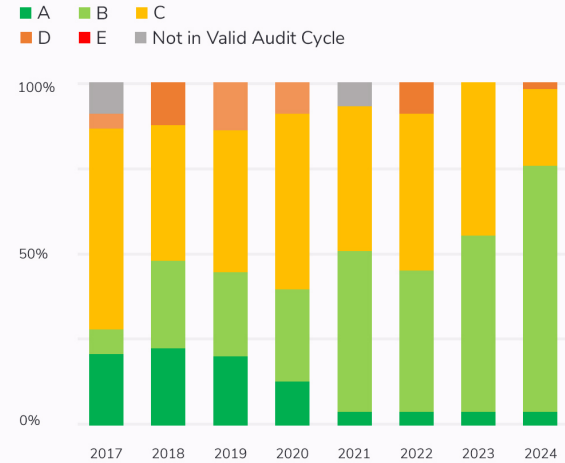
Hunkemöller requires its suppliers to obtain a minimum audit score of C (on a scale from A to E). If they are assigned a D score in non-risk areas, the supplier has six months to take corrective action and make improvements. They will then need to be re-audited to get a C-score. If a supplier earns a D score in risk areas or an E-score, then production is suspended until the problem has been resolved and the supplier is once again in the possession of a C-score. In 2024, 5 percent of our production sites had an A-score, 33 percent a B-score, 59 percent a C-score, and 3 percent a D-score. Two of our facilities scored a D-rating. While these two suppliers scored below our requirements, they are undertaking corrective actions to make improvements, and new audits have been planned accordingly.



Compliance in % of Amount of Factories

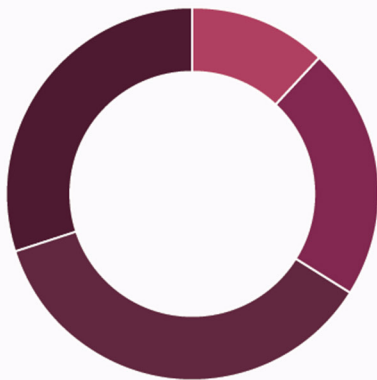


Compliance in % of Purchase Value

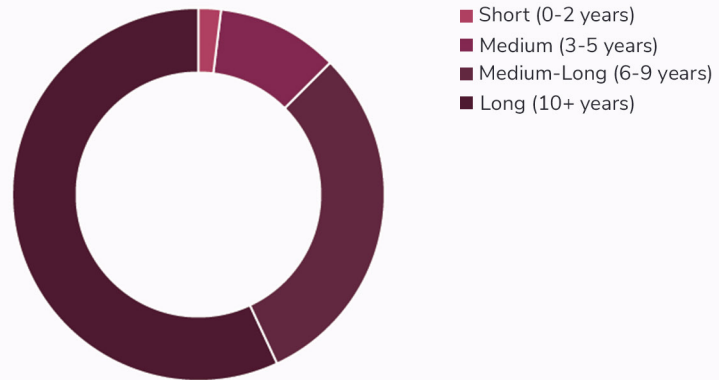


At the end of 2024, Hunkemöller worked with 58 supplier facilities (2023: 66) that manufacture products for our company in 10 countries (2023: 13). The reduction in the number of facilities reflects the consolidation of sourcing operations in line with our strategy to form long-term relationships with our core manufacturing partners. 9 percent of our suppliers have been working with us for up to 2 years, 21 percent for between 3 to 5 years, 37 percent for between 6-9 years, 33 percent for 10+ years.

Supplier Relationship Length

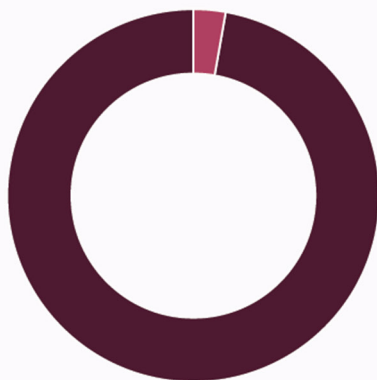


% of Total Goods Receipt PP Details Net Cost per Supplier Relationship Length

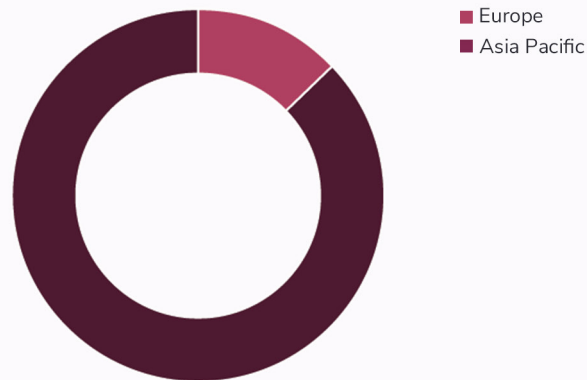


87 percent of our supplier facilities (2023: 85 percent) are located in the Asia-Pacific region and 13 percent are located in Europe including Turkey (2023: 15 percent).

Geographical Supplier Distribution by total % of FOB



Geographical Supplier Distribution



## 7.9 Human Rights in High-Risk Countries

Some countries may go through periods of volatility which can present challenges and dilemmas for Hunkemöller. We must be prepared to deal with high-risk contexts that could impact our business, and the human rights of people connected to our business. The risk of human rights violations can be disproportionately high in areas of poor governance, volatility, and political instability and we constantly review whether we can continue to operate in such contexts and how to manage the risks. When identifying volatile countries, and specifically what a volatile context could look like for our business, we are guided by external expertise to consider conflict, security, and economic, political and social factors such as governance, economic development, and potentially vulnerable groups. Countries included in this category invariably change over time in relation to the external context. We review the situation annually to consider developments. Suppliers can also be sources of various risks for the company and its stakeholders (human rights, health and safety, pollution, climate change, sourcing capacity, etc.). To manage these risks along its value chain, the CSR team strictly monitors its “critical” suppliers. These suppliers are identified according to three main risk qualification criteria:

- Potential impact on Hunkemöller’s activities
- Volume of business generated
- Potential ESG impacts

As of 31 December 2024, 11 suppliers representing approximately 83.7 percent of purchase volumes had been identified as “critical”. In 2024, Hunkemöller updated its buying strategy to strengthen the resilience of its supply chain to supply risks (linked to geopolitical, macroeconomic, environmental, etc. events) and to be more responsive to market demands and uncertainties. This strategy makes it possible to source products closer to the markets we serve.

### 7.9.1 Responsible Purchasing Practices, Payment Terms, and a Living Wage

**Target: Calculate the wage gap of 5 key suppliers in 3 different countries by 2025**

We believe that a decent standard of living includes food, water, housing, education, health care, transportation, clothing, and other basic needs, including the ability to handle unexpected events. We believe that a “living wage” is a fundamental human right which can help alleviate poverty. This wage should be earned during legal working hour limits (i.e. without overtime). We expect our suppliers to adequately compensate them for their work. We do however see that, especially in high-risk countries, there is a gap between the minimum wage and living wage. We monitor employee wages through amfori BSCI audits. In 2024 our findings demonstrate that:

- 28 percent of our factories paid workers the same as the local National Minimum Wage (NMW).
- 24 percent of our factories paid workers more than 1-10 percent above the NMW.
- 9 percent of our factories paid workers more than 11-20 percent above the local NMW.
- 9 percent of our factories paid more than 20+ percent over the local NMW.
- 29 percent of our factories are paying over the local Living Wage.

A living wage can only be guaranteed by means of effective, industry-wide collaboration between workers’ representatives and employers with the aim to fostering social dialogue and ongoing respect for freedom of association and collective bargaining rights, supported by responsible purchasing practices. Responsible purchasing practices can help create an environment that is conducive to improving working conditions, wages, and benefits for workers in the supply chain. Consequently, in 2022 we joined the Learning and Implementation Community (LIC) on Responsible Purchasing Practices (RPP). The LIC is based on the principles from the Common Framework for Responsible Purchasing Practices (CFRPP), developed by representatives from a series of Multi-Stakeholder Initiatives such as Ethical Trading Initiative, Fair Wear, Ethical Trade Norway, in consultancy with ACT (Action Collaboration Transformation), Better Buying Institute, Better Work, and amfori. By developing and implementing efficient and sustainable solutions for our purchasing practices, we hope to be increasing the wages of factory workers, of which many are women, and improving the social conditions in the factories producing our products.

RPP outlines a commitment that companies have a responsibility to ensure that they have a positive impact on their suppliers through their purchasing practices. This ensures a fair, equal, and sustainable partnership between everyone that considers the needs of both parties and prioritises human rights.

As part of the LIC and to best understand potential impacts of our purchasing practices, in 2023 we sought feedback from our manufacturing partners through an anonymous purchasing practices survey with our Tier 1 and nominated tier 2 suppliers. In 2025, we plan to further engage with our key suppliers through another survey so we can map out improvements. Suppliers are an important part of this RPP process, so their feedback is shared with the buying teams. Additionally, we are committed to exploring how we can improve our payment terms, our communication and the transparency of our payment terms to our suppliers.

The LIC ended in 2024 and has helped us plan, develop, and implement efficient and sustainable solutions for our purchasing practices. In 2024, we updated our Supplier Onboarding Terms and Conditions and written a two-way Code of Conduct which we committed to introducing in 2023. Our two-way Code of Conduct stipulates a joint commitment between Hunkemöller and our business partners to ensure the continuous improvement of human rights and environmental due diligence in our business operations and the supply chain. Due to delays from change in management, our two-way Code of Conduct was written in 2024 but will only be formally introduced and published in 2025.

This is our living wages roadmap:

## 2025

- Introduce a two-way Code of Conduct and set KPIs to monitor progress.
- Start validating wage data from a selected group of Tier 1 suppliers in a mix of low and high-risk countries
- Select 5-7 key suppliers to work on calculating the wage gap.
- Start leveraging partnerships with other brands to enhance our impact.

## 2026

- Continue validating the wage data from an increased number of Tier 1 suppliers
- Select 3-5 more key suppliers to work on calculating the wage gap.

## 2027

- Develop an action plan based on our wage gap findings.

## Working Hours

Working hours must not be excessive and must be voluntary. Suppliers must comply with applicable laws, collective bargaining agreements (where applicable), and industry standards on working hours, breaks, and public holidays. The normal working week, not including overtime, shall be defined by law but shall not exceed 48 hours. Personnel shall be provided with at least one day off following every six consecutive days of working.

### 7.9.2 Forced, Bonded and Child Labour

Forced labour, human trafficking, and modern slavery (referred to collectively as forced labour) are human rights abuses that are very prevalent in global supply chains. The International Labour Organization (ILO) estimates that, in 2021, 27.6 million people were in situations of forced labour in the private sector. This means that we must be vigilant in our commitment to safeguard workers' fundamental human rights. Having fair recruitment and employment practices is key to achieving this. At Hunkemöller we have a zero-tolerance policy towards child labour and any kind of forced labour. These topics are discussed in our Labour Policy and ECoC, which specify that the employment of children and any form of forced or involuntary labour by our manufacturers and suppliers is strictly prohibited. This means that:

- Employees offer their work or services of their own free will and without the threat of any form of penalty (no forced labour).

- The recruitment, transport, transfer, accommodation and reception of a migrant worker for the purpose of paid employment must take place without threat, without the use of force, and without constraint (forced labour).
- A person shall not work or provide a service in order to cancel a debt (bonded labour).
- Child labour is strictly prohibited.

In 2024, we found two cases of young worker labour in our production facilities (see page [86](#)).

### 7.9.3 Ethical Recruitment

**Target: 100 percent of migrant workers in our Tier 1 and key Tier 2 suppliers will not pay recruitment fees by 2025**

Most migration is motivated by the search for jobs. When searching for jobs, migrant workers are often exposed to risks of exploitation, including practices such as recruitment fees. The payment of recruitment fees to intermediaries is a widely recognised indicator of forced labour. We work with our suppliers to ensure that migrant workers are recruited ethically. By the analysis of amfori BSCI 2024 audit reports, we identified that the majority of the indirectly hired workers are not production workers, but security, cleaning, and food service providers. In addition, through the same analysis process, we found zero cases of non-compliances, as was the case in 2022 and 2023.

### 7.9.4 Freedom of Association and Collective Bargaining through Social Dialogue

We believe workers' rights to freedom of association is an important and vital right that must be respected. Among other things, this means that workers should be able to join a union, form a union, and engage in a dialogue with management, as this is an integral part of a free and open society. Worker participation, along with maintaining and developing the ecosystems for dialogue, are the two core premises for achieving mature industrial relations and, as a result, for promoting more engaged and equal societies. Empowering the representatives of workers and employers through social dialogue platforms at local or industry level is one of the best ways to generate impact at different stages of the supply chain. Moreover, dispute resolution mechanisms can provide dialogue between workers and employers, which helps build trust and commitment among the workforce and ensures that problems can be resolved quickly, amicably, and fairly. These mechanisms have proved very useful in preventing and resolving disputes related to freedom of association and have sometimes offered a framework for the conclusion of collective agreements. The International Accord has an established independent complaints mechanism that enables workers in factories within the Accord system to report concerns. Thanks to the mandatory arbitration clause of this agreement, complaints are investigated and remediated promptly. Hunkemöller is a signatory to the International Accord.

We are aware that in some of the production countries in which we operate, freedom of association is a sensitive topic. To start a dialogue with a supplier on freedom of association and collective bargaining, it is therefore essential that our working relationship is one of mutual trust and respect and that cultural aspects and different rules and regulations in the country are considered. To achieve the best results, freedom of association, social dialogue and grievance mechanisms are always on our agenda when talking to and meeting with these suppliers.

### 7.9.5 Gender Equality in the Supply Chain

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

We continue to monitor gender equality in our supply chain to meet our objectives to bring a gender lens to our strategic suppliers' operations and ensure that all workers will have equal opportunities and rights. In 2024 our findings demonstrate that in 2024, 39 percent of management positions in our Tier 1 facilities are held by women.

#### Examples of our contribution:

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





### 7.9.6 Work Environments Free from Discrimination, Violence, and Harassment

We recognise everyone's right to a workplace free from violence and harassment. We do not tolerate physical abuse or discipline, the threat of physical abuse, sexual or other harassment, and verbal abuse or other forms of intimidation and abuse in our supply chains. We collaborate with stakeholders to address the shared challenges of ensuring this right and we stand close to workers to understand their needs and provide them with the necessary tools for their empowerment, participation, and well-being. As part of our due diligence process, we identify and prioritise potential impacts on human rights through a number of internal and external information sources, such as surveys, information concerning the social audits of suppliers, analyses of legislation, reports on trends or risks in connection with human rights, etc. In 2024, we received 1 complaint on discrimination, violence, and harassment. This issue was filed with the International Accord in regard to a failure to reinstate a worker after maternity leave. This issue was remediated and considered resolved.

### 7.9.7 Health and Safety in the Supply Chain

The textile sector is connected to many occupational health and safety risks, including noise, dust, chemical substances, ergonomic and physical hazards, tools, machines and equipment, as well as building and fire safety. Ensuring safe working conditions for our own employees and the indirect employees at our production facilities is therefore an ethical imperative. Our ongoing auditing programme includes occupational health and safety assessments, to eliminate, reduce, and control all major hazards and risks. Our factories under the Accord programme in Bangladesh must have a completion rate (initial findings) of 93 percent, which is 15 percent higher than the average rate of all factories under the Accord programme. 8 out of 12 Accord active factories achieved 100 percent remediation of the initial findings. Another 2 factories achieved more than 90 percent remediation of the initial findings. No fatal injuries were recorded in any of our production facilities in 2024.

### 7.9.8 Working Hours, Overtime, Wages, and Social Security Coverage

Regulating working time is an essential part of ensuring decent working conditions in the garment industry. We monitor the working hours of our Tier 1 and nominated Tier 2 suppliers, especially on excessive overtime. Excessive overtime is a sign of bad production planning but can also be contributed to faster turnaround times in production schedules and last-minute changes to orders. In case of excessive overtime, we work with factory management to identify the root cause, explore opportunities for improvement, and develop a corrective action plan. In 2024, we found systemic excessive overtime (48+ hours per month) in 34 facilities, mainly in China. This can be contributed to geopolitical instability which often results in factories having to close and then request governmental extensions to meet production demands. Other brands producing in the same facilities also contribute to these overtime hours, especially if they have a bigger purchasing volume in the facilities. High overtime is a prevalent problem within the apparel industry, and we are working together with factory management to explore opportunities for improvement through Responsible Purchasing Practices.

Regarding social security, 100 percent of workers are covered under social security among all our core Tier 1 suppliers, except in China due to a disconnect in understanding between factory management and employees regarding local insurance laws. We plan to further explore how to support suppliers to remedy those issues in 2025. We are committed to efforts to improve working hour and overtime management, following up with suppliers to ensure legal permits are obtained and valid, and increasing social security coverage.

### 7.9.9 Grievance Mechanism

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

Grievance mechanisms are an important pillar of the United Nations Guiding Principles on Business and Human Rights (UNGPs). A robust grievance mechanism is the linchpin of ESG due diligence for workers to raise their concerns and secure remedies. Grievance processes – or mechanisms – are an important aspect of enforcing labour and human rights. These channels can be used to report and investigate any infringement or violation of corporate values or ethical principles. Our approach to support workers is two-fold: we work with suppliers and factories to help improve internal workplace grievance mechanisms in line with our ECoC, and we support existing and new industry-wide grievance mechanisms. We believe it is important that workers' voices and experiences are heard, especially those of vulnerable groups. Workers should be able to report complaints they encounter during their work, preferably to their own management.”. If complaints cannot be discussed with factory management, it is important that these complaints can still reach us through an external complaints' mechanism. Multistakeholder initiatives such as the International Accord and amfori BSCI have complaints mechanisms through which workers in our supply chain can raise and escalate these concerns. For those workers or parties who are not willing or able to access the industry specific complaints mechanisms, Hunkemöller has its own grievance mechanism for external stakeholders through SpeakUp. This mechanism allows people to file a complaint anonymously (phone call, web browser, app - iOS and Android) and is accessible on all Hunkemöller websites. It is inclusive for everyone, including more vulnerable groups such as women, people with low literacy rates, and the youth, thanks to multiple points of entry such as written complaints, audio messages, or e-mail. Complaints can be lodged in the complainant's native language (75+ languages) all year round, at any time of the day. Additionally, complainants can remain anonymous throughout the entire process and do not have to fear victimisation, retaliation, discrimination, or disadvantage. Hunkemöller has adopted a strategy for addressing and assessing how the Hunkemöller Grievance Mechanism is communicated to workers to create an open culture of trust. The Hunkemöller Grievance Mechanism can address single party, multi-party, and multi-issue complaints and is open to a wide range of concerns: both those based in factual data and those arising from perceptions or misperceptions. When a complaint is reported, it will be shared with us, and we strive to investigate each complaint and identify a resolution within 60 calendar days. We consider a high number of complaints a positive sign as it indicates both awareness of the mechanism's existence and confidence that Hunkemöller can provide a credible first avenue of recourse. Moreover, complaints help us understand the main challenges and human and labour rights issues in a manufacturing facility and offer valuable information on how we can improve our operations.

We also regularly assess and review our grievance mechanism and the complaint findings to ensure effectiveness and that we are actively working towards improving our human rights due diligence and existing preventive and remedial measures. In 2024 through our SpeakUp grievance mechanism, 2 complaints were reported. One of these complaints was deemed immaterial and no further remedial actions were necessary. The second complaint concerned the amount of plastic packaging around our products. This complaint was noted and raised with the right internal experts and departments for further work towards reducing our plastic packaging. Through our multistakeholder initiatives, we received 5 complaints from Bangladesh and 3 from Myanmar. All these complaints have been remediated and related to concerns over non-payment of due separation from employment entitlements (4 cases), young workers (2 cases), freedom of association disputes (1 case), and failure to reinstate after maternity leave (1 case). We follow up on all cases of non-compliance and require our manufacturing partners to remediate open issues within a specified timeframe. While in many cases the actual issues will have been resolved, our approach is to only 'close' these in our systems when we have verified evidence of completion and established that corrective actions taken are sustainable and sufficient to avoid reoccurrence.





## 8. GOVERNANCE

### 8.1 Risk management

#### 8.1.1 Our Approach to Risk Management

Risk management is integral to Hunkemöller's strategy and the achievement of Hunkemöller's long-term goals. Our success as an organisation depends on our ability to identify and utilise the opportunities generated by our business and within our markets. In doing this, we take an embedded approach to risk management which puts risk at the core of the Board agenda, which is where we believe it should be. Hunkemöller's risk assessment is based on the following:

- Our growth should be consistent, competitive, profitable, and responsible.
- Our actions on issues such as circularity and climate change must reflect their urgency and not be constrained by the uncertainty of potential impacts.
- Our behaviours must be in line with our Code of Conduct.
- Our ambition to continuously improve our operational efficiency and effectiveness.

Our approach to risk management is designed to provide reasonable, but not absolute assurance that our assets are safeguarded, the risks facing the business are being assessed and mitigated, and all information that may be required to be disclosed is reported to Hunkemöller's senior management including, where appropriate, the CEO and CFO.



## 8.2 Organisation

The Board has overall accountability for the management of risk and reviewing the effectiveness of Hunkemöller's risk management and internal control systems. In 2024, the Board updated the organisational structure with well-defined accountabilities for the principal risks that Hunkemöller faces in the short, medium, and long term. In this structure, the Board has delegated the overall accountability for risk management to both the CEO and CFO. The distribution of accountabilities and responsibilities ensures that every country through which we operate has specific resources and processes for risk reviews and risk mitigation. The Board regularly reviews these risk areas, including the consideration of environmental, social, and governance matters, and retains responsibility for determining the nature and extent of the significant risks that Hunkemöller is prepared to take to achieve its strategic objectives.

### 8.2.1 Foundation and Principles

Hunkemöller's approach to doing business is framed by our purpose and values (see page 8). Our Code of Conduct and Ethical Code of Conduct set out the standards of behaviour that we expect all employees and suppliers to adhere to. Day-to-day responsibility for ensuring these principles are applied rests with senior management across geographies and functions. Senior management and the ESG Working Group support the activities necessary to communicate the Code, deliver trainings, maintain processes and procedures to report and respond to alleged breaches, and to capture and communicate learnings. We have a framework of policies that underpins the Code of Conduct and Ethical Code of Conduct and sets out the non-negotiable standards of behaviour expected from all our employees and suppliers.

Our assessment of risk considers both short-term and long-term risks, including how these risks are changing, together with emerging risk areas. These are reviewed on an ongoing basis and reviewed at least once a year.



### 8.2.2 Processes

Hunkemöller operates a wide range of processes and activities across all its operations covering strategy, planning, execution, and performance management. Risk management is integrated into every stage.

### 8.2.3 Assurance and Re-Assurance

Assurance on compliance with the Code of Conduct, Ethical Code of Conduct, and Policies is obtained annually from Hunkemöller management. Our Corporate Audit function plays a vital role in providing both senior management and the Board with an objective and independent review of the effectiveness of risk management and internal control systems throughout Hunkemöller.

### 8.2.4 Risk Compliance

The Management Board, advised by the ESG Working Committee where appropriate, regularly reviews the significant risks and decisions that could have a material impact on Hunkemöller. These reviews consider the level of risk that Hunkemöller is prepared to take in pursuit of the business strategy and the effectiveness of the management controls in place to mitigate the risk exposure.



Risk	Risk Description	Management of Risk	Level of Risk
Talent	<p>A skilled workforce and agile ways of working are essential for the continued success of our business.</p> <p>With the rapidly changing nature of work and skills, there is a risk that our workforce is not equipped with the skills required for the new environment.</p> <p>Our ability to attract, develop, and retain a diverse range of skilled people is critical if we are to compete and grow effectively.</p> <p>The loss of management or other key personnel or the inability to identify, attract, and retain qualified personnel could make it difficult to manage the business and could adversely affect operations and financial results.</p>	<p>We have an integrated management development process which includes regular performance reviews underpinned by a common set of leadership behaviours, skills, and competencies. We have development plans to upskill and reskill employees for future roles and will bring in flexible talent to access new skills.</p> <p>We have targeted programmes to attract and retain top talent and we actively monitor our performance in retaining a diverse talent pool within Hunkemöller.</p> <p>We regularly review our ways of working to drive speed and simplicity through our business in order to remain agile and responsive to marketplace trends.</p> <p>A move to more agile ways of working is ongoing to unlock internal capacity and prioritise work based on growth and impact.</p>	<p>No change</p> <p>↔</p>
Business Operations	<p>Our business depends on purchasing materials, efficient manufacturing, and the timely distribution of products to our customers.</p> <p>Our supply chain network is exposed to potentially adverse events such as geopolitical sanctions, physical disruptions, environmental and industrial accidents, trade restrictions or disruptions at a key supplier, which could impact our ability to deliver orders to our customers. Geopolitical tensions have continued to challenge the continuity and cost of our supply chain in 2024.</p> <p>Maintaining manufacturing operations whilst adhering to changing local regulations and meeting enhanced health and safety standards has proven possible but has required significant management. In addition, ensuring the operation of a global logistics network continues to present challenges and requires continued focus and flexibility.</p> <p>The cost of our products is being affected by the cost of the underlying commodities and materials from which they are made. Fluctuations in these costs cannot always be passed on to the consumer through pricing and will need to be carefully managed.</p>	<p>We have contingency plans designed to enable us to transfer or share production between manufacturing sites.</p> <p>We have designed policies and procedures to ensure the health and safety of our employees and supplier employees and the products in our facilities, and to deal with major incidents including business continuity and disaster recovery.</p> <p>Trends are monitored and modelled regularly and integrated into our forecasting process</p>	<p>No change</p> <p>↔</p>

<p>Safe and high-quality products</p>	<p>The quality and safety of our products are of paramount importance for our brand and our reputation.</p> <p>The risk that raw materials accidentally contain hazardous chemicals or that product defects occur due to human error, equipment failure or other factors cannot be excluded. Labelling errors can potentially have consequences for consumers and end-of-life solution providers. Therefore, product labelling needs to provide clear and accurate material content information in order to ensure that consumers can make informed decisions regarding the products they buy.</p>	<p>Our product quality processes and controls are comprehensive, from product design to customer shelf. They are verified annually and regularly monitored through performance indicators that drive improvement activities.</p> <p>Our key raw material suppliers are externally certified, and the materials received are monitored to ensure that they meet the rigorous quality standards that our products require. We also have stringent requirements for the design, manufacture, and delivery of our products, to ensure we consistently supply the safe and high-quality products that our customers and consumers expect.</p> <p>In the event of a marketplace incident relating to the safety of our consumers or the quality of our products, incident management teams are activated in the affected business units and markets, supported by our product quality, and communications experts, to ensure timely and effective action.</p> <p>We have processes in place to ensure that the data used to generate product labelling are compliant with applicable regulations and with relevant Hunkemöller labelling policies in order to provide the clarity and transparency needed for consumers.</p>	<p>No change</p> <p>↔</p>
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<p>Systems and information</p>	<p>Hunkemöller's operations are increasingly dependent on IT systems and safeguarding the confidentiality, integrity of data and the management of information.</p> <p>The cyber-attack threat of unauthorised access and misuse of sensitive information or disruption to operations continues to increase with the level of incidents rising year-on-year. Such an attack could inhibit our business operations in a number of ways, including disruption to sales, production, and cash flows, ultimately impacting our results.</p> <p>In addition, increasing digital interactions with customers, suppliers, and consumers place ever greater emphasis on the need for secure and reliable IT systems and infrastructure, and careful management of the information that is in our possession to ensure data privacy.</p>	<p>To reduce the impact of cyber-attacks on our business, we are following an in-depth defence strategy, guided by industry standards frameworks. We have many Protect, Detect, and Respond capabilities in place which are continuously being monitored and improved.</p> <p>We have policies covering the protection of both business and personal information, as well as the use of IT systems and applications by our employees. Our employees are trained to understand these requirements.</p> <p>We also have a set of IT security standards and closely monitor their operation to protect our systems and information. Hardware that runs and manages core operating data is fully backed up with separate contingency systems to provide real-time backup operations should they ever be required. We have standardised ways of hosting information on our public websites and have systems in place to monitor compliance with appropriate privacy laws and regulations, and with our own policies.</p> <p>We also maintain a global system for the control and reporting of access to our critical IT systems. This is supported by an annual programme of testing of access controls</p>	<p>Increase</p> <p>↔</p>
<p>Economic and Political Instability</p>	<p>Adverse economic conditions may affect one or more countries, regions or may extend globally. Hunkemöller operates around the world and is exposed to economic and political instability that may reduce consumer demand for our products, disrupt sales operations, and/or impact the profitability of our operations.</p> <p>In 2024, organisations have continued to see geopolitical and economic volatility leading to significant disruption and cost inflation impacting parts of the business. Further potential trade and economic sanctions risk global supply chain disruption and deep recession. Risks associated with the global energy crisis are leading to significantly higher energy prices and could disrupt our operations.</p> <p>Government actions such as trade and economic sanctions, foreign exchange or price controls can impact on the growth and profitability of our operations.</p>	<p>We regularly update our forecast of business results and cash flows, and where necessary, rebalance investment priorities.</p> <p>We believe that many years of exposure to changing markets have given us experience of operating and developing our business successfully during periods of economic and political volatility.</p>	<p>No change</p> <p>↔</p>

<p><b>Ethical</b></p>	<p>Hunkemöller's brand and reputation are valuable assets and the way in which we operate, contribute to society, and engage with the world around us is always under scrutiny both internally and externally.</p> <p>Acting in an ethical manner, consistent with the expectations of customers, consumers, and other stakeholders, is essential for the protection of the reputation of the Hunkemöller brands.</p> <p>A key element of our ethical approach to business is to reduce inequality and promote fairness. Our activities touch the lives of millions of people and it is our responsibility to protect their rights and help them live well.</p> <p>The safety of our employees and the people and communities we work with is critical. Failure to meet these high standards could result in damage to Hunkemöller's corporate reputation and business results.</p>	<p>Our Code of Conduct, Ethical Code of Conduct, Business Principles, and our Policies govern the behaviour of our employees, suppliers, and other third parties who work with us. Our processes for identifying and resolving breaches of our Codes and Policies are clearly defined and regularly communicated throughout Hunkemöller.</p> <p>Data relating to such breaches is reviewed by the Management Board and by relevant Board Committees and helps to determine the allocation of resources for future policy development, process improvement, trainings, and awareness initiatives.</p> <p>Our Ethical Code of Conduct helps us to improve the lives of the people in our supply chains by ensuring human rights are protected and makes a healthy and safe workplace a mandatory requirement for our business partners. We monitor human rights, environmental, and product compliance at the highest level. Through our Brands with Purpose agenda, a number of our brands are taking action on societal issues such as fairness and equality.</p>	<p>No change</p> <p>↔</p>
<p><b>Legal and Regulatory</b></p>	<p>Compliance with laws and regulations is an essential part of Hunkemöller's business operations.</p> <p>Hunkemöller is subject to national and regional laws and regulations in such diverse areas as regulations relating to environmental compliance (e.g. greenwashing), product safety, product claims, copyright, competition, health and safety, data privacy, corporate governance, listing and disclosure, employment, and taxes.</p> <p>Failure to comply with laws and regulations could expose Hunkemöller to civil and/or criminal actions leading to damages, fines, and criminal sanctions against us and/or our employees with possible consequences for our corporate reputation. Changes to laws and regulations could have a material impact on the cost of doing business.</p>	<p>Hunkemöller is committed to complying with the laws and regulations of the countries in which we operate.</p> <p>Our legal and regulatory specialists are heavily involved in monitoring and reviewing our practices to provide reasonable assurance that we remain aware of and in line with all relevant laws and legal obligations</p>	<p>No Change</p> <p>↔</p>



<p><b>Treasury and Tax</b></p>	<p><b>Hunkemöller is exposed to a variety of external financial risks in relation to Treasury and Tax.</b></p> <p>The relative value of currencies can fluctuate widely and could have a significant impact on business results. Further, because Hunkemöller consolidates its financial statements in euros, it is subject to exchange risks associated with the translation of the underlying net assets.</p> <p>We are also subject to the imposition of exchange controls by individual countries which could limit our ability to import materials paid in foreign currency.</p> <p>A material shortfall in our cash flow could undermine Hunkemöller's credit rating, impair investor confidence, and restrict Hunkemöller's ability to raise funds. In times of financial crisis, there is a further risk that we may not be able to raise funds due to market illiquidity.</p> <p>We are exposed to counter-party risks with banks, suppliers, and customers, which could result in financial losses.</p> <p>Tax is a complex and evolving area where laws and their interpretation are changing regularly, leading to the risk of unexpected tax exposures. International tax reform remains a key focus of attention.</p>	<p>Currency exposures are managed within prescribed limits and by the use of financial hedging instruments.</p> <p>We seek to maintain access to global debt markets through short-term and long-term debt programmes.</p> <p>Group treasury regularly monitors exposure to our banks. Hunkemöller actively manages its banking exposures on a daily basis. We regularly assess and monitor counter-party risk in our suppliers and take appropriate action to manage our exposures.</p> <p>We have a process in place to monitor compliance with the Tax Principles. We have a Tax Risk Framework in place which sets out the controls established to assess and monitor tax risk for direct and indirect taxes. We monitor proposed changes in taxation legislation and ensure these are taken into account when we consider our future business plans.</p>	<p>No Change</p> <p></p>
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## 8.3 Strategic Risks

### 8.3.1 Geopolitical and Macroeconomic Changes

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

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

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

### 8.3.2 Brick & Mortar Retail Stores

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



## 8.4 Compliance Risks

### 8.4.1 Together Tomorrow Strategy

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

We seek to comply with all applicable laws, rules and regulations and have established focus areas and targets under our Together Tomorrow sustainability strategy in respect to many ESG measures, including human rights, DEI, greenhouse gas emissions, water usage, and usage of more preferred materials and packaging. There can however be no assurance that we can achieve compliance without significant impact on our business or results of operations or that our stakeholders will agree with our strategy or that we will be successful in achieving our goals. This could adversely affect our reputation, sales and demand for our products, willingness of our suppliers to do business with us, and investor interest in our securities. Hunkemöller acknowledges the increasing complexity of ESG-related regulations and the need for dedicated legal capacity. To support effective implementation and oversight, the company is exploring the creation of a dedicated Compliance Officer role.

## 8.5 Operational Risks

### 8.5.1 Critical Infrastructure

We are exposed to various risk arising from events (incidents, sabotage or accidents) that can lead to a halt or operational inefficiency of IT services or processes needed to perform our business activity. This could compromise the continuity of operations and/or the confidentiality, integrity and/or availability of

our information, regardless of whether it is in our own systems or those of third parties; and third parties' information located in our systems. Our inability to execute our digital commerce strategy could materially adversely affect the reputation of our brand and our revenue and our operating results may be harmed.

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

### 8.5.2 Information Security and Cybersecurity

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

The number, severity, and sophistication of cyberattacks continues to increase globally. As a global company, we are exposed to the risk of cyberattacks and potential impact of attacks on our suppliers whereby information systems may be damaged, disrupted, or shut down. In addition, breaches in the security of our systems (or the systems of our customers, suppliers, or other partners) could result in the misappropriation, destruction or unauthorised disclosure of confidential information (including intellectual property) or personal data belonging to us or our employees, customers, suppliers, or other partners. This may result in substantial costs and other negative consequences, including lost revenues, reputational damage, remediation and enhancement costs, penalties, and other liabilities to regulators, customers and other partners.

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

### 8.5.3 Data Protection and GDPR

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

### 8.5.4 Logistics

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

### 8.5.5 Climate Change Risks

Climate change and its impacts (such as storms, floods, and droughts) has been identified as a significant risk to the company. Our business is susceptible to risks associated with climate change, including potential disruptions to our supply chain and impacts on the availability and costs of raw materials. Increased frequency and severity of adverse weather events due to climate change could also cause disruption to

the production and distribution of our products and have an adverse impact on consumer demand and spending. Climate breakdown such as heat and flooding also affects the health and income of workers and communities and can lead to long-term losses for the textile industry. Moreover, a general shortage of materials or an increased demand for sustainable materials or packaging, may result in higher raw material and production costs. Commodities have been subject to volatile markets, and such volatility is expected to continue and costs to increase. Our inability to comply with these and other sustainability requirements in the future could adversely affect sales of and demand for our products.

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

### 8.5.6 Environmental Risks

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

## 8.6 Risks that Materialised over the Course of the Year

Economic uncertainty, geographic disparities, a dynamic market, and consumer behaviour shifts were all hallmarks of 2024. We were faced with supply chain disruption from geopolitical tensions, leading to delays, increased costs, and production halts. To develop a resilient, agile supply chain, we therefore started looking at nearshoring and reshoring to reduce our dependence on distant manufacturing, diversify our sourcing options, and strengthening supplier relationships. In 2025 we will finalise our supply chain. The economic and geopolitical environment also generated instability and volatility in financial markets, posing currency exchange risks. We continue to analyse developments and implications of ongoing conflicts on a continuous basis and to put plans in place to mitigate any impact on our business.

During the year many markets continued to experience high inflation and monetary tightening. The inflationary spiral has affected many of the costs of goods and services that make up our value chain. It has also affected consumer spending on non-essential items, including fashion. In 2024 we have therefore concentrated on quality and value to retain customer loyalty.

In 2024 there was also an increased interest in the sustainability practices of companies and brands. Not only did regulatory bodies and consumer watchdogs become more vigilant, but consumers are also becoming more aware of the environmental impact of their purchasing decisions. This means that the claims made about a product are increasingly being scrutinised. Over 2024 we have been working on our IT systems to ensure that our sustainability claims are backed by verifiable data. We have also been working on improving our PLM-system for increased transparency regarding our third-party certification and verifiable information about our sourcing and production practices.

Upcoming EU sustainability and climate regulation and policies such as the CSRD, EUDR, and CSDDD have also meant that we have had to adapt our strategy and business model to comply with these regulations and meet new standards.





## 9. LIST OF ABBREVIATIONS

ACT – Action Collaboration Transformation

AI – Artificial Intelligence

BCI – Better Cotton Initiative

BEPI – Business Environmental

BMI – Better Mill Initiative Performance Initiative

BREAAM – Building Research Establishment Environmental Assessment Methodology

BSCI – Business Social Compliance Initiative

CAP – Corrective Action Plan

CFRPP – Common Framework for Responsible Purchasing Practices

COC – Code of Conduct

CSRD – Corporate Sustainability Reporting Directive

CSDDD – Corporate Sustainability Due Diligence Directive

DC – Distribution Center

DEI – Diversity, Equity and Inclusion

DPP – Digital Product Passport  
ECoC – Ethical Code of Conduct  
EPR – Extended Producer Responsibility  
ESG – Environmental, Social and Governance  
ESRS – European Sustainability Reporting Standards  
FNV – Netherlands Trade Union Confederation  
FSC – Forest Stewardship Council  
FVO – Fund for Responsible Business  
GDPR – General Data Protection Regulation  
GHG – Greenhouse Gas  
GRI – Global Reporting Initiative  
Higg BRM – Higg Brand & Retail Module  
Higg FEM – Higg Facility Environmental Module  
Higg FSLM – Higg Facility Social Labor Module  
HQ – Headquarters  
ILO – International Labour Organization  
LIC – Learning and Implementation Community  
MADE - Multi-stakeholder Alliance for Decent Employment  
MSI – Multi-Stakeholder Initiative  
NGO – Non-Governmental Organisation  
NFS – Non-Financial Statement  
NPS – Net Promotor Score  
OECD – Organisation for Economic Cooperation and Development  
PLM – Product Lifecycle Management  
REACH – Registration, Evaluation, Authorisation and Restrictions of Chemicals  
RPP – Responsible Purchasing Practices  
RSL – Restricted Substance List  
SAC – Sustainable Apparel Coalition  
SBT – Science-Based Targets  
SBTi – Science-Based Target Initiative  
SDGs – Sustainable Development Goals  
SLCP – Social & Labor Convergence Programme  
UN SDGs – United Nations Sustainable Development Goals  
UNGC – United Nations Global Compact  
UNGP – United Nations Guiding Principles  
WEPs – Women Empowerment Principles  
WMS – Wage Management Systems  
ZDHC – Zero Discharge of Hazardous Chemicals