

LABOUR POLICY

INTRODUCTION

Hunkemöller does not accept child, forced or bonded labour at any direct manufacturing locations or in its supply chain. It is essential for Hunkemöller that workers are not put at risk and/or children deprived of an education or childhood. This policy describes Hunkemöller's zero tolerance approach, the requirements for Business partners and the remediation process in the event of child, forced or bonded labour allocation.

Hunkemöller is committed to strictly comply with all applicable laws, conventions and regulations. Additionally, Hunkemöller adheres to global guidance provided by the following conventions:

- International Labour Organisation Convention 29, 138, 181 and 182;
- International Labour Organisation Recommendations 146, 190 and 203;
- International Labour Organisation – International Organisation for Child Labour Guidance Tool for Business;
- United Nations Guiding Principles on Business and Human Rights;
- United Nations Conventions on the rights of the Child, the Children's rights and business principle
- Bangladeshi Labour Act 2006 / National Child Labour Elimination Policy 2010

All cases of child, forced and bonded Labour, including trafficked labour must be reported to Hunkemöller immediately.

SCOPE

The standards in this policy apply to all suppliers, their subcontractors and other business partners, hereafter collectively referred to as "Business partners", who do business with Hunkemöller. Hunkemöller requires all Business partners to be informed of the standards set in this policy and ensure that all the workers meet the applicable standards. We recognize that child, forced and bonded labour may also occur within the supply chain and require our Business Partners to have a system in place to ensure that these types of labour are not employed by any partner/sub-contractor and to understand the steps they need to take to protect workers and to ensure compliance with the requirements set out in this policy. When applicable and child, forced or bonded labour is discovered, a remediation process as described in this policy will have to take place.

Hunkemöller requires all involved with the design, development and manufacturing of products to be informed of the standards set in this policy and ensure that all goods are produced in manufacturing locations by workers who meet the applicable standards

including all laws, rules and regulations. The guidance in this policy is based on global industry standards and regulations.

1. CHILD LABOUR

1.1 DEFINITIONS

Child worker is a child who is not legally entitled to work, i.e. below the minimum age of the completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO Convention 138 apply.

Child labour is defined by the ILO as work that deprives children of their childhood, their potential and their dignity, which is harmful to physical and mental development. Child labour denies children from the opportunity to attend school, obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work.

Hazardous work is any work which, by its nature or the circumstances in which it is carried out, is likely to harm the development, health, safety or morals of children.

Young worker is a young person who is legally entitled to work i.e. above the minimum age of employment of 15 and below the age of 18.

Light work is work that children can do as long as it does not threaten their health and safety, or hinder their education or vocational training (generally, non-hazardous work for fewer than 14 hours per week). It should only be performed by children aged 15 or over when permitted by local law.

1.2 WORKING CONDITIONS

Children must not be present at production sites at any time. This also includes children of workers in the factory who must stay in the for them appointed facilities such as but not limited to on-site child care facilities.

Young workers can legally be employed but must not work at night and must be protected against conditions of work which are prejudicial to their health, safety, morals and development, without prejudice to the specific expectations set out in this policy.

All work performed by young workers must be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work. There must be adequate precautions at the work place to protect young workers. Business partners shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers; with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes. Young workers must be paid at least the legal minimum wage for every worked hour, including training time.

1.3 HUNKEMÖLLER'S RESPONSIBILITIES

In the case child labour is detected at any of Hunkemöller's direct Business partners or in the supply chain, Hunkemöller commit to undertake the child labour remediation procedure set out in this policy.

- Hunkemöller will send a letter to the Business partner informing them of non-compliance with this policy and the zero tolerance approach set out in this policy;
- Hunkemöller will seek to work in partnership with the business partner and appropriately qualified organisations to develop a responsible solution that is in the best long-term interests of the child and or children. Such programmes will be based on available best practice and will seek to meet the educational, social and economic needs of the concerned child;
- Hunkemöller commit to continue its business relationship with the business partner and work in collaboration and provide support as long as the business partner is willing to work on responsible solutions in the best interests of the child;
- In extreme situations, orders and payment may be placed on hold until the situation is dealt with and a remediation plan (as described under Remediation Plan/Programme) is in place;

1.4 BUSINESS PARTNERS RESPONSIBILITIES

Business partners observe the principle set out in this policy when they do not employ directly or indirectly, children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO apply.

- Business partners must monitor their supply chains and are expected to reach out to Hunkemöller immediately if they have any concern regarding child labour non-conformities at their direct or indirect suppliers;
- Business partners must establish robust age-verification mechanisms as part of the recruitment process, which may not be degrading or disrespectful to the worker. Original identification documents must be checked and if possible cross-checked with other documents to identify the accurate age of employees. This is not only important in order to prevent the exploitation of children but also to prevent illegal child trafficking;
- When young workers are employed, business partners should ensure that (a) the kind of work is not likely to be harmful to their health or development; (b) their working hours do not prejudice their attendance at school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programs. A file of all young workers employed at the factory

must be kept, so it is clear for which employees adequate precautions are put in place for their protection;

- Business partners shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers; with special attention to access to effective grievance mechanisms and to Occupational Health and Safety training schemes and programs;
- In the event of child labour identification, whether employed directly by the Business partners, or by a third party suppliers, business partner must commit to work in partnership with Hunkemöller and appropriately qualified organisations (local NGO or similar) to develop a responsible solution that is in the best long-term interests of the child and or children. Such programmes will be based on available best practice and will seek to meet the educational, social and economic needs of the child or children concerned;
- In removing children from the workplace, business partners must identify in a proactive manner, measures to ensure the protection of affected children. When appropriate, they shall pursue the possibility to provide decent work for adult household members of the affected children's family;
- Business partners may not under any circumstances threaten or impede the child and their family regarding the remediation program.

1.5 REMEDIATION PLAN/PROGRAMME

In the event of child labour identification at direct business partners or in the supply chain whether employed directly by the supplier, or by a third party labour provider, a zero-tolerance alert will be triggered and following three steps protocol must be followed.

Step 1 – Immediate action

- The child will be removed from the work (place) immediately and given a safe location. The welfare and safety of the child is the priority. If necessary, the child will be provided medical support. The situation must be handled discretely, confidentially and diligently in order to protect the child and their family;
- The Hunkemöller Child Labour Record Sheet must be filled out including contact details (ideally mobile phone number) of child and parents/guardian, and wherever possible, home address;
- Meeting will be set up with business partner to communicate the policies and basic positions regarding child labour to obtain a consensus on the interim arrangement for the child and the joint commitment for remediation;
- Free food and free and safe accommodation must be provided to the child until a remediation programme is operational;
- A payment of a stipend equivalent to the amount the child was earning whilst employed, or at least local minimum wage standard, whichever is higher must be paid by the

Business partner during the exploratory phase and throughout the whole remediation programme.

Step 2 Designing remediation programme

- Hunkemöller will together with business partner identify and establish a remediation team, including representatives from Hunkemöller, the business partner, local NGOs and trade unions (if active in the factory where child labour has been found). The team must have the determination to push the programme through at a local level to maintain the best interest of the child;
- In collaboration with local NGO a thorough investigation into the specific circumstances of each child, including family background, education history and economic circumstances must take place to ensure a best-practice, responsible and long-term solution will be developed for the child;
- The remediation team will support business partner on improving age verification systems to ensure no new child worker is hired. These should include (but not exclusively); policy on minimum age requirements, system for all workers to identify themselves with proof of ID, guidelines on how to check the validity of ID and age record keeping procedure;
- A funding agreement will be set up between Hunkemöller and business partner for the remediation costs such as but not limited to: education costs, any travel expenses, ongoing payment of a stipend not lower than the local minimum wage and the monitoring process. Business partner must continue remuneration on a monthly basis until the child reaches the national minimum working age;
- The identified NGO will arrange the child's enrollment in a school and monitor their attendance. The school must match the needs and circumstances of each child;
- In the case of a young worker being engaged in hazardous work, the Business partner must immediately remove the worker from the hazard and continue to employ without any reduced payment in non-hazardous work. In addition, a detailed risk assessment must be carried out regarding non-hazardous work for the young worker and also regarding the prior hazardous situation of the young worker.

Step 3: Ongoing support and monitoring

- The NGO will monitor the remediation process and will ensure the family receives the monthly remuneration until the child reaches the national minimum working age;
- The child's progress at school will also be monitored and if necessary the NGO will provide appropriate support such as courses, training, workshop and counselling.

2. FORCED AND BONDED LABOUR VS CHILD LABOUR

Up to half of all workers in forced/bonded labour are children. Forced/bonded labour and child labour are closely linked since they occur in the same geographical areas, the same industries and are mainly caused by poverty and discrimination. Just as is the case with child labour, Hunkemöller will not tolerate, support, engage- in or condone the use of forced/bonded labour.

2.1 FORCED OR BONDED LABOUR

Hunkemöller defines forced/bonded labour in line with ILO conventions No. 29 as “all works or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntary.” This means that:

- Workers are entitled to a written contract of employment in their own language which outlines the terms and conditions of their employments and benefits;
- Workers shall not be required to live in supplier-owned or controlled residences as a condition of employment;
- Workers must not be forced to work overtime under the menace of a penalty such as dismissal or wages below the legal minimum. Moreover, the Business partner shall not impose overtime where workers are unable to leave the work premises;
- Workers must do their work on a voluntary basis, which means that all forms of forced labour are prohibited;
- Business partners must allow workers to terminate their contract after reasonable notice and without penalty;
- Business partners must not infringe upon the free choice of employment by requiring deposits, retaining identity documents or withholding wages. Secure storage for employer documents must be provided and should be freely accessible
- Workers are free to leave the worksite and their accommodation when they are not working.

2.2 VIOLATIONS AND SANCTIONS

Hunkemöller considers all forced/bonded labour practices as detailed above as flagrant violations of the contractual agreement, which entitles Hunkemöller to impose the following sanctions on the Business partner with immediate effect:

a. When a case of forced/bonded labour is identified or stakeholders make accusations / complaints of such, Hunkemöller will first investigate the exact situation and conditions of the case. As soon as a forced/bonded labour case has been identified, the victim will be removed from the situation / employment condition. After studying the root causes that led to the violation, we will engage in dialogue with the Business partner. In accordance with our remediation process, we will compose a remediation plan in which a medium to long-term plan is outlined to mitigate the actual case and prevent its reoccurrence. We will work closely with the Business partner to ensure that the case is resolved and that the victim is supported throughout the remediation process.

b. In case the Business partner is not willing to cooperate in defining the next steps that need to be taken and/or does not cooperate with the actual remediation process, Hunkemöller is entitled to disengage from the business relationship. This includes existing orders with all suppliers and supply chain partners, which are culpably involved in any forced labour practices. The below consequences will be applied Business partners, including their supply chain network e.g. production units, sub-contractors, washing, printing and embroidery facilities (tier 2 and further):

- Hunkemöller may terminate the Business partner account and, if applicable, any sub-accounts of the Business partner;

- Hunkemöller may reject to sell any product, on the way or already in its warehouses, which was manufactured in the respective production unit(s). All costs of this process must be borne by the supplier;

- Hunkemöller may cancel all existing orders, regardless of the status of production for all detailed supplier accounts (as outlined under 2.2 a);

- Hunkemöller may hold the Business partner liable for any damages and expenses incurred by Hunkemöller, including loss of revenues and profits, which may result from these violations;

- Hunkemöller may withhold all open payments concerning Business partner to cover its return costs, turnover losses and any other damage and expenses caused by the forced/bonded labour incident unless damages are fully compensated;

- All affected Hunkemöller branded merchandise needs to be neutralized by the Business partner (trademarks need to be completely removed).

The before mentioned consequences may be applied with the following stipulations to any raw material and component suppliers – meaning all types of fabric, yarn, components or any other kind of raw material – regardless of sourcing country:

c. Hunkemöller may not only terminate the raw material supplier account but also the supplier account in case of “vendor own fabric”.

d. Hunkemöller will only continue to do business with the involved Business partner if they guarantee full transparency concerning yarn, fabric and raw material sources for all orders, regardless of their status of production as well as for future orders,

Hunkemöller will apply the above mentioned sanctions vis a vis a Business partner and/or with regard to whichever company under supplier’s commercial contract & used for Hunkemöller production.

3. ADDITIONAL INFORMATION

Child, forced or bonded labour findings will be reported with full respect for the victims’ identities and honour. Our Business partner are expected to familiarize themselves with the Labour Policy and operate accordingly. Questions regarding Hunkemöllers Labour Policy and our Sustainability program can be addressed to corporateresponsibility@hunkemoller.com

4. RESPONSIBLE RECRUITMENT PRACTICES

Most internal and international migration is motivated by the search for jobs. When supported by appropriate policies, migration can contribute to inclusive and sustainable economic growth and development. However, in the absence of clear regulatory framework, migrant workers are exposed to risks of exploitation, including the likes of human trafficking. Abusive recruitment practices can result in violations of workers’ rights, such as:

- Precarious working arrangements;
- Restrictions on freedom of movement;
- Bonded labour.

Hunkemöller Business partners have to commit to responsible recruitment practices both in their own operations and in their supply chains. This means that they need to:

- Provide workers accurate and timely information on employment conditions prior to, and during, the recruitment process;
- Provide employment arrangements that follow the spirit of the law, diminish the risks of human and labour rights violations, and do not cause insecurity to the worker nor represent evasions or violations of the laws;
- Incorporate a company policy whereby recruitment fees from job-seekers are not accepted.

4.1 RESPONSIBLE RECRUITMENT PRACTICE STRATEGY

In order to ensure responsible recruitment practices in our supply chains, Hunkemöller requires Business partners to:

- Develop and implement a responsible recruitment practice strategy;
- Use direct employment as much as possible;
- Rely on licensed recruiting agencies and monitor their practices;
- Assist migrant workers in completing the required registration processes, in line with national legislation;
- Develop and adopt appropriate and transparent procedures for receiving, escalating and resolving worker grievances, including ensuring confidential channels of communication for migrant workers to raise grievances regarding the recruitment process;
- Develop or review any mechanism in consultation with workers and their legitimate representatives, as well as staff, departments and other internal stakeholders to understand any cultural differences and build their support and buy in;
- Compensate workers who have been victims of abusive recruitment practices.

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