

A photograph of three young women of diverse backgrounds posing together. The woman on the left has dark curly hair and freckles, wearing large gold hoop earrings. The woman in the center has long brown hair and is wearing a red lace top and large gold hoop earrings. The woman on the right has long brown hair and is wearing a black top with a white pattern. They are all looking towards the camera with slight smiles. The background is a light-colored wall with a wooden plank on the left.

hunkemöller
SUSTAINABILITY
REPORT
2019

TOGETHER
TOMORROW



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TOGETHER TOMORROW



BETTER FOR PLANET. BETTER FOR PEOPLE.
BETTER TOGETHER.

In 2020, we brought together all sustainability activity under one umbrella called **Together Tomorrow**. From diversity, inclusion and reducing waste to product care and how we work with our suppliers, **Together Tomorrow** will both reflect what we do and help drive change across our business.

FROM OUR CEO

As we ended 2019, our most sustainable year ever, it's timely that we now launch our **Together Tomorrow** programme – the name chosen for all our sustainability activity. It's also timely that, as I write, we're finding our way through the Covid-19 pandemic. Now more than ever we need to work together. I believe the benefits of our focused and ambitious **Together Tomorrow** programme will deliver lasting value to our customers, suppliers, investors and communities. By connecting all we do, we'll develop a growing understanding of the needs of all stakeholders and how our purpose can positively impact their lives. While we understand that making progress is not a small task, as it requires consistent commitment, we're passionate about creating a real movement and determined to succeed. I'm very proud of what our whole team, and our partners, are doing for sustainability. What better demonstration of this commitment and passion is there than this annual sustainability report.

IT'S A JOURNEY

Sustainability at Hunkemöller is a journey – something that we're building into our mindset and delivering across our brand: from leadership to designers and our sourcing team and from store employees to the workers in the contracted factories that make our products. With this report and a new website we both report on our progress, share our ambitions and hold ourselves to account.

The remit is wide and includes a real focus on people and our responsibility to help women around the world feel great about themselves. We believe that inclusivity is created through diversity and I'm proud that inclusivity is now a core brand value. We also have a determination to create the best working conditions for all those who make our products as well as our own employee well-being.

As a global organisation we see many challenges ahead. We're determined to tackle these in a focused and realistic way. We're constantly striving to identify where we can make the biggest contribution

for the most vulnerable. We've set some ambitious goals aligned with the UN's Sustainable Development Goals (SDG) that we intend to achieve by 2024. In 2019, we made significant progress and achieved some important milestones.

One of our proudest milestones is the considerable progress we've made with more sustainable products. This initiative required cross-functional working and cooperation, a key requirement for continuous and wide success. In the coming year we'll increase our share of sustainable materials, work hard to reduce single-use plastics and continue tackling the root causes of labour shortcomings in production countries.

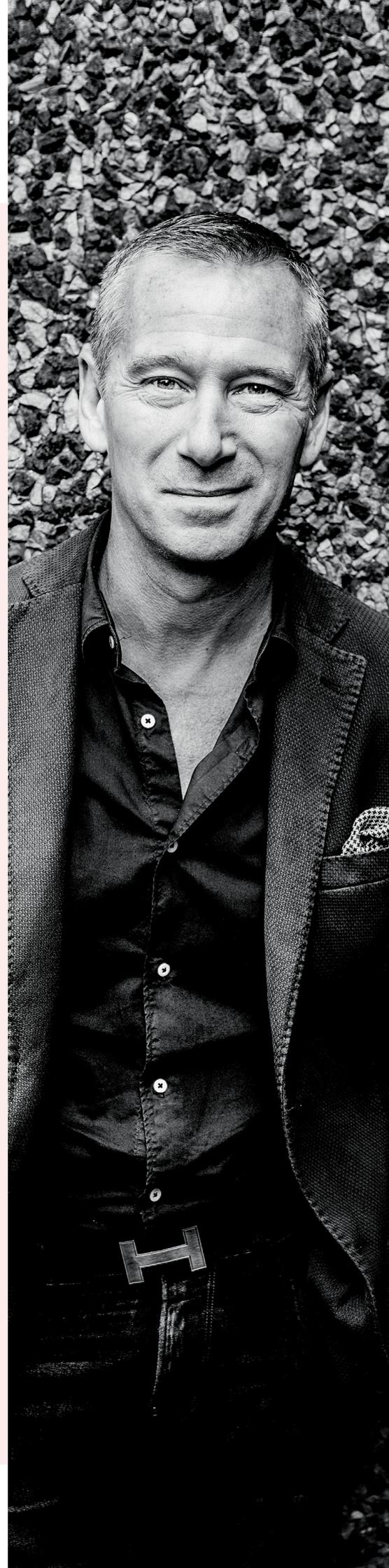
Changing customer behaviours, digitalisation and climate change affects the way we live and act as a successful business. With the added challenge of 2020's global pandemic, now more than ever, it's important that the 'why' behind all we do does not change. We set ourselves challenging commercial targets and these have been important to our success. I'm determined that we apply a target-driven approach to sustainability too. Through clear targets, keeping our eyes on innovative materials and processes, and a good dialogue with our suppliers and stakeholders, we will make a difference.

Hunkemöller has always believed in collaboration and this coming year will be about our call to action, for everyone to join in: our customers, employees, partners and external stakeholders. Together we are determined to use our influence to make a positive difference. We are committed to action and making a change so we can secure the success of our business while contributing to a better world. Please remember, we can achieve so much more when we work together so why not join in?

Together Tomorrow.

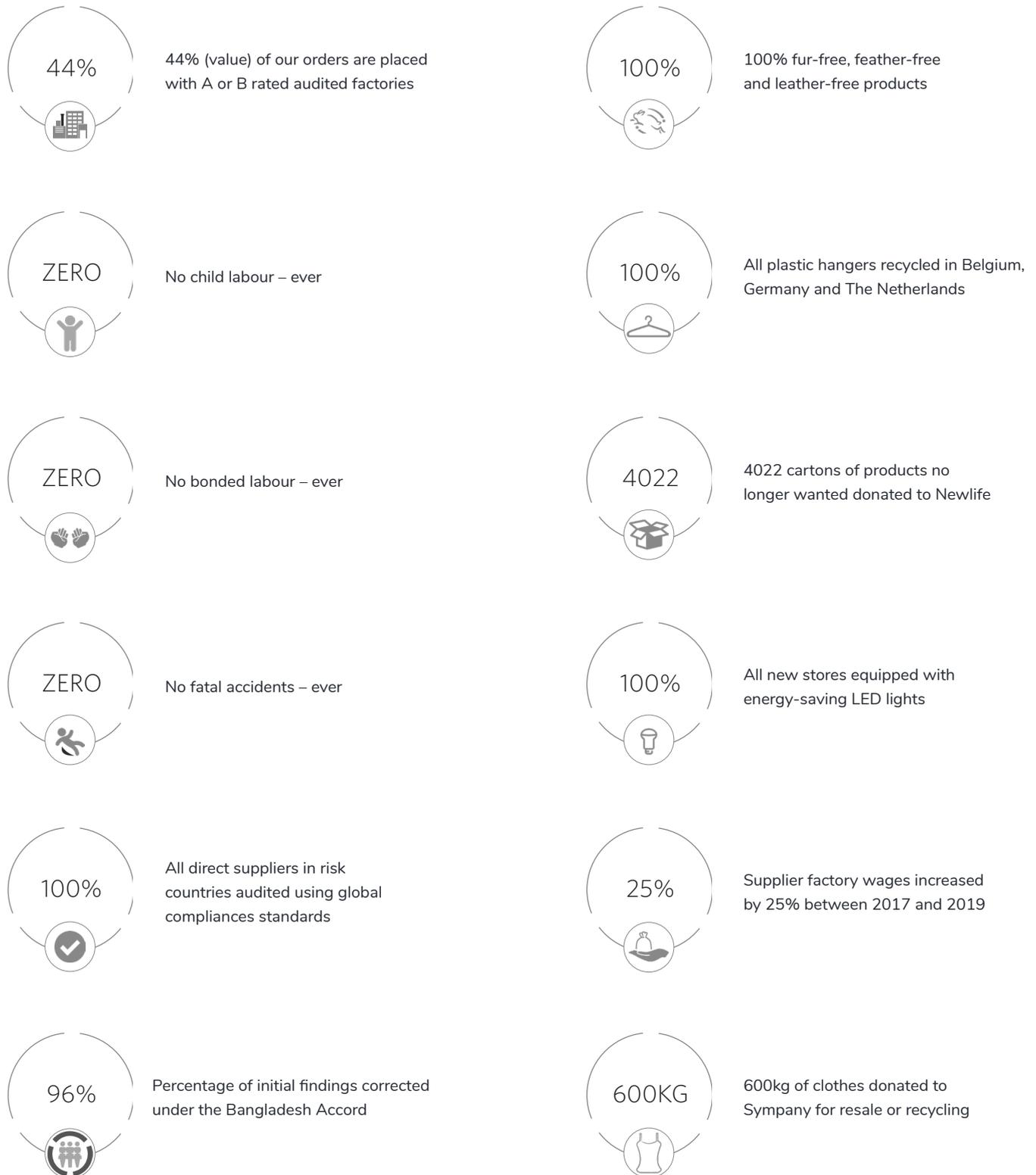
Better for Planet. Better for People. Better Together.

Philip Mountford



2019 ACHIEVEMENTS

IN 2019 WE TOOK MANY STEPS TO ENSURE OUR SOCIAL RESPONSIBILITY WAS INTEGRATED INTO EVERY ASPECT OF OUR BUSINESS. HERE ARE THE HEADLINES:



SUMMARY OF TARGETS

WE'VE SET AMBITIOUS TARGETS AND KEY PERFORMANCE INDICATORS (KPIs) FOR OUR SUSTAINABILITY WORK. PROGRESS IS REGULARLY MONITORED AND REVIEWED.

TARGETS	PROGRESS YEAR END 2019	PLAN YEAR END 2024
All factories rated C or better (and 50% of these are rated A or B) for social compliance by 01.01.24.	96% factories rated C or better. Achieved by direct support, including training, to factories for their corrective action plans (CAPs).	Continue supporting factories with CAPs. Create guidance documents and build capacity.
All suppliers trained on our Ethical Code of Conduct (CoC) before 01.01.20.	All suppliers trained at a supplier conference, via a guidance document and through direct engagement.	Update the Ethical Code of Conduct at least yearly and update training. Train all new suppliers and factories.
All suppliers have signed our CoCs.	All signed CoCs stored for audit and transparency purposes.	Any updates to the CoC require review and re-signing by the supplier.
All factories inspected by the Bangladesh Accord with all initial finding for fire, electrical and building safety corrected by 2021.	All factories inspected with 96% initial findings corrected. We monitor progress and provide support when necessary.	Continue supporting factories with an emphasis on fire, electrical and building safety.
No children found in direct manufacturing locations including nominated material and component suppliers.	No children found in direct manufacturing, at subcontractor or at known sub-contracted suppliers. In 2019 we implemented a new child labour policy and remediation plan, focused on tackling root causes (such as recruitment practices and wages), mapped the supply chain on component per garment level and implemented the Unicef BB4C programme including training for lower tiers in Bangladesh.	<ul style="list-style-type: none"> Continue supporting factories in improving their policies and cascade requirements through the supply chain. Broaden supply chain mapping. Support and participate in multi-stakeholder initiatives. Research and improve recruitment practices. Improve wages and wage management to eliminate indirect child labour.
No forced labour found in direct manufacturing locations including nominated material and component suppliers.	No forced labour found in direct manufacturing at subcontractor or at known subcontractors by implementing a new Ethical Code of Conduct, ban cotton from certain countries and monitor recruitment practices.	Offer training for suppliers and known subcontractors through stakeholder collaboration.

Supporting Factories
 100% of factories inspected
 with 96% initial findings corrected.

SUMMARY OF TARGETS

TARGETS	PROGRESS YEAR END 2019	PLAN YEAR END 2024
No fatal accidents in direct manufacturing locations including nominated material and component suppliers	No fatal accidents in direct manufacturing, at subcontractor or known sub-suppliers. We have zero tolerance for major health and safety issues and have worked in close collaboration with suppliers to improve findings and provided direct support for improvements in factories.	Increase unannounced inspections and increase direct support to factories.
Collaborate with industry peers to improve production location wages with 50% to achieve a living wage by 2024 (based on wage level 2018).	From 2018 to 2019 average wages increased by 13.53%. We monitor wages against different living wage standards and participate in living wage working groups to find a collective approach to raise wages.	Improve wage management systems in Myanmar.
In 2019 we published all production location countries and amount of factories per country on our company information website.	All production locations per country are published in this sustainability report and published by name in an aggregated list via the Dutch Agreement for Sustainable Garments and Textiles.	Explore opportunities to externally publish production locations by name, address and workforce data.
By 2024, have 100% supply chain transparency (tiers 2 and 3) of direct suppliers to direct business partners (tier 1).	In 2019 we started mapping our supply chain on a component level per garment. We currently have insight into tiers 2 and 3 for 26% of our supply base, which accounts for the majority of top suppliers.	Gain more understanding of raw material production and map supply chain beyond tier 2.
By end 2021, visit and audit all nominated tier 2 suppliers (laces, cups, wires, material).	In 2019 we visited and audited 57% of our nominated suppliers (lace, cups, wires, labels).	Visit and audit remaining nominated suppliers.
Achieve 100% gender parity at leadership positions by 2024.	35% women in our Business Leadership Team (BLT) who lead by example to create an open and inclusive business culture.	Prioritise work-life balance and gain more knowledge on job specifications for senior management and any gender pay gap.
Achieve 50% gender parity for supplier factory management positions by 2024.	Currently 28.93% of women are in management positions at supplier factories. We have focused on better maternity rights to improve this.	Explore further possibilities to improve gender parity.

Clear targets to drive improvement
2019 workplace successes with more to do

SUMMARY OF TARGETS

TARGETS	PROGRESS YEAR END 2019	PLAN YEAR END 2024
<p>Reduce average absenteeism rate per Hunkemöller employee as a percentage of the total of working days by 2024</p>	<p>To lower our absenteeism rate we offer:</p> <ul style="list-style-type: none"> ● Fresh fruit, cooking classes and nutrition workshops. ● Deep relaxation sessions, stress management and mindfulness workshops. ● Boot camps, yoga sessions, dance classes and participation in Mud Masters. ● Self-defence workshops. ● Stop-smoking courses. ● Checks with a health coach. 	<p>Payment from the first sick day, extra holiday days when not ill.</p>
<p>By end 2021 deliver quarterly training to directly involved employees (buying, technical, design) on sustainability topics.</p>	<p>We offered these quarterly trainings in 2019; Human Rights, Buying Practices, Sustainable Material, Onboarding.</p>	<p>Continue training beyond directly involved employees.</p>



SUMMARY OF TARGETS

TARGETS	PROGRESS YEAR END 2019	PLAN YEAR END 2024
By 2025 reach 50% renewable energy in owned or operated facilities and encourage broader adoption of renewable energy as part of an effort to control total emissions.	Calculated our carbon footprint and evaluated at opportunities to increase share of renewable energy.	Look for opportunities to increase the use of renewable energy.
Reduce the amount of air freight from production to warehouse to below 10% by end 2021.	In 2019, air freight was reduced from 15% to 10% and can only be used by exception due to unforeseen events.	Continue phasing out air freight and investigate opportunity for rail transportation.
By end 2024 all stores should be operating a recycling programme to donate (resell, recycling) all returned products that would otherwise be written off.	A majority of stores operate a recycling programme via Newlife or similar organisations. We're also in contact with several organisations to broaden the scope of current programmes.	Continue adding countries and stores to the recycling programme.
Reduce the total amount of waste to landfill by 25% by 2024.	Office cups are now recycled. We also initiated an internal working group to reduce overall plastic usage.	Establish targets and programmes to reduce waste in HQ locations and stores.
All factories rated C or better in our environmental monitoring tool by 2024	We've included environmental measurements in our audit form and started building a monitoring tool for environmental compliance.	Join Sustainable Apparel Coalition and monitor via verified Higg index.
Reduce the total amount of pre-consumer waste to landfill by 25% by 2025.	We started our collaboration with CEMBA and HopLun to create mattresses from pre-consumer waste. The mattresses to be used for flood refugees.	<ul style="list-style-type: none"> ● Monitor waste using our environmental monitoring tool at manufacturing locations. ● Design circular products. ● Improve waste handling in factories. ● Explore possibilities to improve our product marker efficiency.



SUMMARY OF TARGETS

TARGETS	PROGRESS YEAR END 2019	PLAN YEAR END 2024
Reduce the total amount of water used for dyeing and finishing by 20% by 2024.	We've gained more information about water used in dyeing and finishing of our products and visited dyeing facility units.	Monitor water use and reductions in our environmental monitoring tool for manufacturing locations. Offer improvement programmes to our vertical units.
By 2025, reach 20% renewable energy in direct manufacturing locations including nominated material and component suppliers and aim to encourage broader adoption of renewable energy as part of an effort to control total emissions.	We gained more information about factories using renewable energy by including measurements in our audit form.	Join Sustainable Apparel Coalition and monitor via verified Higg index. Explore possibilities to offer programmes for energy improvements.
Reach an annual growth of 5% sustainable materials.	In 2019, 0.5% of all materials sourced were of sustainable origin. We also joined the Better Cotton Initiative.	Set department specific targets. Reach 100% sourced Better Cotton or organic cotton by 2021. Source more recycled nylon, recycled polyester, organic cotton and sustainable viscos.
All products compliant with the Hunkemöller Material Policy.	All our products are compliant with our policy and the actions we have taken includes supplier and buyer policy training. In addition, we only approve certified products as sustainable.	Continue updating and training. Only approve certified products as sustainable products.
All materials in compliance with the Hunkemöller Restricted Substance List (RSL) by 2022.	In 2019 we shared our RSL and testing protocol for our manufacturing locations and currently all of our products are compliant with our RSL for initial testing. We've also increased the use of Oeko-tex certified materials and products.	Improve our RSL and testing protocol. Start monitoring Oeko-tex certified products and materials.



SUMMARY OF TARGETS

TARGETS	PROGRESS YEAR END 2019	PLAN YEAR END 2024
From 2018 to 2024 double charity donations via the Hunkemöller Foundation.	Charity donations to Pink Ribbon, Knot on my Planet, Kids for Life and Make-a-Wish Foundation.	Set up a Hunkemöller Foundation. Increase donations to charities fitting our business.
Maximise social impact by offering a corporate volunteering programme for Hunkemöller.	In 2019 we started offering our HQ employees a day per year to volunteer via Deedmob.	Continue collaboration with Deedmob.
All products compliant with our Animal Welfare Policy.	We have restricted the use of all animal-derived material except silk and in 2019 all of our products were compliant with our Animal Welfare Policy.	Restrict the use of non-vegan dyes and glues.





FROM IDEA
TO MARKET

VALUE-CHAIN-DRIVEN PRIORITIES

To decide what sustainable areas to focus on, we looked at the potential risks in our value and supply chains.

An end-to-end value chain view is important, as although most environmental and social impacts and opportunities happen within our influence, they're outside of our direct control. By engaging with stakeholders, keeping ourselves updated by attending sustainability events, conferences and workshops, and by conducting risk and impact assessments, we've been able to identify, prioritise

and assign accountability to important areas across our entire value chain.

The important areas identified were evaluated by our managers and leadership team and subsequently prioritised as the key sustainability risks and opportunities that we addressed during 2019. Each area identified brings with it a measurement for future benchmarking and opportunity for improvement. Our assessment, together with our strategic direction, is the foundation for this report.



 CONSUMER

 MANUFACTURING

 RETAIL

 SOURCING

 DESIGN & DEVELOPMENT

 QUALITY CONTROL

 SHIPPING

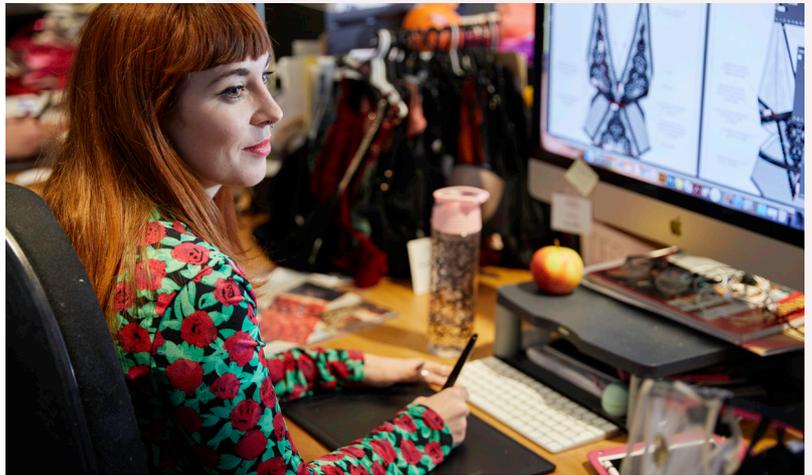
DESIGN

We design, produce and retail our own collections. The whole process from design to delivery in stores is managed with love, care and passion from our head office in Hilversum, The Netherlands. We offer a variety of looks and 'end uses', and therefore work with different suppliers across the world, each with their own skills and talents.

Our team of international designers is passionate about creating the perfect products for our 'Shero' – our bullseye customer persona. Alongside traditional techniques, the design team uses state-of-the-art design technology to create products that combine superior functionality and fashion. About 95% of our products are designed in-house by a team of international designers who create collections with clearly defined product handwriting. Leading the design process from the very beginning, our designers play a key role in developing strong, commercial yet fashionable products.

By designing our products in-house, we're in an advantageous position to more directly create positive sustainability developments. From sub-brands to designer collaborations and the creation of their own 'designer capsule' collections, the design team has a clear goal in mind: to establish Hunkemöller as the leading fashion lingerie brand in Western Europe and beyond.

We believe it's important to make well-thought-out decisions from the very beginning of the design process. We want to choose the right materials, trims and designs for optimal use in terms of longevity, adaptability and material cyclability. By maintaining full control of the entire design process, we continually develop new colours, prints, shapes and design details, all of which are seasonally relevant, while maintaining our brand's unique handwriting.



MANUFACTURING

We don't own the factories that make our products, so it's crucial for us to work in partnerships with our suppliers to improve labour conditions in the supply chain.

Our supply chain is complex and entails different stages from farming, ginning (from field to fabric), spinning and weaving to sewing and transportation to our distribution centre. In some cases, the suppliers own the factories directly, while in others they act as an agent. We aim to build long-term relationships that benefit both sides. All our suppliers, all over the world,

follow the same social and environmental guidelines to make sure our products are up to the standards set in our Ethical Code of Conduct.

We maintain a flexible supplier base across countries, with a total of 47 suppliers in the year ended 31 January 2020. Our top ten suppliers represented approximately 70% of our total buying requirements in the year ended 31 January 2020. Our top supplier accounted for 24% of costs of goods sold. We have long-standing relationships with most of our main suppliers. This has

enabled us to build strong partnerships, leverage scale, achieve consistent quality and strengthen our negotiating power.

We generally use fixed prices in our procurement arrangements with suppliers for the duration of the supply contract. Contracts related to the core product lines are renegotiated every two to three years. Most main suppliers have duty-free routes. At least once a year, we review KPIs (such as product quality, on-time delivery and social responsibility), set targets and agree on action plans with these suppliers.



SOURCING

WE OUTSOURCE THE MANUFACTURE OF OUR PRODUCTS TO CAREFULLY SELECTED THIRD-PARTY MANUFACTURERS, AND WE FOCUS ON DELIVERING QUALITY, VALUE AND CONSISTENT PRODUCTS.

In the year ended 31 January 2018, we sourced the majority of our products (approximately 97%) in Asia, with around 61% of our sourcing volumes originating from duty-free or reduced-duty countries. The remaining products are sourced from European countries.

Our sourcing strategy is centred around six principles: continuity of supply, optimisation of the sourcing routes, minimisation of dependencies and risks, supplier KPIs, ongoing price negotiations, and social and ethical compliance.

Before a new supplier and/or factory can be approved, they need to go through a step-by-step approval process. This is in order to keep the supplier and factory base manageable, and to reduce risks both regarding quality and social and environmental compliance. It's prohibited to place Hunkemöller orders at unauthorised suppliers and/or in unauthorised factories.

QUALITY CONTROL

We hold our suppliers to a high quality standard.

To ensure that all of our products meet this standard, we have implemented strict control mechanisms throughout the production process, from the design to the finished product. When Hunkemöller and a supplier have agreed on a design for a product, the supplier will provide us with a 'Gold Seal Sample', which reflects the design and quality that was agreed upon and that we may expect for the full order. The sample is subject to our approval and functions as the standard to which we compare the finished products.

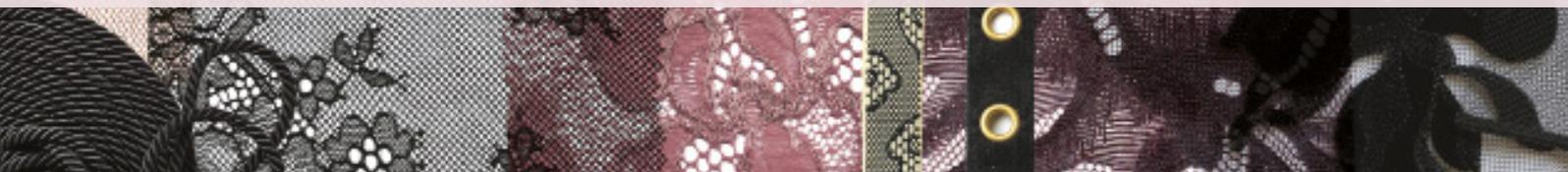
In addition, we subject all manufactured products to a risk assessment process, in which our technical team checks whether the products are 'fit for purpose' and meet all testing and legislative requirements.

Our suppliers also perform chemical testing of the products and, where appropriate, submit to us the relevant testing certificates for textile products (Oeko-Tex certificates). Prior to shipping the finished products, the supplier must perform a final acceptance sampling test of the order, after which all sub-standard products (below quality) are removed.

We carry out regular visits to our suppliers' production sites and factories to monitor and maintain our product standards.



Focused on sustainable materials
100% sustainable cotton by 2021



LOGISTICS

We have an in-house distribution centre in Hilversum in The Netherlands, complemented by a nearby flexible storage location in Almere. The total space of both distribution centres is 14,500m². In the year ended 31 January 2020, the Hilversum distribution centre handled a total of 57 million units. The utilisation rate of our distribution centre reached 92% in the year ended 31 January 2020, nearing full capacity, maximum productivity and efficiency levels.

We're currently looking at space for a new distribution centre to replace its current facilities in Hilversum and Almere, which it plans to open in 2023. We're investigating further productivity and efficiency improvements.

Within the distribution centre, cardboard and plastic are collected for recycling purposes. Where possible, goods are packed in plastic crates, which can be reused, while other goods are packed in crates made out of (partly) recycled cardboard. The distribution processes in NL/BE/LUX/DE are also collecting cardboard/plastic from our stores for centralised recycling.

The distribution of products to stores is executed by third-party logistics providers who consolidate our shipments with those from other customers to get efficiently loaded trucks.

The goal is to have an optimised delivery process with fewer but larger deliveries, while maintaining the highest product availability in the stores. The logistics and warehousing for all online activities, including transport, are performed by Hellmann, a third-party provider from Germany. For the final deliveries to customers we use, amongst others, DHL and PostNL.

ASSORTMENT PLANNING AND MERCHANDISING

Customer sizes and fit preferences vary significantly across countries and regions. In addition, customer needs are continually evolving. We use a modular assortment planning approach that tailors its product offerings to the particularities of regions. This results in flexible and dynamic stock management and merchandising, with a focus on active in-season management and flexible replenishment with weekly store deliveries.

In the year ended 31 January 2019, the average in-store availability of our core products reached 95%. Planning also affords clear visibility and a disposal strategy for old stock for each country and online outlets.

In order to create clearance capacity, we sell old stock through designer and hybrid outlets.

We currently have 38 designer outlets in Austria, Belgium, China, Denmark, Spain, Norway, Poland, Russia, Germany, The Netherlands, Sweden and Spain.

We plan to have one offline outlet store for every 40 regular stores, using a mix of designer and factory outlets in high density residential areas. In the future, we intend to use the data gained from own stores, online and its CRM system to make more informed assortment planning decisions and engage in more accurate planning of space by category, sub-brand, product type and size, to drive higher full price sell-through.

In 2018, Hunkemöller implemented a new allocation system which has enabled us to make more customer focused allocation and replenishment decisions.

"At Hunkemöller we have recognised the opportunity to improve our merchandise planning process and critical path management in order to ensure suppliers can meet delivery deadlines that allow for sea freight. We have been able to further reduce air freight in 2019 by 25%, and reducing further remains one of our top priorities. Last year we also calculated our carbon footprint in order to see which areas require the most attention in order to efficiently minimise our emissions."

Nick Bailey
Global Merchandising, Planning & Distribution Director



A woman with long, wavy, light brown hair is smiling broadly, showing her teeth. She is wearing a black lace bra top with a small bow at the center. Her hands are raised to her hair. The background is filled with various flowers, including purple and white flowers in the upper left and red and purple flowers in the lower left. The overall mood is joyful and romantic.

OUR STORY

OUR STORY

Hunkemöller's history traces back to 1886 when Wilhelm Anton Casper Hunkemöller and his wife Josephina Lexis opened the first special store for corsets and bustles in Amsterdam, the Netherlands, under the name Hunkemöller Lexis. From 1886 onwards, the family expanded its business and opened stores in the major Dutch urban centres including Amsterdam, Rotterdam and Utrecht.

In 1974 we were acquired by Confendex B.V. Hunkemöller continued expanding and stores were opened in Belgium (1977), Luxembourg (1986), Germany (1987), Denmark and France (2001). In 2003, online operations were launched in The Netherlands.

Following franchise store roll-out in The Netherlands, in 2005 international franchise stores were added.

In 2006 Hunkemöller was sold to Maxeda Retail Group. In 2009, online operations were launched in Belgium and Germany. Maxeda Retail Group sold Hunkemöller to Paribas Affaires Industrielles (PAI) in 2010. Under Maxeda's and PAI's ownership, Hunkemöller continued to expand rapidly, opening new stores in existing as well as new markets. These new markets included Spain (2007), Austria (2011) and Sweden (2012).

In 2010 we launched a new branding strategy to evolve from a retailer into a true

high-street brand. We adapted our overall marketing communication strategy to utilise emerging channels including social media and to be when and where our customers want us, via the creation of a market-leading CRM platform and loyalty product.

Also, in 2010, we opened our first store with the distinctive 'bow concept' design. The 'bow' store concept has since been rolled out to the majority of our global stores. The bow concept roll-out was complemented by an ambition to offer world-class service and training for our teams to deliver this every day, in every store.

We further developed our brand with a collaboration with recognised fashion and TV icon Sylvie Meis, who was our ambassador from 2012 until 2016. She was followed by internationally renowned fashion model Doutzen Kroes.

The Carlyle Group completed its acquisition of the business in 2016. Since then, we have experienced substantial further growth. In the year ending 31 January 2018, we re-acquired 62 franchise stores in The Netherlands as part of our strategy to retain full control of our business and the customer journey.

In 2019 we opened stores in Switzerland, Norway, Russia and also opened our first physical store in China, accelerating our growth beyond Europe.





VALUES

Our values are fun, inspiring, passionate, sexy, in-touch and inclusive.

OUR MINDSET

We enjoy what we do, and through creativity and passion we aim to provide world-class service to all our customers. We are proud of our brand and of what we do.

VISION

At the heart of our brand is the belief that we can create a highly inspiring shopping experience that is inclusive and accessible to all. We are one team with one dream.

MISSION

Our mission is to be a much-loved, inclusive and social brand.

TIMELINE TO A MUCH-LOVED, GLOBAL & SOCIAL BRAND

1886	Founded in Amsterdam
1974	Acquired by Confendex B.V.
1977	Belgium first store
1986	100th store opened Luxembourg first store
2001	Denmark & France first store
2003	Online in The Netherlands
2005	300th store – international franchising
2006	Acquired by Maxeda B.V.
2007	My Hunkemöller loyalty product Spain first store
2009	Online in Germany & Belgium
2010	Bow concept branding – world-class service ambition – 2010 acquired by P.A.I.
2011	500th store – Austria first store
2012	Sylvie Meis brand ambassador Sweden first store
2014	Click to Bricks services
2015	Digital employee training – first sustainability strategy
2016	Doutzen Kroes brand ambassador 2016 acquired by the Carlyle Group
2017	800th store – Switzerland first store NL franchise buy back – first HKMX store
2018	+900 stores – Norway and Poland first stores First own stores in Russia
2019	China first store



BUSINESS SUMMARY

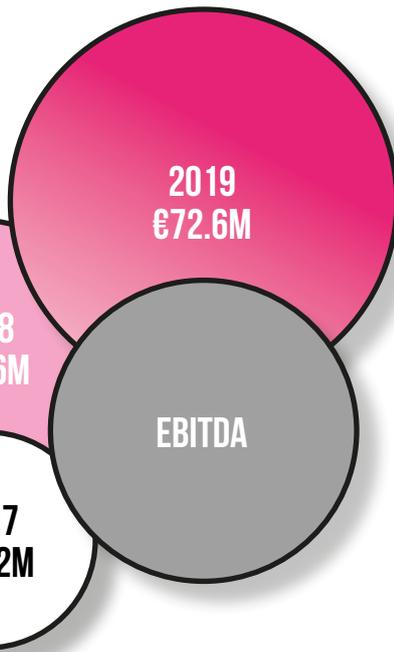
We are the leading women's bodywear retailer in Western Europe by market share. Our core markets are Germany, The Netherlands, Belgium, Spain, France, Denmark, Austria and Sweden. We offer a full range of body apparel products, including bras, underwear, nightwear, swimwear and beach coordinates, hosiery, beauty and sportswear.

We operate an omni-channel retail model, supported by a state-of-the-art IT platform. Our omni-channel strategy is focused on delivering a seamless customer shopping experience across integrated online touch points (such as Hunkemöller's webshop, mobile app and third-party online platforms) to facilitate Click & Collect, Check & Reserve, Order in Store and Return to Store and, not least, the Hunkemöller online stores.

To reach our target customers, we use a multichannel marketing strategy with a differentiated media mix that includes TV, social media, PR events, e-mail, outdoor media and mobile applications, adapted to local markets, with a focus on the right channel on the right device at the right moment to the right customer segment. We use consistently inspiring store fronts to create brand awareness and incentivise customers to enter the store or view products online. Our commitment to physical store retail and the role we play in towns and cities is second to none. Our stores are no longer just places for our customers to browse and buy: they've become part of a much

larger omni-channel journey, which can have multiple start points. Our Sheroes can now place an online order in-store via Order in Store (OiS), return or collect items ordered or reserved online, or digitally browse the whole collection with our staff. Our renowned world-class service has traditionally meant a welcoming meet-and-greet, inspiring advice and the 'kiss goodbye'. Now, in the current omni-channel retail environment, this has become so much more.

Our store staff are now trained to offer a seamless experience regardless of where our Shero starts or ends their shopping journey, which makes them multi-channel brand ambassadors!



This could mean retrieving an order, processing an online return, or placing a new order via our app or in-store ordering system. We want all our customers to have a welcoming and inspiring shopping experience. In our stores we can have a positive impact by showing inclusion and diversity as well as working for more sustainable consumption. Our service should exceed our customer's expectations, however and whenever they shop with us.

We want to encourage our Sheroes to return as often as possible, tell their friends and family about the great shopping experience they've had and help us build a sustainable business.

Passionate about World-Class Service
through investment in
employee training

OUR SHERO

Our marketing strategy is centred around our 'Shero', a persona that represents our core target customers and serves as a tool to deliver customised communication and services to our customers.

Our Shero is at the heart of everything we do, keeping us focused, consistent and ensuring we continually check what our customers want and need.

But who is our Shero? In short, she's our muse. A persona we created out of

everything we know about our target market. 'Be your most beautiful self' is her mantra. She's 100% in touch with herself, is fun and positive and lives her life to the full. She's health-conscious and enjoys her social life, but equally values her 'me time'. She's Generation Z and is always online, waking up with her smartphone in her hand. She shops in the city but also online and loves fashion. She values quality over quantity and is loyal to the brands that give her a great shopping experience, both in terms of product and service. She responds

better to messages from real people rather than companies, and social media is a key way for her to find out information.

Above all else, our Sheroes care about the world around them and the role they can play to make things better.



OUR PEOPLE

We believe that attracting and retaining the best people is crucial to build a sustainable business.

Our recruitment strategy is captured by our motto: 'Hire for attitude and train for skill'. The quality of customer service is dependent on the skill, knowledge and experience of the product experts in our stores and online. Tech developments, fast-changing fashionable products, retail and process innovations require ongoing learning and development.

We invest heavily in continuous training for all employees – especially in our physical stores.

To create consistent service training is essential, and to make this happen

we use online training to ensure our staff have up-to-date evaluated and certified expertise. Our global network of training ambassadors support our online programmes by offering in-store training that focuses on and maintains high service levels. We certify training ambassadors to train other stores.

The Hunkemöller Academy is at the heart of our learning and development activities. It's a mobile-first and global online training platform for all store and HQ employees. The Academy contains an introduction programme called 'Live It Up', which transforms employees into brand ambassadors. In 2017, the 'Live It Up' programme was named the 'Best Mobile Learning Solution' and 'Best Use of Blended Learning Solutions' at the

International Technology Awards.

To continue learning after an employee introduction, the Academy provides eight modules to transform our employees into true certified experts in customer service excellence and health and safety.

To help prepare the employees for their first day we launched a 'Welcome Area' in our communication platform, this is our InTouch app. It provides access to, among other things, further training and product videos. The app allows our employees to train themselves and enhance their training and development. In addition, the app provides access to individual human resource files and salary payslips, and allows an employee to monitor their KPIs and targets.





SUSTAINABILITY AT HUNKEMÖLLER

SUSTAINABILITY AT HUNKEMÖLLER

We love making beautiful products for our customers, but we take our responsibilities as a global retailer very seriously too.

We believe that creating a socially and environmentally responsible brand is good for everyone – and good for business. We aim to create a sustainable business that's here today and here tomorrow.

As we continue our sustainability journey, all of our activities are now under one umbrella: **Together Tomorrow**. From diversity to reducing waste and from product care to how we work with suppliers, **Together Tomorrow** both reflects what we do and will drive change across our business.

With **Together Tomorrow**, we're building a socially responsible and environmentally

friendly brand by proactively integrating sustainability in every part of the process – from a very first design sketch to how we deal with a waste product. It's of course a journey of continual improvement and we're open to listening, learning and taking action. Taking responsibility for the environment and the people we impact is of great importance to us.

We're committed to improving conditions in the apparel industry, and through our obligation to the Dutch Agreement of Sustainable Garments and Textiles (AGT) our progress is verified on a yearly basis. We're committed to working with our suppliers to solve sustainability challenges that are present within our wider sustainability context and countries where products are produced.

We endorse the objective behind the AGT agreement and its identified nine improvement areas:

- Discrimination and gender
- Child labour
- Forced labour
- Freedom of association
- Living wages
- Safe and healthy working environment
- Raw materials
- Water pollution and the use of chemicals, water and energy
- Animal welfare



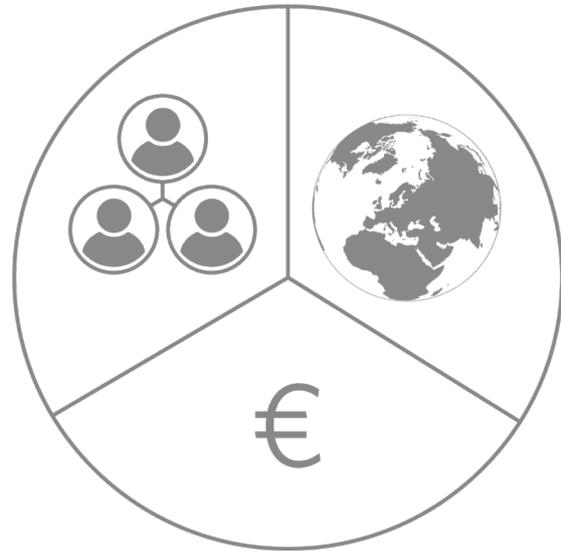
A holistic sustainability strategy
Covering nine improvement areas

OUR SUSTAINABILITY VISION

Our vision is to create a business with the right balance of people, planet and profit.

Our first Sustainability Strategy was introduced in 2015. In 2019 we updated the strategy with a vision to deliver long-term sustainable value creation. We're serious about achieving growth – and serious about growing in a way that adds social value and reduces environmental impact.

Our sustainability strategy is based on the UN's Sustainable Development Goals. Our ambition is to take our responsibility seriously and adopt a holistic, sustainable approach to all our business processes – with the right balance between people, planet and profit.



SUSTAINABILITY MILESTONES



SUSTAINABILITY GOVERNANCE

Sustainability is a shared responsibility at Hunkemöller, governed from our Hilversum head office in The Netherlands. Our board of directors is responsible for integrating and prioritising sustainability in our corporate strategy and objectives. Our functional leads then integrate our corporate strategy into their departmental objectives, goals and processes. The board

meets regularly to review and discuss a wide range of sustainability-related topics, including our sustainability performance.

Since 2014, we've had a dedicated CSR team based in Hilversum that reports directly to a member of our trading board. The team is responsible for the development of the sustainability strategy

and also the implementation of activities and driving performance, management progress against targets and engagement with internal and external stakeholders.

Responsibility to carry out the strategy, set by the CSR Manager, is also across key departments such as buying, technical, marketing and operations.



INTERVIEW

REBECKA SANCHO

WHAT IS SUSTAINABILITY FOR HUNKEMÖLLER?

Our sustainability work covers social, environmental and community responsibility throughout our value chain, with human rights integrated into everything we do. We care for people and the planet – from the most vulnerable people in our production country to manufacturing, product use and end-of-life processes. The work we do and the strategy we have set is with long-term thinking in mind. Our actions today must not compromise the ability of future generations to meet their needs. This requires us to rethink and transform the way we are working – from linear to circular – and to motivate changes in lifestyles and consumption.

WHAT WAS YOUR FOCUS IN 2019?

Our focus has been on improving work and family life for the most vulnerable people in our supply chain. Through the Better Business for Children project with Unicef in Bangladesh we have been able to improve the pre and post-maternal conditions for workers as well as health practices. In Bangladesh we have also, in cooperation with CEMBA and Hop Lun, started a circularity project with the aim to create mattresses from production waste. The final product will be delivered to flooding refugees in Bangladesh in 2020. We have also focused on improving the environmental footprint of our product through training and the sourcing of sustainable materials and packaging.

WHAT ABOUT COLLABORATION?

Collaboration is an essential part of our sustainability strategy; it gives us

the opportunity to share expertise and resources and to challenge each other. Only through true collaboration with our suppliers, industry peers and other stakeholders will we get the best possible outcomes – long-term improvements which have far greater reach than we would have on our own.

HOW DO YOU AIM TO CREATE MORE IMPACT?

Through our cooperative mindset we have come a long way already and feel well prepared to take the next important steps to become even more sustainable. We will keep investing in close ties and dialogue with our stakeholders to drive impact. We will continue to perceive sustainability in the broadest sense and work in respect of the environment, develop sustainable products, respect human rights and improve the lives of people who are directly or indirectly affected by the way we do business. We want to do this in collaboration by creating internal and external engagement.

SOME LAST WORDS?

In 2012, I received my Masters degree with a thesis on how to transform an apparel brand to become a sustainable brand. I feel that Hunkemöller is now on a good path to achieve what I see as my purpose. I'm grateful to be part of this journey and excited about what is to come and what we all can achieve together for a better tomorrow.



Rebecka Sancho
CSR Manager

A woman with dark hair tied back, wearing a green short-sleeved top with a lace collar and a colorful patterned skirt, is focused on operating a white sewing machine. She is in a busy garment factory with other workers and sewing machines visible in the background. The text 'SUSTAINABILITY STRATEGY' is overlaid in white, centered on the image.

SUSTAINABILITY STRATEGY



SUSTAINABILITY STRATEGY

We take our sustainability responsibility seriously and aim to adopt a holistic approach for all our business processes. To create a better daily life for the many, and to ensure further success for our business, we know collaboration with our partners and stakeholders is essential.

SUSTAINABILITY STRATEGY AND VISION

We've identified three challenges that are highly relevant for our business:

1. The workplace
2. Environment
3. Community

The goals and commitments in this section that support our strategy are structured as follows:

- The 17 UN Sustainable Development Goals
- The eight UN goals that are most important for Hunkemöller
- Hunkemöller Goals | 1. Workplace – responsible manufacturing and the commitments that support this.
- Hunkemöller Goals | 2. Environment and the commitments that support this.
- Hunkemöller Goals | 3. Community – and the commitments that support this.



AMBITION We take our responsibility seriously and have adopted a holistic sustainable approach to all our business processes with the right balance between people, planet and profit.

	ASPIRATION 1 WORKPLACE	ASPIRATION 2 ENVIRONMENT	ASPIRATION 3 COMMUNITY
ASPIRATIONAL GOALS	<p>Improve workplace health, safety, equality and development. Ensure fair working conditions for 65,000 workers by 2024</p>	<p>Reduce our environmental impact of direct and indirect operations by 20% by 2024</p>	<p>Empower customers and employees to live a more healthy, active, animal-friendly and sustainable life by 2024</p>
COMMITMENTS	<ul style="list-style-type: none"> ● Promote transparency ● Have a positive impact on the lives of all people who are in touch with the products ● Work for empowerment, diversity and equality ● Form a fit, vital and happy workforce ● Engage with all employees on sustainability 	<ul style="list-style-type: none"> ● Reduce the environmental impact of our direct and indirect operations ● Design sustainable products and collections 	<ul style="list-style-type: none"> ● Ongoing contribution to the people where we work and live ● Ensure all goods are manufactured in a manner that is not harmful to animals

GOAL TO DELIVER LONG-TERM SUSTAINABLE VALUE CREATION

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In September 2015, the UN's member states adopted Agenda 2030, including the Sustainable Development Goals (SDGs), in order to jointly work towards a sustainable future. The SDGs included 17 goals that will make our world a better place.

To meet these goals, great commitment is required from all of us, both on national and international levels. We recognise our roles and responsibilities, together with other industry peers, to drive change towards a more sustainable future for both the planet and the people living on it. All 17 goals

are equally important and only by working as a collective can we reach them all.

The SDGs work as a framework that bridges our work with that of others to achieve a sustainable future. We're proud of the work we've completed so far in terms of equality, health and reducing electricity and chemical waste. We're determined to find more sustainable processes and excel in our mission year after year.

On the next page, you can see the eight goals (in the UN's number order) that

we have selected that speak directly to us, and where we think we can have a higher level of influence.

Saving the Earth's resources, securing human rights and ethical working conditions are close to our heart, and we constantly work to make this happen. Using the SDGs is key to our successful collaboration across the industry.

SUSTAINABLE DEVELOPMENT GOALS



OUR EIGHT MOST IMPORTANT UN GOALS

3 GOOD HEALTH AND WELL-BEING



GOAL 3: GOOD HEALTH AND WELL-BEING

Ensuring everyone can live a healthy life and work for all people's well-being at all ages. Good health is a fundamental prerequisite for a person's ability to reach their full potential and contribute to the development of society.

EXAMPLES OF OUR CONTRIBUTION:

Internal fun, vital, happy programme, health workshops for members/customers (Pg. 57), healthy lunch options, setting requirements and ensuring healthy working conditions in the supply chain (pg. 15)

5 GENDER EQUALITY



GOAL 5: GENDER EQUALITY

Achieve the equality and empowerment of all women and girls. Gender equality is more than a basic human right: it is a fundamental basis for a peaceful, prosperous and sustainable world.

EXAMPLES OF OUR CONTRIBUTION:

Work for diversity and equality internally and in our supply chain (Pg. 54). From a marketing perspective support diversity message across communications.

6 CLEAN WATER AND SANITATION



GOAL 6: CLEAN WATER AND SANITATION

Ensure access to clean and sustainable water and sanitation for everyone. Water is a basic prerequisite for all living on earth, and thus also a prerequisite for sustainable development.

EXAMPLES OF OUR CONTRIBUTION:

Choosing more sustainable processes and limit chemicals in the production of our garments (Pg. 67), WASH improvement in Bangladesh through Unicef's Better Business for Children Programme (Pg. 44).

8 DECENT WORK AND ECONOMIC GROWTH



GOAL 8: DECENT WORK AND ECONOMIC GROWTH

Work for inclusive and long-term sustainable economic growth, full and productive employment with decent working conditions for everyone. More than half of the world's workers are in precarious employment, often trapped in a vicious circle of low-productive professions with poor pay and limited access to both education and social security.

EXAMPLES OF OUR CONTRIBUTION:

Setting requirements and ensuring good working conditions in our supply chain (Pg. 39) and in our own operations (Pg. 73)



OUR 8 MOST IMPORTANT UN GOALS

10 REDUCED INEQUALITIES



GOAL 10: REDUCE INEQUALITIES

Reduced inequalities within and between countries. Economic development can lead to reduced poverty for the individual and society. We must work to ensure that access to resources and the opportunity to participate in and influence social development are fair, within countries as well as between them.

EXAMPLES OF OUR CONTRIBUTION:

Developing a roadmap towards living wages in the supply chain and support sector level negotiations on wage increases (Pg. 47).

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



GOAL 12: RESPONSIBLE PRODUCTION AND CONSUMPTION

Promote sustainable consumption and production patterns. Conversion to sustainable consumption and production of goods and services is a necessity in order to reduce the negative impact on climate and people's environment and the health.

EXAMPLES OF OUR CONTRIBUTION:

Taking responsibility for the production environment (Pg. 16), and have products made using sustainable production methods (Pg. 65). Offer a bring-back system to customers (Pg. 63).

13 CLIMATE ACTION



GOAL 13: CLIMATE ACTION

Take urgent action to combat climate change and its impacts. Look at affordable, scalable solutions enabling cleaner, more resilient economies. Climate change is a global challenge that affects all, and solutions need to be cross-sectoral.

EXAMPLES OF OUR CONTRIBUTION:

Choosing more sustainable processes and limiting chemicals in the production of our garments (Pg. 66), WASH improvement in Bangladesh through Unicef's Better Business for Children Programme (Pg. 44).

17 PARTNERSHIPS FOR THE GOALS



GOAL 17: PARTNERSHIP FOR THE GOALS

Strengthen implementation tools and revitalise global partnerships to foster sustainable development. The scope and ambition of the new agenda requires the addition of global partnerships, with the aim being to revitalise them to ensure the implementation of the agenda.

EXAMPLES OF OUR CONTRIBUTION:

Participating in joint collaborations such as the Bangladesh Accord (Pg. 48), Amfori (Pg. 47) and the Dutch Agreement of Sustainable Garments and Textiles.



A photograph of three people in a modern office hallway. On the left, a man with a beard and mustache, wearing a grey sweater and blue jeans, smiles broadly. In the center, a woman with blonde hair, wearing a red dress, also smiles. On the right, a woman with dark hair, wearing a white blouse and black pants, smiles and holds a laptop. The three of them are reaching up with their hands to form a heart shape above the woman in the center. The hallway has large windows on the left and recessed lighting on the ceiling.

ASPIRATIONAL GOALS

COMMITMENT A

SUPPLY CHAIN TRANSPARENCY

We believe transparency can lead to positive changes in the industry. It's important for us to know how and where our products are made, to be able to prioritise risks, and to work towards improvements and an ideal situation. To ensure sustained improvements are made, we're committed to working across our industry with a multi-stakeholder approach, including initiatives such as the Dutch Agreement on Sustainable Garment and Textiles (AGT), which has

the aim (among others) to support brands and retailers in gaining more visibility.

Furthermore, in 2017 we introduced nominated material and trim suppliers for fabrics, laces, cups, pads and wires. In 2019, we worked with 47 suppliers and production took place in 69 factories in 15 production countries. Exact factory locations are also published in an aggregated list through the AGT.

COUNTRY	NUMBER OF FACTORIES	PERCENTAGE OF FOB SPENT	NUMBER OF WORKERS
BANGLADESH	10	30%	36593
BULGARIA	1	<1%	826
CAMBODIA	3	10%	1852
CHINA	36	36%	10999
INDIA	2	<1%	370
INDONESIA	1	3%	2628
ITALY	1	2%	63
MYANMAR	5	17%	5083
PAKISTAN	1	<1%	2415
POLAND	1	<1%	64
PORTUGAL	1	<1%	54
SERBIA	1	<1%	859
SRI LANKA	3	2%	5491
THAILAND	1	<1%	1064
TURKEY	2	<1%	852
TOTAL	69	100%	69213

SUPPLY CHAIN TRANSPARENCY

In terms of value and volume, more than 66% of our production takes place in China and Bangladesh.

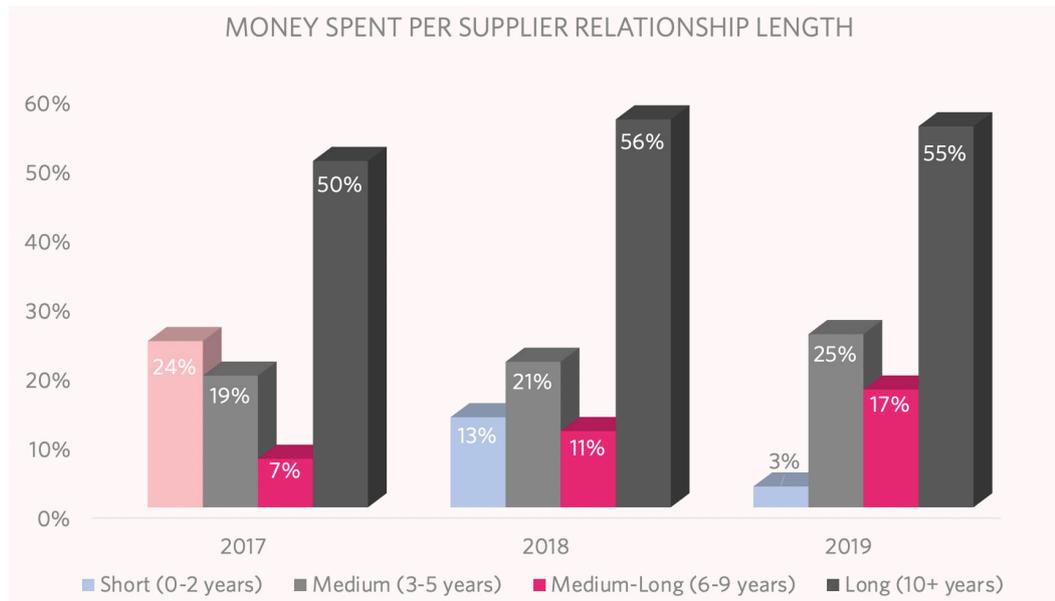
Looking ahead at our production forecast, China's position is stable, with no growth of manufacturing forecasted for the coming three-to-five years. Bangladesh continues to be dominant in the region: currently around 28% of Hunkemöller products and approximately 49% of Hunkemöller bras are sourced in Bangladesh.

We believe that building long-term relationships with suppliers is the key to success, both in terms of business success, and for trust and

cooperation between the partners to carry out our sustainability strategy.

In 2019 more than 55% of our purchase value was spent at suppliers we've worked with for ten years or longer.

We aim to continue building on our existing relationships, to create trust and collaboration on the road to improve performance and working conditions. We're not in favour of any cut-and-run policies. Where improvements need to be made, we work together to achieve them. This is the way we can make a real difference.



SUPPLY CHAIN MAPPING

We're committed to getting full visibility of our supply chain. In 2018, we started mapping it beyond direct manufacturing locations. Our aim is not only to prevent undeclared subcontracting, but also to identify risks more easily, and therefore be in a position where we can manage and mitigate their impact on our supply chain.

In 2019, we've taken an even stronger approach and started mapping our supply chain on a component level per garment. We request this information from our suppliers on a quarterly basis. One of our biggest challenges in this area is the verification of the incoming data. On a component level, 25.5% of

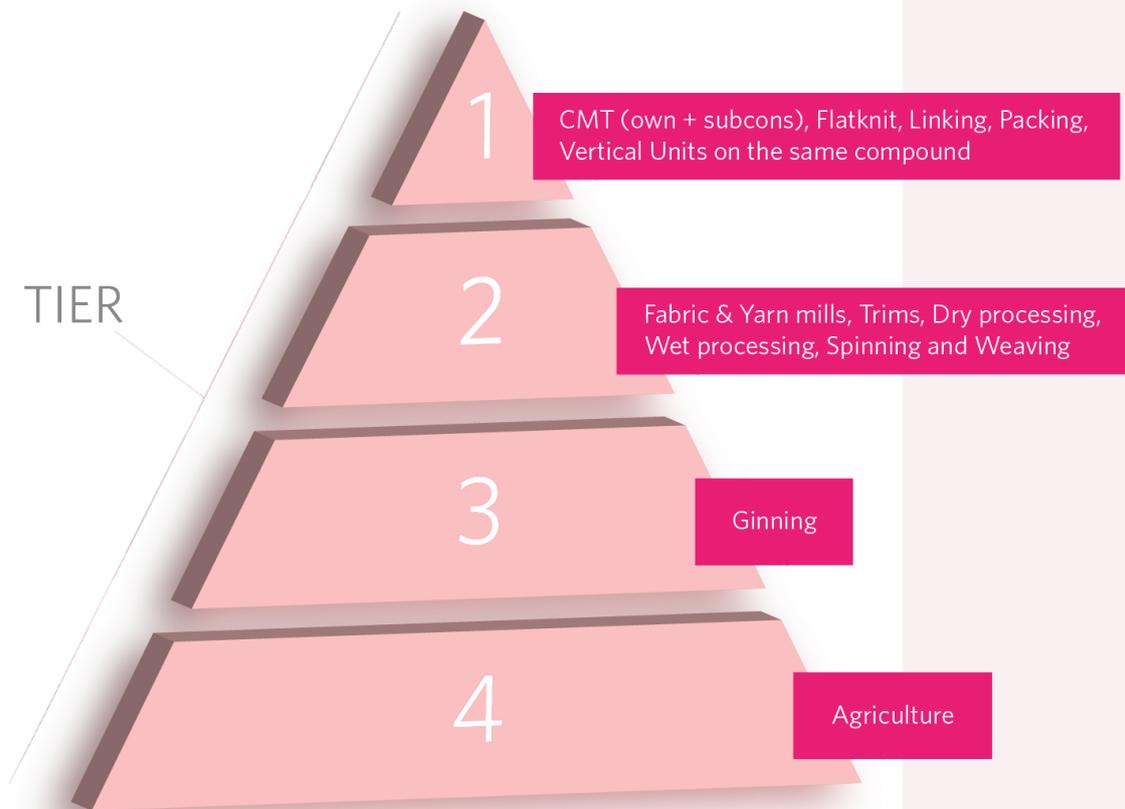
our suppliers provided detailed data to us in 2019.

We're proactively working on increasing this number while keeping our suppliers' potential concerns in mind. Simultaneously, we've also started exploring our tier 3 suppliers, and through the Better Cotton Initiative we have some insight into our tier 4 suppliers as well.

TARGET - TRANSPARENCY

By 2024 – 100% supply chain transparency (tiers 2 and 3) of direct suppliers to direct business partners. See diagram below.

SUPPLY CHAIN TIER STRUCTURE



COMMITMENT B

POSITIVE SOCIAL IMPACT

We want to have a positive impact on the lives of all people who connect with our business and the making of our products.

We're working towards ensuring products are manufactured by suppliers who manage and operate their factories in a socially responsible manner and according to local laws. It's important for us to have a strong social management system, to continuously improve workplace conditions and to invest in our supplier base. To achieve better working conditions we use four different measurements:

- Social audit programmes
- Social performance scorecard
- Bangladesh Accord
- Our own audits

SOCIAL AUDITING PROGRAMME

It's mandatory for all factories to be audited under an accepted social audit scheme. All production locations are audited according to the BSCI Code of Conduct, or another equivalent system that's approved by Hunkemöller. Separate audits are also performed by internationally accredited independent auditors. The purpose of recognising standards equivalent to the accepted BSCI is to reduce the cost of certification (from a supplier's perspective), decrease audit fatigue and acknowledge standards with shared principles. A social audit scheme can only be accepted if it fully covers Hunkemöller's requirements and if the follow-up and implementation plan of continuous and sustainable improvements is both serious and credible. Equivalent standards must be stronger or equal to the requirements of the already

recognised BSCI standards. We expect all business partners share and are monitored against these values and principles.

If an audit reveals less than full compliance with the BSCI Code of Conduct (or equivalent system), the factory must take the prescribed corrective actions without delay. The period of time the supplier/ production location has to implement these corrective measures will be agreed upon with the auditors and/or the Hunkemöller CSR team, but may never exceed 12 paid months. Our aim is to partner with the right suppliers, independently from the country they are located in. The majority of audits are semi-announced – the factory agrees to a timeframe of a month, during which the auditor is free to come unannounced and carry out the inspection. In some cases, for example with new business relations, we do a fully announced audit to build mutual trust.



COMMITMENT B

POSITIVE SOCIAL IMPACT

BUSINESS SOCIAL COMPLIANCE INITIATIVE

Factories audited under BSCI are assessed through 13 performance areas and receive a performance rating between A (outstanding) and E (unacceptable).

Depending on the different combinations of ratings per performance area, the factory will receive a final audit result (in the A to E range). The 13 performance areas are:

- Social management system in place
- Worker involvement and protection
- Right to freedom of association
- No discrimination
- Fair remuneration
- Decent working hours
- Health and safety
- No child labour
- Special protection for young workers
- No precarious employment
- No bonded labour
- Environmental protection
- Ethical business behaviour



COMPLIANCE SCORES

In 2019, all approved factories located in a risk country were in a valid audit cycle. We accepted social compliance audits under the following audit schemes: BSCI, Sedex (SMETA), SA8000 and WRAP. To ensure an equal scoring measure irrespective of the manufacturing location, what products they are making or under which audit system has been used, we use an internal standard scorecard developed in 2017. Each manufacturing location is scored on five levels, ranging from A to E, where A is best-in-class locations and E signifies locations with major findings requiring immediate action. The scorecard includes in-depth information per location, e.g. wages, working hours, safety, etc.

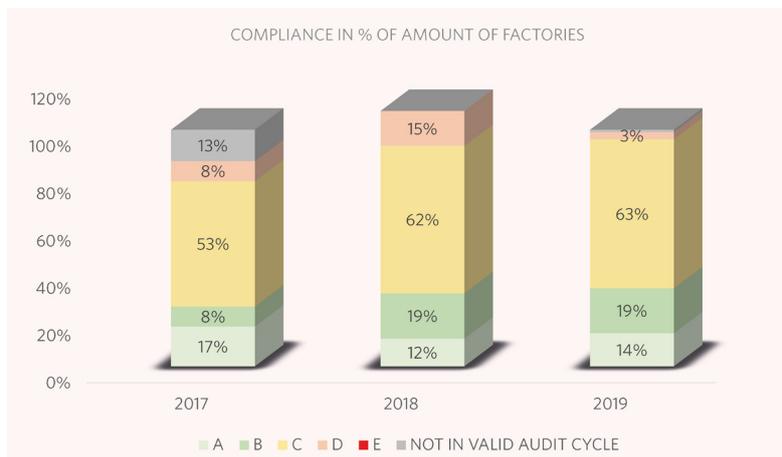
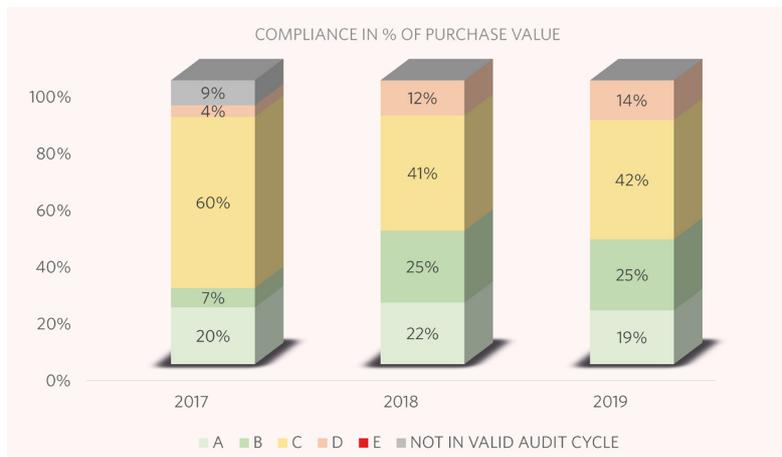
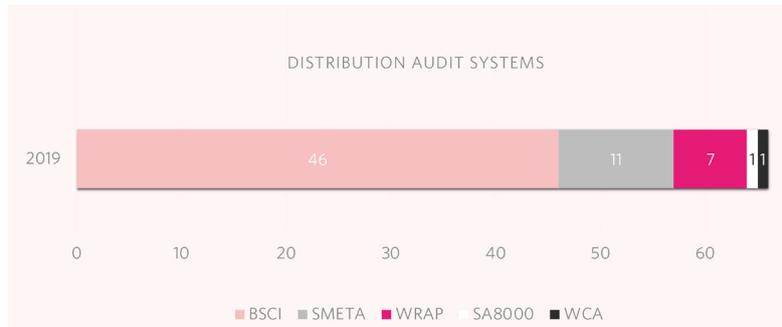
Manufacturing locations with a rating of C or lower are required to submit a Corrective Action Plan (CAP) within an agreed timeframe. The CAP must contain concrete actions for improvements, a workable and acceptable timeline, a responsible person and, if possible, a root cause analysis. We offer support to all manufacturing locations to develop the action plan and, if necessary, correct the audit findings. Depending on the seriousness of the findings, immediate action can also be required. For factories that scored a C or below, a follow-up audit happens within a 12-month period to ensure actions have been followed through and improvements have been made. In cases where there are zero-tolerance concerns, immediate action will be taken and BSCI Zero Tolerance protocol (or equal) will be followed.

The table below shows distribution of audit results in terms of purchase value and the amount of factories. In 2019 we spent 44% of purchase value in best-in-class factories. These are manufacturing locations which fully or almost fully live up to local laws and standards set by the different audit systems. We spent 86% of purchase value in factories that scored C or higher in FY2019. The decrease is mainly due to one of our main suppliers moving production to a newly built factory, which in the initial audit scored a D due to lack of all policies and systems in place. We're working closely together with this supplier since the setup of the factory on remediation efforts.

In addition, 96% of our factories scored C or higher in FY2019, which shows 3% and 18% increases from FY2018 and FY2017, respectively. In FY2017, 13% of our factories were not in a valid audit cycle, which was true for 1% of our factory base in FY 2019. This is due to unauthorised sub-contracting from a new supplier. We've not placed any orders with the supplier since.

We have a responsibility to ensure that the products we sell are manufactured under good working conditions. Long-term relations

with our suppliers, clear requirements and systematic work on risk management as well as education are all important steps we take to ensure preferable working conditions. To go beyond the social auditing process and achieve improvements, we've engaged with our suppliers to scale-up the support we provide in audit follow-ups, offered training on several different human rights topics and taken part in multi-stakeholder initiatives and projects.



UNICEF'S BETTER BUSINESS FOR CHILDREN PROGRAMME

CHILDREN'S RIGHTS

Children's rights have always been an important topic for Hunkemöller, and in 2017 we started our participation in a joint multi-stakeholder project under the Dutch Agreement for Sustainable Garments and Textiles. Together with Unicef and two factories in Bangladesh we've implemented a children's rights programme.

The programme has been developed for companies that want to go the extra mile to respect and support the rights of children, working parents and young workers.

Unicef's programme is based on the Children's Rights and Business Principles (CRBP), a set of ten voluntary principles developed by Unicef, the UN Global Compact and Save the Children.

The CRBP guide companies on the full range of actions they can take to respect and support children's rights. Garment manufacturers in this programme are supported to establish family-friendly workplaces that improve the situation of working parents and their children, if they are adolescent workers.

The project ran until the end of 2019. Key outcomes were the setting up of quality daycare facilities, a maternity policy and practical support, a breastfeeding policy, improved maternity nutrition and improved hand-washing practices. In 2020 we will start implementing the full programme in additional factories. THE UNICEF PROGRAMME COVERS:

- Maternity rights
- Breast feeding
- Childcare solutions
- Water, sanitation and hygiene (WASH)
- Maternal health & nutrition
- Workers' living conditions & access to basic services
- Adolescent workers
- Wages & benefits
- Child labour prevention & remediation



INTERVIEW

JEROEN VAN DER HEIJDER - UNICEF

HOW LONG HAVE YOU WORKED IN COLLABORATION WITH HUNKEMÖLLER?

Unicef started working with Hunkemöller in April 2018 when we kicked off the first collaboration that involved a Dutch brand, their supplier and Unicef by implementing our Family Friendly Workplace programme in Bangladesh.

WHY DID UNICEF TEAM UP WITH HUNKEMÖLLER TO ADDRESS CHILDREN'S RIGHTS?

Hunkemöller was one of the first brands in the covenant to put children's rights high on their agenda and address the complex issue within their own supply chain. Based on the Children's Rights and Business Principles (CRBPs) the programme was designed to improve the Responsible Business Conduct (RBC) of Hunkemöller with a clear focus on improving the impact of their supply chain on children, working on prevention and mitigation of child labour, the position of the working parents and the influence it has on the child, and health aspects in the community.

WHAT WERE THE MOST CHALLENGING ASPECTS OF IMPLEMENTING UNICEF'S BETTER BUSINESS FOR CHILDREN PROGRAMME?

This programme has, during its two-year implementation period, known several challenges. One of the most important ones that we had to overcome with all stakeholders was the radically different approach to collaborating. Instead of a more classical top-down audit system, we based our work on transparency and open communication, which resulted in a better understanding between the brand and the factory, and ultimately led to improved working relationships.

HOW HAS UNICEF SUPPORTED HUNKEMÖLLER IN DEVELOPING ITS CHILD LABOUR POLICY AND REMEDIATION PLAN?

Hunkemöller has asked Unicef to review its Child Labour policy, which we were happy to do. Together we have strengthened the policy and strategy of Hunkemöller, clearly defined responsibilities of both Hunkemöller and its suppliers, and designed a remediation plan (in case any child labour is found).

HOW CAN THIS PARTNERSHIP CREATE SCALABLE CHANGE?

Many valuable lessons can be drawn throughout the implementation of this project, for example on how to do a risk assessment to the impact of supply chains on children. Also on how to collaborate on the basis of transparency dealing with possible fear for 'oversharing' information. But also on the ROI on investing in well-being of employees and their children. We hope this partnership and the lessons learned from it will contribute to transforming Hunkemöller's complete supply chain into a family-friendly workplace for all involved, and that this might set an example for others.

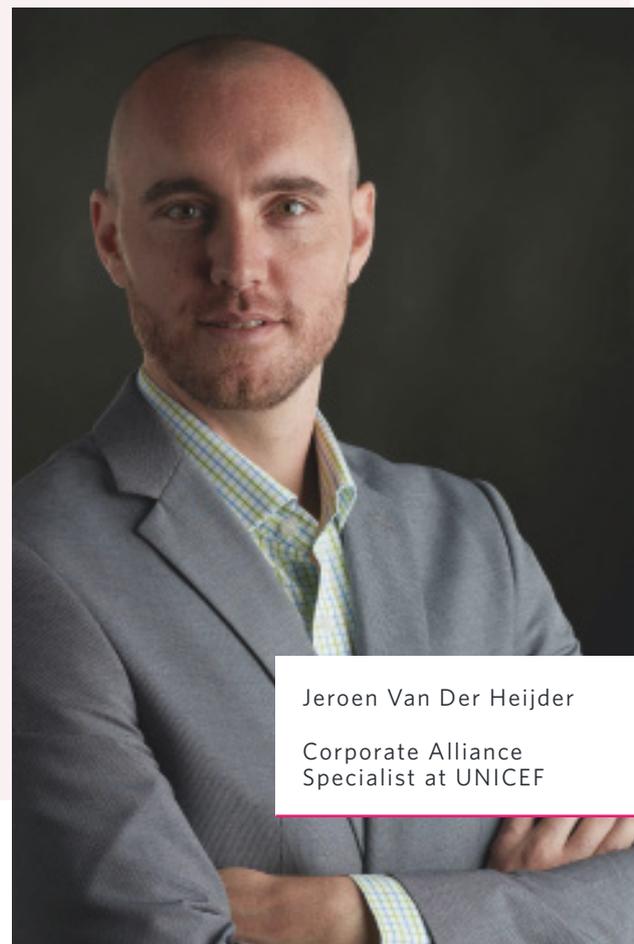
WHAT IS UNIQUE ABOUT THIS PARTNERSHIP, AND WHERE WILL IT BE GOING IN THE NEXT FIVE YEARS?

What made this partnership unique was that this was the first multi-stakeholder initiative between a brand, their supplier and a NGO, working on a collective goal towards improving Responsible Business Conduct (RBC). For the next five years we hope to see that Hunkemöller continues its work and commitment towards child rights being a frontrunner on this issue; having its full supply chain mapped,

embedded CSR and children's rights throughout their complete operation and analysed and mitigated the risks. And with that being future-proof for customer demands and government regulations in the field of social responsibility.

WHAT ELSE CAN HUNKEMÖLLER DO TO INCREASE OUR POSITIVE IMPACT ON CHILDREN'S RIGHTS?

There are two things Hunkemöller can do to increase positive impact. These are: 1) to continue to improve its CSR, embed it more into the daily operation of the company and its supply chain, especially at the production locations, and 2) share experiences with others, both good and bad. This will allow others to learn from you and together we can move towards a sustainable, children's rights-respecting sector.



Jeroen Van Der Heijder
Corporate Alliance
Specialist at UNICEF

INTERVIEW MS. MOHIMA AKTER

TELL US ABOUT YOURSELF?

I'm Ms. Mohima Akter and I'm an employee at the Lintas Happy Family. I live with my family in Narayangonj.

WHAT DO YOU SEE AS THE MOST POSITIVE OUTCOME OF THE UNICEF BB4C PROJECT?

I've become educated on children's rights, hand washing, health and sanitation, maternity policy and benefits such as the health check up every month for new mothers and pregnant women.

WOULD YOU LIKE TO HAVE ACCESS TO A CHILDCARE FACILITY AT YOUR FACTORY?

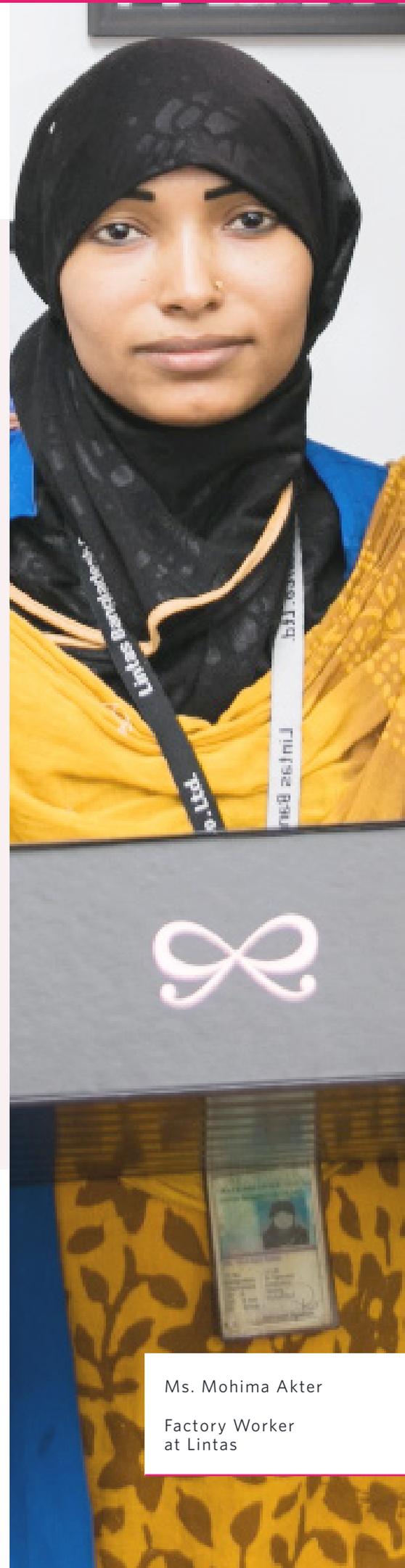
I live in a house very close to my office and I prefer to keep my children with my family members. However, if the factory started a childcare centre, other team members who live far away and who don't have family to help would benefit. It may also help those who are unable to work because they have to look after their children. It will obviously be better for everyone.

HOW HAVE YOU BENEFITED FROM LINTAS' NEW MATERNITY POLICIES?

Through the orientation sessions I got to know about the maternity benefits, leave and healthcare provided by the factory. After that we had an awareness course from Creative Pathway & CCR and Unicef regarding breastfeeding.

HOW HAVE YOU BENEFITED FROM LINTAS' FOCUS ON CHILDREN'S RIGHTS?

Previously I was not aware at all but after receiving training I really understand the importance of children's rights. It was really valuable education from Lintas' management about this issue. Afterwards, it was shared with our community and whenever I found any child labour within my community/family, I tried to convince them by creating awareness about children's rights.



Ms. Mohima Akter
Factory Worker
at Lintas

FORCED LABOUR

We're working to ensure that forced labour does not find its way into our products. We're aware of reports documenting the systemic use of forced labour in cotton production in Uzbekistan and Turkmenistan and have therefore prohibited the use of cotton from these countries in our products.

We commit to not knowingly source cotton from Uzbekistan or Turkmenistan for the manufacturing of any of our products until the government of Uzbekistan ends the practice of forced labour in its cotton sector. Until the elimination of this practice is independently verified, we'll maintain this prohibition. In addition, in 2019 we started to research recruitment practices and will launch a training programme and guidance documents on the topic for our supplier in 2020.

FAIR REMUNERATION

In compliance with our Ethical Code of Conduct and local laws, our suppliers are required to pay at least the country's statutory minimum wage to employees.

In 2019, all factories producing for Hunkemöller compensated workers with the minimum wage or higher. We recognise that minimum wages are often at a level that only provides a small income and does not cover workers' basic needs.

In 2019 the average lowest before-wage benefits and overtime was compensated at a rate of €201.44 per month. In all factories, workers are also paid overtime at a premium and receive wage benefits such as but not limited to free food, free transportation, free or discounted accommodation, free healthcare and bonuses. From 2017 to 2019 the average wage increases on a country level accounted for 25% (13.5% between 2018 and 2019).

To find a collective scalable approach we participate in networks that aim to create a shift in the industry. In 2019 we carried out a wage study, and are currently exploring how we can incorporate the learnings in our further strategy towards living wages. In 2020 we plan to start a collaborative project

in Myanmar with the aim being to improve wage management systems and wages.

WORKING HOURS

Overtime that exceeds the limits set out in our ethical code of conduct and is a common problem in some of our production countries and the most common finding in our audits. It's a challenging area to remedy as there are several reasons for overtime. To eliminate the risk of excessive overtime and comply with workers' right to rest, we work closely with suppliers and offer capacity-building programmes (via Amfori). We've also developed a guideline on how to overcome overtime which, if necessary, is shared with suppliers. Our buyers are also well informed with regards to capacity per factory, and they work closely with suppliers to deliver accurate production forecasts. In 2019 we conducted a research on buying practices. All of our suppliers were asked to anonymously rate our buyers on several topics and forecasting was one of the topics our suppliers were really pleased with.



BANGLADESH ACCORD

The Bangladesh Accord on fire and building safety helps to ensure that no worker needs to fear fire, building collapses or other accidents that can be prevented with reasonable health and safety measures.

The 2018 Transition Accord agreement consists of the following key features:

- A legally binding agreement between brands and trade unions.
- Brands' commitment to ensure safety remediation is completed and financially feasible.
- Independent safety inspections and remediation programmes.
- Disclosure of inspection reports and corrective action plans.
- Safety committee and safety training programme.
- Safety and health complaints mechanism.
- Protection of right to refuse unsafe work.
- Ongoing promotion of right to freedom of association (FoA) to advance safety.
- Training and complaints protocol to cover (FoA) rights.
- Optional listing of home textiles and fabric and knit accessory suppliers.
- Transition of Accord functions to a national regulatory body.

At the end of 2019, factories under the Accord producing for Hunkemöller have an average correction rate of 96% in terms of the correction of initial findings (97% progress rate of initial findings).

In the coming years Hunkemöller will continue its commitment to a safe working situation in Bangladesh and other production countries.



ACCORD
on Fire and Building Safety in Bangladesh

BEST PRACTICES IN FACTORIES PRODUCING FOR HUNKEMÖLLER

COMMUNITY GARDEN

FREE FOOD
THREE MEALS PER DAY

FREE TRANSPORTATION

PLANTATION PROJECTS

CHARITY DONATIONS

FREE HEALTH CHECKS
DOCTORS ON SITE
(ALSO FOR FAMILY MEMBERS)

ON-SITE FREE CHILDCARE

3D TECHNOLOGY
REDUCE SAMPLES

GYM FOR WORKERS

TREE PLANTATION PROGRAMME

VACATION BONUS

FACTORY WITH PHOROPTER
EYE-TEST DEVICE

We want to improve workplace standards

From transparency to employee benefits

ACTIVE MANUFACTURING LOCATIONS

On a quarterly basis, the CSR department requests an indication from the buyers of which factories will be used in the coming quarter for producing articles. Upon receipt of the information, the CSR department enters the information into a factory overview file and checks whether:

a) There are active factories (used for production within the last 12 months) in the supplier portfolio of Hunkemöller with expiring or expired factory audit reports.

b) There are factories that have not been used for over 12 months.

In both cases, the CSR department marks the factories not to be used until new audit reports are delivered using the factory overview Excel file, and informs the responsible buyer that new audit reports need to be requested from the supplier. The CSR manager dates and signs the factory overview file then stores it in PDF format according

to the local retention requirements on the CSR department's shared drive.

BUYING PRACTICES

Internally, we've carried out a survey to understand more about how our buying practices can influence working conditions in factories. All our suppliers could anonymously rate our buyers and our buyers also rated their own behaviours. The survey investigated several topics such as:

- Planning and forecasting
- Design and development
- Cost and cost negotiations
- Sourcing and order placement
- Payment and terms
- Sustainable purchasing processes

With the findings we're looking into how we can improve our buying practices and consider the needs of our suppliers to make sure our buying practices do not conflict with our sustainability work. As an outcome we were able to improve planning and forecasting, and better deal with cancellations.

“Our focus in buying and sourcing remains to work with sustainability both on a strategic and operational level. We are constantly evaluating and improving our buying practices in order to implement sustainable and responsible buying practises. One of the most essentials pillars of this is the frequent dialogue that we engage in with our suppliers. A key growth area for Hunkemöller is the share of sustainable materials in our collections. In 2019 we joined the Better Cotton Initiative and developed products from recycled and sustainable fibres such as Repreve®, Lenzing™ Ecovero™ and Econyl®”.

Charlotte Davies
Buying & Design Director



We want to improve workplace standards
From transparency to employee benefits

CAPACITY BUILDING

Factories producing for Hunkemöller are recommended to join BSCI workshops. In 2019, 39 representatives attended Amfori BSCI training at 12 of our factories on the following topics:

- Responsible recruitment
- Getting started with Amfori BSCI
- Drafting a remediation plan
- Fair remuneration and decent working hours
- Worker involvement and protection (grievance mechanism)
- Ethical business behaviours
- Introduction to social management systems
- Introduction to occupational health and safety

- Young worker management
- Building safety and fire safety

In 2019 Hunkemöller also offered a workshop as part of the collaborative project 'Remediation towards a better workplace'. The training was offered by CCR CSR for lower tiers in Bangladesh on the topic of supply chain mapping and child labour prevention.

The workshop included trust-building (what's expected from suppliers in supply-chain mapping), awareness-raising, information-gathering, and-capacity building on child labour prevention and remediation, and sub-supplier management.

SUPPLIER CONFERENCE

In May 2019 we also hosted our supplier conference in Hong Kong with the aim to share a business update and forward

strategy. Key departments (buying, design, merchandising, technical and sustainability) all presented their strategies, future focus and ways of working with an emphasis on collaboration. Best performing suppliers, in terms of sustainability, sample management/hit rate, product innovation, lowest return rate, flexibility and new supplier(s) were all recognised via awards. Showcasing high-performing suppliers truly inspired others to achieve improvements and success themselves. The educational and networking aspect of the conference helped our suppliers to gain new ideas of business success and inspired them to pursue new opportunities. The conference was a good opportunity to learn from each other, finding good approaches to success and collaboration.



GRIEVANCE MECHANISM

We receive grievances through our stakeholder engagements. It's also possible for stakeholders to raise grievances regarding the implementation of Hunkemöller's ethical policy across the supply chain via our customer service and/or our sustainability team. All grievances will be dealt with in a timely manner, and all investigations and findings will be reported transparently. To ensure the effective implementation of the grievance procedure, an annual review of the procedure will be conducted from 2019 (and onwards). In 2017-2018 we received three grievances through our stakeholder engagements:



GRIEVANCES

STATUS

Worker has not been paid his separation from employment entitlement.

The worker was offered the payment although initially did not respond. After our engagement with the supplier, the worker was offered the payment again and received it. The supplier was also instructed to set up better policies for future separation from employment entitlements.

The complainant alleged being instructed to leave the factory/employment for taking unauthorised sick leave.

After our engagement with the supplier and other brands, the worker was reinstated to their previous position.

The complainant(s) alleged that aisles and exits of the ground floor storage area of the six-storey building were obstructed. The complainant(s) expressed concern about the fire safety of the building.

An unannounced inspection took place and the factory was provided with a corrective action plan. The factory quickly provided pictorial evidence of successful remediation. To ensure no further issues, factory management designated a person to monitor and ensure all safety requirements were met. In addition, the factory was also additionally inspected by Hunkemöller after the allegation and all safety requirements were met.

GRIEVANCE MECHANISM

In addition, grievances from NGOs and labour rights organisations have been received on more general broader garment industry topics. Each case is treated separately and we often engage with other retailers and brands on joint actions, as we believe larger transformation can only be achieved in collaboration with others - together we can make better progress.



POSITIVE SOCIAL IMPACT TARGETS

- 100% factories rated C or better (of which 50% are scored A or B) in the Hunkemöller monitoring tool for social compliance before January 1, 2024.
- 100% factories inspected by the Bangladesh Accord with 100% initial finding for fire, electrical and building safety corrected by 2021.
- No children or forced labour found in direct manufacturing locations including nominated material and component suppliers.
- No fatal accidents in direct manufacturing locations including nominated material and component supplier.
- Collaborate with other industry peers to improve the production location wages with 50% (based on wage level 2018) before 2024 to achieve living wages.



COMMITMENT C

DIVERSITY AND EQUALITY

Diversity, inclusion and equality have never been more important to our brand. Our commitment is both internal and external; how we recruit internationally for a brand that has a global customer base and how our marketing is executed to achieve our mission of 'every woman being her most beautiful self'. The 'what' and the 'how': Our commitment also recognises that diversity represents what our team and marketing looks like and inclusivity represents how everyone is actually included.

For us to grow, we need the best people to help us inspire our customers globally. We believe that diversity is key to true creativity and innovation. This is why at our headquarters, 26 different nationalities work together every day in an inclusive and respectful culture. Differences in belief, origin and personal experience allow us to connect better with our customers, colleagues and the world.



COMMITMENT C

DIVERSITY AND EQUALITY

We also believe that showing and demonstrating diversity in our marketing will help create inclusivity. Our brand is open to everyone and it's important that as we continue our journey our communication and advertising reflects this commitment.

- Number of employees: 7,177
- Male employees: 141
- Female employees: 7,036
- Trading board female members: 3
- Executive board female members: 0
- % of store managers that are female: 100%

EMPLOYEE DIVERSITY 2019

In terms of manufacturing locations, in 2019 we continued our focus on maternity and breastfeeding rights. Under a joint project, we're working to ensure an effective implementation of maternity support policy in one factory in Bangladesh. The idea is to increase pregnant female workers' awareness of safe pregnancy and motherhood, as well as increasing the numbers returning to work after pregnancy and numbers following breastfeeding best practice. In the factory we also aim to ensure effective and continued access to breastfeeding to increase exclusive breastfeeding rates for children in their first six months, and ongoing breastfeeding with complementary feeding for children six months to two years old.

TARGETS

- Achieve 100% gender parity in leadership positions by 2024
- Achieve 50% gender parity in factory management positions by 2024.

NATIONALITIES AT HUNKEMÖLLER HQ

COUNTRY	NUMBER OF EMPLOYEES
AUSTRALIA	1
AUSTRIA	1
BELGIUM	1
BULGARIA	1
BURUNDI	1
CHINA	4
CROATIA	1
FRANCE	3
GERMANY	15
HUNGARY	1
INDIA	6
INDONESIA	2
IRELAND	4
LATVIA	1
LITHUANIA	1
MALAYSIA	1
MEXICO	1
NETHERLANDS	216
RUSSIAN FEDERATION	2
SOUTH AFRICA	2
SPAIN	3
SWEDEN	5
TAIWAN	1
UNITED KINGDOM	17
UNITED STATES OF AMERICA	3
VIETNAM	3

COMMITMENT D

WORKFORCE WELL-BEING

To achieve real change, we need to create a movement for sustainable growth within Hunkemöller. We constantly try to find new ways to engage our people on sustainability and harness their passion to achieve our goals. Our people are what make our brand special.

Attracting and retaining the best people is crucial to our continued success – we aim to hire enthusiastic staff who are as passionate about our products as we are. We hire for attitude and train for skill. This means we look beyond experience and are really interested in what drives our people and makes them tick. As we hire for attitude, we've introduced video recruitment to our selection process.

The Hunkemöller Academy is the heart and soul of our learning and development activities. It's our global online training tool – available in seven languages – and we use it to transform staff who are already

engaged into true certified experts. We want our employees to feel fit, energised, happy and to have fun at work.

Our employee app is available on all mobile devices and learning tablets in store. It has become very popular amongst our teams and is interactive, giving our employees a voice. We're in touch 24/7 and are able to share fun and inspiring content quickly and direct to our staff. In 2017, we launched Workday, an innovative global HR system which became the hub for all our people, data and processes.

Hunkemöller also has three work councils, one in The Netherlands, one in Belgium and one on a European level, in which we discuss important developments within the organisation with the CEO in an open and honest way. These councils come together six times a year for a consultation meeting with the CEO.

There are three committees within the council:

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



STAYING FIT, VITAL & HAPPY

At Hunkemöller there's a committee whose mission is to support the development of employees to become and stay fit, vital and happy, and grow and develop professionally as well as personally in a fun, pleasant and sustainable working environment.

These are some of the improvements we've implemented in our Hilversum headquarters:

- Weekly offering of fresh fruit baskets around the office.
- Various initiatives undertaken by the Fun, Vital & Happy committee: nutrition workshops, cooking classes, deep relaxation sessions, stress management workshop, mindfulness etc.
- Various sporting events: weekly boot camp, yoga sessions, dance classes, women's self-defence workshop, participation in Mud Masters run

- Provision of a stop-smoking course
- Health checks with a coach

As part of the programme, nutrition experts from the company Energy Platform organised a food workshop on how to make tasty and healthy snacks. In small groups several snacks were prepared such as healthy chocolate mousse with avocado, hummus from sweet potato, and ginger and energy balls with coconut and cacao. While cooking, the nutrition experts shared their knowledge and expertise and explained why these snacks are healthy and how they might be able to replace less healthy snacks.

LUNCH

Our restaurant offers a wide diversity of food choices and a variety of international dishes. In 2019 vegetables play the leading role on the plate and we participated in a 'week without meat'.

TARGETS

By 2021, deliver quarterly training to directly involved employees (buying, technical, design) on sustainability topics.



COMMITMENT E

WORKFORCE SUSTAINABILITY ENGAGEMENT

Including all employees in our sustainability efforts is important for us. Only by knowing about our strategy, opportunities, current status and news, employees are able to be more accountable and responsible. Every year we deliver training on sustainability topics such as (but which are not limited to):

- Human rights
- Sustainable materials
- Chemical testing

WE ALSO CIRCULATE A SUSTAINABILITY NEWSLETTER INCLUDING:

- Current figures regarding compliance, donations, environmental measurements, recycling, etc.
- Industry updates (e.g. newly-set minimum wages in production countries)
- Educational elements
- Updates regarding industry innovations



TARGET

Reduce the average absenteeism rate per employee as a percentage of total working days by 2024.

Inclusion of all employees
is important to us

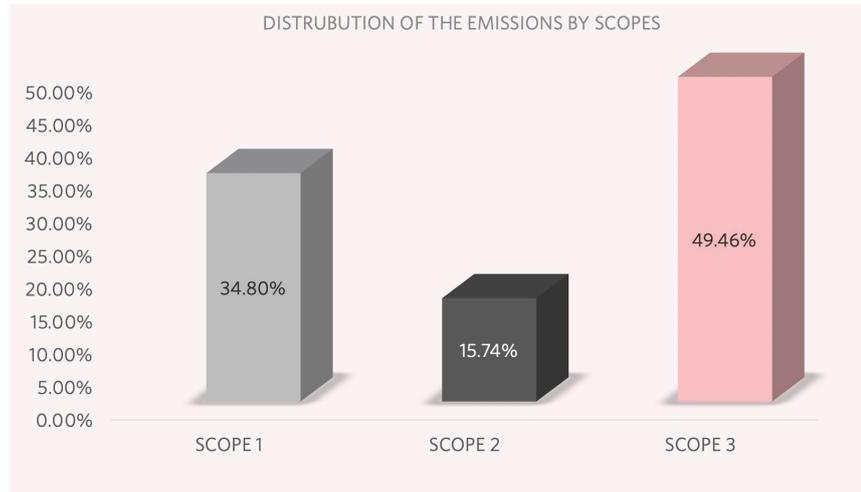
COMMITMENT F

REDUCE ENVIRONMENTAL IMPACT

CARBON FOOTPRINT

We're committed to growing our business while at the same time reducing our carbon emissions. In 2019 we commissioned green solutions company Fokus Zukunft to calculate the carbon footprint for our HQ and five stores. We aim to set targets for reductions in line with science-based targets. We also want to reduce our emissions both within the direct scope of our own operations and the wider indirect scope associated with transportation, manufacturing and material sourcing.

In summary, our HQ consumed 2,993 tons of CO2 emissions in year 2019, which can be converted to the value of 10.8 tons of CO2e per employee.



ALLOCATION		[T CO2E]	%SHARE
SCOPE 1	HEAT CONSUMPTION	829,9	28%
	FUEL CONSUMPTION IN THE COMPANY	211,9	7%
SCOPE 2	ELECTRICITY CONSUMPTION	471,4	16%
SCOPE 3	UPSTREAM ENERGY RELATED EMISSIONS	209,5	7%
	BUSINESS TRAVEL AND HOTEL ACCOMMODATION	638,0	21%
	EMPLOYEES COMMUTING TO AND FROM WORK	315,1	11%
	WASTE/WASTEWATER GENERATED IN OPERATIONS	301,4	10%
	PURCHASED PAPER FOR OFFICE AND MARKETING PURPOSES	16,6	1%
TOTAL		1.480,6	100%

COMMITMENT F

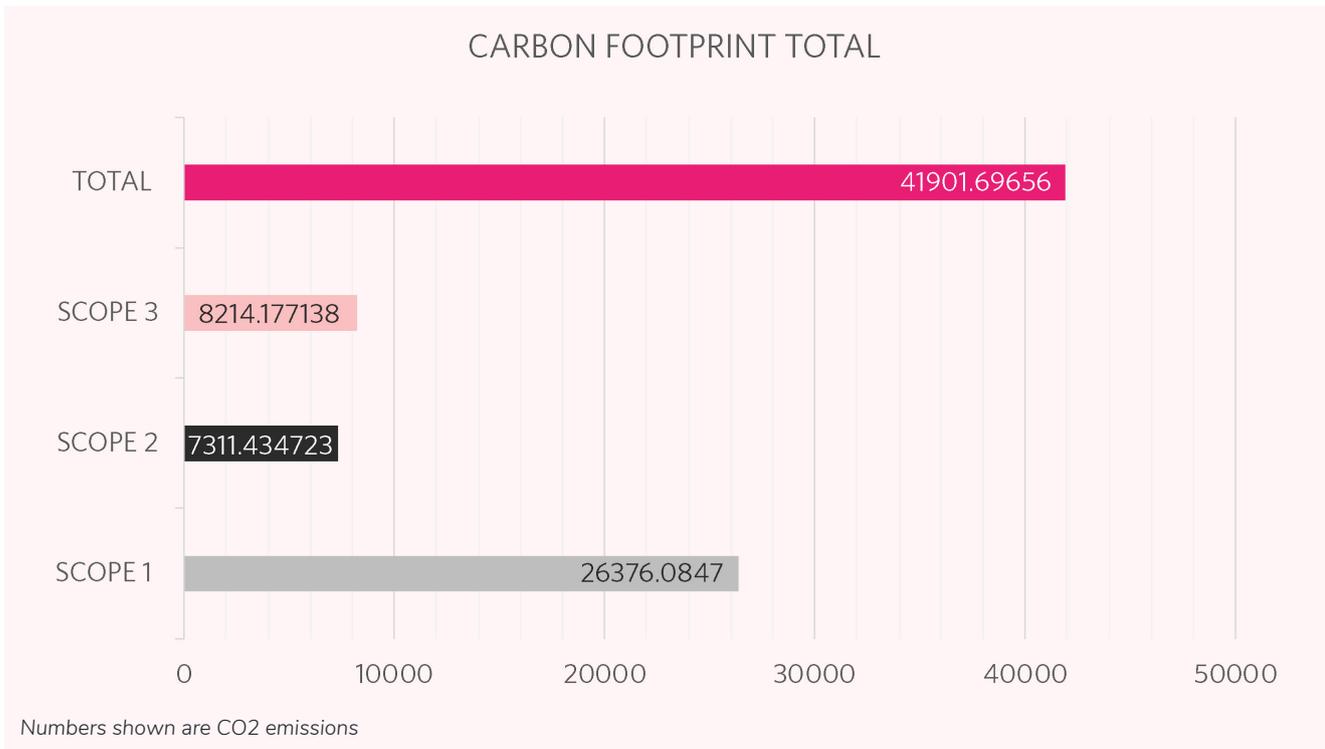
REDUCE ENVIRONMENTAL IMPACT

We have estimated that our total CO2 emission impact is 41,902 tons of CO2 for our HQ and 915 stores.

The data applies to our locations including head office, retail locations (915) and the distribution centre. Figures presented are calculated in accordance with the guidelines of the Greenhouse Gas Protocol Corporate Standard. The following formula is used when the amount of energy consumption for CO2 emissions is not available for any

sites: (energy consumptions per square metre estimated for each type of site) X (area of site) X (CO2 emission factor). Our strategy to reduce energy use and CO2 emissions includes:

- Increasing the use of on-site and off-site renewable energy.
- Increasing energy efficiency in high energy-usage locations.
- Introducing more energy-efficient equipment and vehicles.
- Adopting energy-efficient design of new buildings, distribution centres and retail stores or refurbishment of existing locations.



Reducing CO2
more energy efficient lights in stores

WASTE

We're committed to improving our resource efficiency by reducing the amount of plastic and cardboard recycling waste sent to landfill. We do this by increasing our waste recycling and recovery rate, and most importantly by avoiding creating waste in the first place. In 2019 we recycled 680,872 cardboard boxes and 24 tons of plastic collected in our distribution centre in Hilversum and stores. We will intensify our efforts to make sure the waste we generate is reused, recycled and recovered as much as possible.

RECYCLED CARDBOARD BOXES:

- Cardboard boxes to store (recycled): 246,944
- Cardboard boxes for online orders (recycled): 433,928



PLASTIC RECYCLED

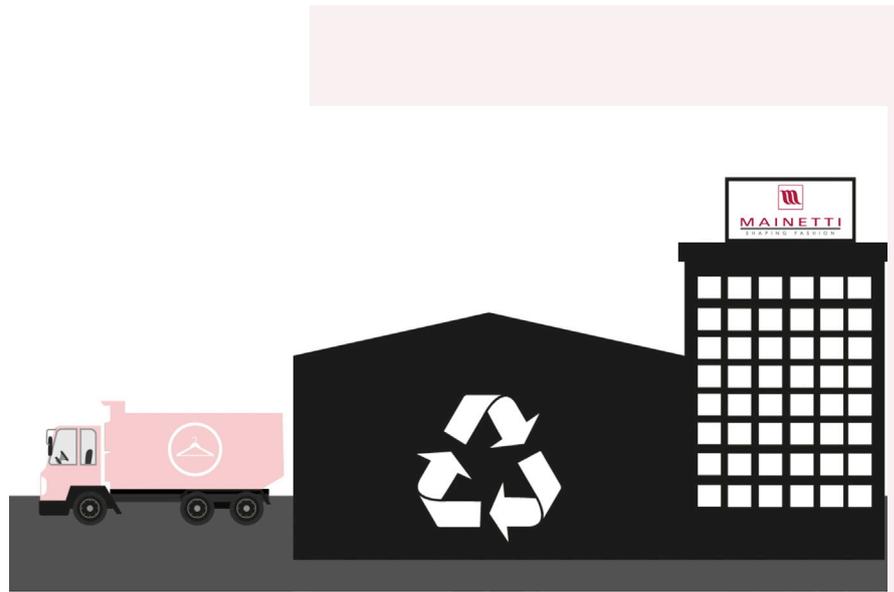
NAME PRECURSOR	SPECIFICATION OF MATERIAL (E.G. TYPE OF PLASTIC)	WEIGHT (IN KILOS) YEAR 2019
BUBBLE PLASTIC	LDPE	135
DC: PLASTIC BAGS FOR FOILING E-COM PRODUCTS	LDPE	3,713
DC: MACHINE FOIL FOR PALLET WRAPPING	LDPE	5,040
DC: PLASTIC TAPE FOR CLOSING CARTON BOXES	LDPE	3,888
DC: TOP SHEETS FOR PALLET WRAPPING	LDPE	1,139
DC: SEAL BUTTONS FOR CLOSING PLASTIC TOTES BEFORE SHIPMENT	PS	346
DC: PLASTIC SEAL FOR FOILING E-COM SUPPORTED BY MACHINE	LDPE	10,082

WASTE

While we try to provide our operations with general information on efficient waste management and proper disposal, we focus on preventing waste by reducing packaging early in the supply chain, and by encouraging the reuse of materials. In 2018 we started an investigation on how to reduce product packaging. We aim to finalise the research in 2019 and implement possible measurements.

To reduce waste, since 2014 all our home delivery packages reach our customers in boxes made out of 100% recycled cardboard. We also charge for plastic bags in The Netherlands and Germany to reduce their usage and have already seen a 50% reduction. We've also replaced some plastic bags with paper ones and have introduced a reusable shopping bag.

Recycling of hangers, reuse or recycling of products have always been of great importance to us. Together with our hanger manufacturer we've set up a reuse and recycling scheme, making sure all hangers collected from stores in Germany, Belgium and The Netherlands are taken back and either reused or recycled. Whenever possible, hangers are reclaimed for reuse. Any hanger that cannot be reused is granulated and the reclaimed material is used for producing new hangers. Customised resorting/reuse facilities provide a highly efficient process and the recycling activity ensures that all of the waste streams are managed in the most environmentally responsible manner and that none of the waste material generated goes to landfill.



BRING SEXY BACK

We've made resource-efficient management an integral part of our corporate strategy and committed ourselves to take responsibility for the reuse or recycling of worn products. We believe that textiles used by customers can be re-worn or recycled after their first 'life cycle'. Based on this idea, we set up and started our own in-store take-back programme, Bring Sexy Back, in all 180 stores in The Netherlands. The programme started in 2016 with a pilot in cooperation with I:Co. Bring Sexy Back created the opportunity for our customers to return used textiles and be rewarded a 10% discount voucher. In 2019 the collected textiles (600kg or seven pallets) were donated to the insurer Sympany. For 2020 we are looking into opportunities to continue offering Bring Sexy Back.

The returned used textiles are reused wherever possible or, if this is not feasible, they're used as raw materials for new products. If it's not possible for the returned used textiles to be used as raw materials for new products, these materials are recycled properly, particularly for energy generation purposes.

Furthermore, a majority of our old stock is sold or recycled in aid of Newlife, a charity for disabled children. This organisation provides the organisation with support whilst also making sure there is minimal impact on the environment. With the donations in 2019, we've helped change the lives of up to 50 children through a piece of specialist equipment with an average cost of €1,500. The donations in 2019 accounted for 4,022 cartons.

ENERGY MANAGEMENT

For management in terms of energy savings, we work towards continuous improvement. It's important for us that energy is used for the right purpose and at the right time. We aim on a yearly basis to improve the energy consumption in our head office and warehouse and for the lighting and heat in our stores.

In November 2016, the EU Commission proposed an update to the Energy Efficiency Directive, including a new 30% energy efficiency target for 2030. The Fourth Energy Efficiency Action

Plan for The Netherlands was released in April 2017. We are currently working to ascertain the requirements for retail outlets and have started to develop an Energy Efficiency Action Plan.

In the meantime, we've implemented some energy-efficiency initiatives such as equipping all new stores with LED lights. Since 2014 all the lights (except special future lights and lights above the till) in new and (fully) refurbished stores are LED lights with an estimated energy efficiency of 80%- 90% when compared to traditional lighting. We aim to in the coming years switch to more green electricity contracts for our retail locations. We're currently consolidating our energy contracts (electricity and gas) for our head office, our distribution centres and retail locations. This will provide us with an opportunity to switch to greener electricity while still saving money compared to the old contracts.

Bring Sexy back!



LOGISTICS/TRANSPORTATION

We're working to optimise the efficiency of our transport in several ways, not only to gain financial benefits but also to decrease CO2 emissions and reduce our overall impact on the surrounding environment.

In the last year we have taken several measurements. We aim to improve route planning, load optimisation, carrier mix and mode selection. We also integrate data with logistics and warehouse management processes to optimise both transport and warehouse networks. In recent years we have been working to optimise the supply chain from production to store. In 2018 we outsourced the distribution to stores (in The Netherlands) to an external company to improve route-planning and optimise load. In the procurement of transport to stores we prioritised a supplier who work with similar clients. This enables combined transport for us and other brands that operate in the same shopping centre or area.

We also aim to fully load containers and boxes. We regularly measure and follow up on the filling degree of the boxes. In 2018 we were able to improve the filling ratio by 8% by packing 40 units per box instead of the previous 37 units and this saw a further 8% improvement in 2019 of up to 43 units. We offer our customers different sizes of boxes to maximise the filling ratio. All our customer-facing boxes are made from recycled materials. We aim

to always choose the most environmentally-friendly option for transport. It is a known fact that sea freight is a more sustainable option than air freight and we always try to maximise the share of goods coming by sea. Sea freight accounted for a major part of the transportation of goods from our production countries.

In 2019, 80% of our goods were transported by sea freight, 15% by air and 5% by road transportation. Due to the negative impact on the environment, air freight is only used as an exception when there is a need for fast delivery because of delays and/or unforeseen events. For the future we are looking into using rail transportation to reduce CO2 emissions further.

TARGETS

- Reduce the total amount of waste to landfill by 25% by 2024.
- Reduce the total amount of pre-customer waste to landfill by 25% by 2024.
- Reduce the total amount of water used for dyeing and finishing by 20% by 2024.
- By 2024 reach 20% renewable energy in direct manufacturing locations including nominated material and component suppliers. Also, encourage broader adoption of renewable energy as part of an effort to control absolute emissions.
- By 2024 reach 30% renewable energy in owned or operated facilities and to encourage broader adoption of renewable energy as part of an effort to control absolute emissions.
- Reduce the amount of air freight from production to warehouse to below 10% by 2024.
- By 2024 have all stores operating a recycling programme to donate (reselling, recycling) all store write-offs.

We care about the environment
We're working to optimise the efficiency of our transport

COMMITMENT G DESIGN SUSTAINABLE PRODUCTS & COLLECTIONS

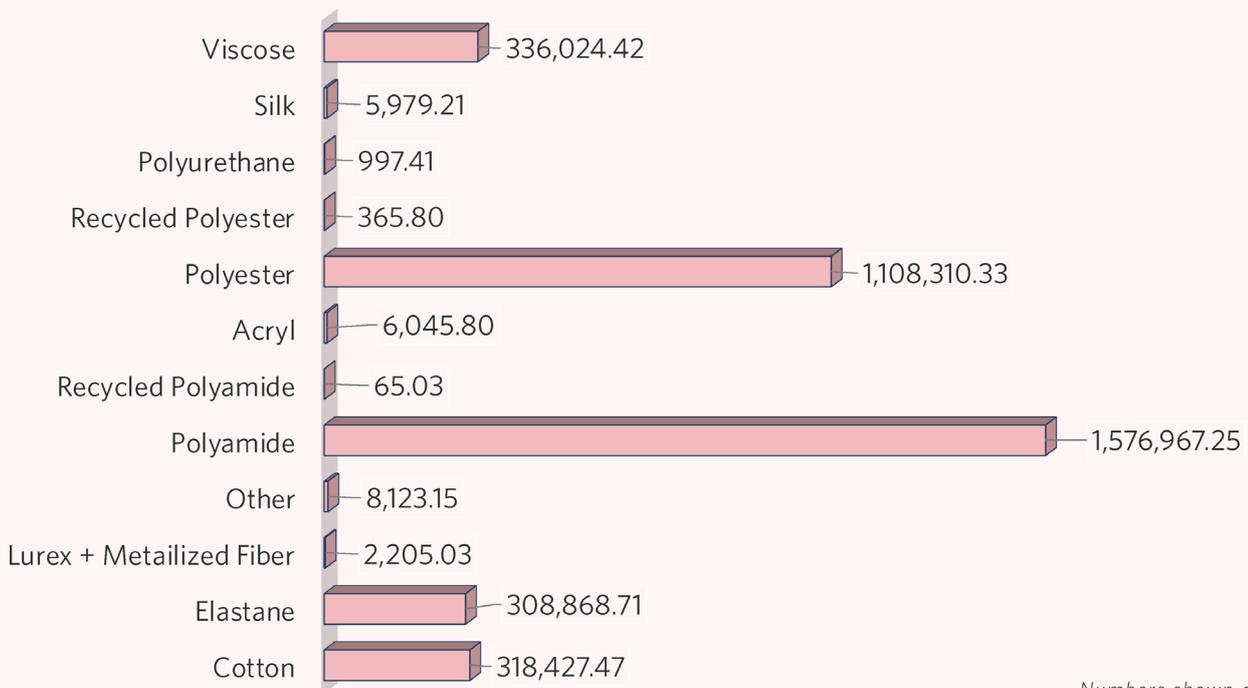
RAW MATERIALS AND FIBRES

Advancing insight in the area of potential harmfulness of materials can signify that a substance that is considered safe today may become suspect tomorrow. We do our utmost to only use raw materials that are safe for human beings and the environment.

If there is cause to doubt the safety of certain substances at any point, we will look for a safer alternative in collaboration with our manufacturers and suppliers.



MATERIALS 2019



Numbers shown are KG

COMMITMENT G

DESIGN SUSTAINABLE PRODUCTS & COLLECTIONS

The production of fibres and raw materials is resource-intensive and can have a significant effect on people and the environment. To minimise the impact, we are continuously working towards increasing our use of more sustainable materials. In 2019 we sourced products made from recycled polyester and recycled nylon. We also joined the Better Cotton Initiative, which made it possible for us to source more sustainable cotton under the mass balance principle.

SUSTAINABLE MATERIALS

KG

BETTER COTTON	17,261.34
RECYCLED NYLON	65.03
RECYCLED POLYESTER	365.82
TOTAL	17,692.19

CHEMICALS

We actively work to reduce the use and negative impact of harmful substances in our production and supply chain. We fulfil our responsibilities under the chemical legislation known as REACH and our products meet the requirements of the legislation.

RESTRICTED SUBSTANCE LIST

We have committed ourselves to developing responsible chemical management procedures for all products, including accessories attached to garments, prints and packaging materials. Hunkemöller expects the same commitment from its suppliers and have therefore developed a Restricted Substances List (Hunkemöller RSL 2.0) to inform all suppliers on all chemicals that are banned or restricted in Hunkemöller's production processes and finished products. The purpose of our Restricted Substances List (RSL) is to help reduce the use of hazardous substances in the textile and apparel supply chain.

OUR RESTRICTED SUBSTANCE LIST INCLUDES:

- Legal requirements inside and outside the EU.
- Attention points in requirements from eco-labelled organisations or mentioned by NGOs, like Greenpeace and Oeko-Tex.

An increasing number of Hunkemöller's garments and accessories are certified under the Oeko-Tex Standard 100. The standard guarantees us and our customers that a large number of substances hazardous to health have been excluded or limited in their use.

Offering our customers products that are safe is crucial for Hunkemöller. We've focused on this area for many years and are making every effort to have an increasing amount of our products made in Oeko-Tex certified factories. Oeko-Tex is the world's leader in the health labelling of textiles.

These standards have been an international benchmark for safety throughout the entire textile chain since 1992. The requirements are regularly updated and adapted to the latest research within the medical sector and developments in the textile sector. The requirements are the same throughout the world – a necessity because of the differences which exist in statutory requirements and concepts of safety in different countries. Oeko-Tex goes further than is required by law, and with stricter requirements than similar labels within the area of health hazards. These requirements concern the content of chemicals which can, or which are suspected of being able to, cause skin irritation, allergy, cancers, damage to the nervous system and internal organs, and reproductive ability.

The list of substances which are prohibited or limited in Oeko-Tex labelled products is available at www.oeko-tex.com.

BPA

All water bottles we sell in store or on our website(s) are free from Bisphenol A (BPA) and made from safe materials and approved for food, according to the EU Directive on plastics and packaging that comes into contact with food.

NETWORK GROUPS

We also participate in different networks that share information and knowledge about chemical risks in order to reduce the negative effects of using chemicals in production and find substitutes for harmful and undesirable chemicals.

TARGETS

- Reach an annual growth of 5% sustainable materials
- 100% of products are compliant with the Hunkemöller material policy
- 100% of materials are in compliance with Hunkemöller's restricted substance list by 2022.



COMMITMENT H EMPLOYEE WELL-BEING

ONGOING CONTRIBUTION TO THE PEOPLE WHERE WE WORK AND LIVE

We actively support recognised charities such as the breast cancer foundation Pink Ribbon campaign, the Dutch Cancer Society (KWF Kankerbestrijding), Newlife: The Charity for Disabled Children, Resto du Cœur and Secours Catholique.



In 2016 Hunkemöller entered into a partnership with Pink Ribbon by supporting the organisation financially to 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 and nightgowns in our physical and online stores. The profit for each product's sales is donated to the Pink Ribbon organisation.

We aim to actively encourage our people to support the organisation by offering new employees the opportunity to donate a small percentage of their monthly salary to the cause and by encouraging them to participate in Pink Ribbon events to raise funds in our name, such as sponsored sports events. In collaboration with Pink Ribbon, Hunkemöller designs and sells a special bracelet that launched for Breast Cancer Day. Also, starting in 2017 we sold a Christmas bauble in our top stores in The Netherlands, Belgium and Germany for customers to hang on their trees. As with the bracelet, the profit financially supports Pink Ribbon.



At Hunkemöller we have the vision and commitment to improve the health, equality and development of our customers, employees and the communities in which we operate. With the aim being to contribute to a better life for everybody and to be more in-touch with society, we have teamed up with Deedmob, an online platform that unites volunteers, (civil society) organisations, businesses and governmental institutions to improve collaboration and maximise social impact.

Numerous departments have been taking part in the Deedmob initiative since the beginning of 2019 by volunteering for Stichting Babyspullen, Femmes for Freedom and Make-a-Wish.

Participating in Deedmob is a great way for our employees to contribute to a more inclusive society and it truly inspires our employees while giving them an amazing 'do-good' experience!

PLASTIC BAG REVENUE

The full revenue of the plastic bag charge in The Netherlands, Germany and Spain is donated to charity.

TARGETS

- From 2019 to 2024 double charity donations via the Hunkemöller Foundation.
- Maximise social impact by offering a corporate volunteering programme for Hunkemöller.

TOGETHER TOMORROW



"Our customers are demanding more from Hunkemöller as a brand and we are here to listen and learn. In the past years we have really stepped up as a responsible and sustainable business last and feel that our customers are an essential part of our DNA and the way ahead. This is why we are launching **Together Tomorrow** which is the wrapper around all of our sustainable activities. **Together Tomorrow** reflects that we only together with our internal and external stakeholders and with our customers can make a real and lasting change for a better tomorrow. I am really excited for sharing more next year about all the key areas of **Together Tomorrow**: product, people, community, and environment."

Alexandra Legro
Global Marketing &
Communications Director



COMMITMENT I: ANIMAL WELFARE

Hunkemöller currently do not offer any products in stores or online of animal origin. We believe it is not acceptable for animals to suffer in the name of products we make and sell. No animals should be slaughtered or harmed to produce products sold by us. Hunkemöller is committed to ensuring all apparel, accessories, footwear and other products are manufactured in a manner that is not harmful to animals.

We have adopted a fur-free policy and publicly reaffirmed our commitment to being a fur-free retailer by becoming a member of the Fur Free Alliance.

When applicable, we aim to source materials of animal origin in a humane, ethical and sustainable manner with respect to animal welfare and species conservation.

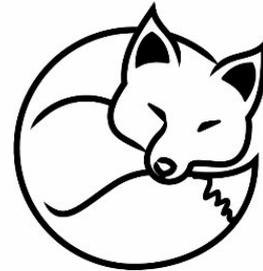
We refer to the 'Five Freedoms' concept, promoted by the World Organisation for Animal Health (OIE), as the guiding principles for our animal welfare policies. Hunkemöller is committed to strictly complying with all applicable laws, conventions and regulations.

Additionally, we adhere to global guidance provided by the following conventions:

- The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Appendix I
- The European Commission Wildlife Trade Regulations

TARGET

- 100% of products compliant with Hunkemöller's Animal Welfare Policy.



**FUR FREE
RETAILER**



Animal welfare
We have adopted a fur-free policy

CSR POLICIES AND REPORTING

We are proud of our company values and the trust we have built with our suppliers, employees and partners. Our employees and relations should always comply with the legislation and regulations of the countries in which we are active and the values and standards that apply within Hunkemöller and which have been laid down in our code of Ethical Code of Conduct. This sets out the basic standards we expect our colleagues to uphold. It is updated on a regular basis.

THE HUNKEMÖLLER ETHICAL CODE OF CONDUCT

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

Standards equally apply to permanent, temporary and agency workers, as well as piece-rate, salaried, hourly paid, legal young workers (minors), part-time, night and migrant workers. The Hunkemöller Ethical Code of Conduct has been created to fulfil our commitment to our employees, to our customers, to our shareholders and to other stakeholders.

THE HUNKEMÖLLER ANIMAL WELFARE POLICY

Business partners are expected to share Hunkemöller's commitment to strictly

comply with all applicable animal welfare laws, conventions and regulations as set out in the Hunkemöller Animal Welfare Policy. Manufacturing processes must not be harmful to animals and no animals should be slaughtered specifically to produce goods for Hunkemöller. Materials of animal origin must be sourced in a humane, ethical and sustainable manner with respect to animal welfare and species conservation.

THE HUNKEMÖLLER MATERIAL POLICY

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

We recognise that producing fibres and materials requires a lot of non-renewable resources such as water, energy and chemicals, which can all have a major effect on people and the environment.

Our material policy includes our general standpoint on sourcing of materials and it covers mainly raw material production and expectations when sourcing sustainable materials. It also includes material-specific requirements since sourcing of these materials require due diligence processes at supplier level to ensure that any risks are identified and addressed.

By working closely with business partners and expert organisations we aim to source more sustainable materials to reduce our carbon, water and waste footprint but also limit chemical and pesticide usage, prevent deforestation and protect fresh water and biodiversity.

THE HUNKEMÖLLER CHILD LABOUR POLICY

The Hunkemöller Child Labour Policy describes our zero-tolerance approach, the requirements for business partners and remediation process in the event of child labour allocation. Hunkemöller do not accept child labour at any locations in the supply chain. It is essential for Hunkemöller that children are not put at risk or deprived of an education or childhood.

HUNKEMÖLLER'S RESTRICTED SUBSTANCE LIST (RSL)

Hunkemöller is committed to responsible chemical management procedures for all products, including accessories attached to garments, prints and packaging materials. We expect the same commitment from our suppliers. Our requirements include the strictest legal requirements both inside and outside the EU, which are mostly covered by REACH and described in the Hunkemöller Restricted Substance List. We encourage employees and business partners to report code or policy violations using our confidential, anonymous grievance mechanism. This allows us to detect the first signs of wrongdoing quickly and carry out corrective measures without delay.

MEMBERSHIPS & JOINT INITIATIVES

BSCI



The Business Social Compliance Initiative (BSCI) is an initiative of the Foreign Trade Association (FTA) and a leading supply chain management system supporting Hunkemöller (and companies alike) to implement compliance and improvements within their global supply chain. Hunkemöller has been an active member since 2004, and makes use of the Code of Conduct, management tools, monitoring system, capacity-building and external auditing. Due diligence is at the core of the system so we implemented a risk-based approach in order to proactively identify, prevent and address adverse human rights impacts detected in the supply chain.

BANGLADESH ACCORD



In 2018, Hunkemöller signed the 2018 Transition Accord on Fire and Building Safety in Bangladesh, a follow-up to the Accord on Fire and Building Safety (signed by Hunkemöller in 2015). This is designed to build a safe and healthy Bangladeshi ready-made garment industry. The agreement was created in the immediate aftermath of the Rana Plaza building collapse that led to the death of more than 1,100 people and injured more than 2,000.

In June 2013, an implementation plan was agreed on, leading to the incorporation of the Bangladesh Accord Foundation in the Netherlands in October 2013.

The Accord is a legally binding agreement between global brands, retailers, the IndustriALL Global Union and UNI Global Union, and eight of their Bangladeshi-affiliated unions. The aim is to work towards a safe and healthy garment and textile industry in Bangladesh.

BETTER COTTON:



Hunkemöller has been a proud member of the Better Cotton Initiative (BCI) since July 2019. BCI is a global, non-profit organisation and the largest cotton sustainability program in the world.

By sourcing from BCI-approved places, Hunkemöller supports BCI to train and monitor farmers. Better Cotton materials are sourced via a mass balance system and not physically traceable to end products.

This means that sourcing from Better Cotton is not about a content claim on a product but rather about creating demand and encouraging more farmers to adopt sustainable practices.

AGT



On July 4th 2016, Hunkemöller became a signatory of The Dutch Agreement for Sustainable Garments and Textiles. This is the first of its kind and is a Dutch covenant that follows on from the original Dutch National Action Plan, first presented in 2013.

The aim is to bring positive and sustainable change to the textile and garment industry all over the world and it is supported by trade unions, industry organisations, civil society organisations and the Dutch government.

JOINT MULTI-STAKEHOLDERS INITIATIVES

We are aware that the biggest challenges facing the world cannot be addressed by one company alone. Hunkemöller is changing as a business and want to help transform the system in which business is done. By collaborating with others through discussions, partnerships, joint projects and shared efforts we aim to help deliver positive social and environmental impact at scale. We want to use our influence to bring transformational change and believe leveraging partnerships is the best road towards true sustainability.

STAKEHOLDERS ENGAGEMENT

We feel it is important to involve our stakeholders in our journey towards sustainability.

For this reason, we engage and seek collaboration with our stakeholders in multi-stakeholder initiatives – such as the Bangladesh Accord and the Dutch

Agreement on Sustainable Garment and Textile. Engagement in multi-stakeholder initiatives and participation in joint projects makes it possible for us to take our stakeholders expectations into account when setting our strategy and working towards continuous improvement. Although there is room for improvement,

we are proud of the steps that we have taken and we will continue engaging in an active and regular dialogue with our stakeholders so we can understand their expectations.



CSR POLICIES AND REPORTING

THIS TABLE PROVIDES AN OVERVIEW OF OUR IDENTIFIED PRIMARY STAKEHOLDERS, HOW WE INTERACT WITH THEM AND THE TOPICS WE DISCUSS.

	ENGAGEMENT PRINCIPLES	INTERACTION	KEY SUSTAINABILITY TOPICS
CUSTOMER	Our customer is at the heart of everything we do. We want to keep our customer satisfied by including her to achieve best sustainable outcome.	In-store interactions, social media, customer service, website, membership programme, newsletters, market research, surveys.	Labour practices, transparency, health and safety, animal welfare, sustainable materials, waste practices, recycling, charity work (e.g. Pink Ribbon).
EMPLOYEES	Our people are what make Hunkemöller special. Retaining the best people who are passionate about our products and our work is crucial to our continued success.	Newsletter, in-tech app, emails, presentations, workshops, meetings, surveys.	Labour practices, transparency, health and safety, animal welfare sustainable materials, waste practices, sustainable sourcing, sustainable design, recycling.
INVESTORS	We believe in transparency of our business operations towards our investors. Relevant information will be disclosed in a timely, appropriate and accurate manner.	Meetings, surveys, reporting and inquiries.	Labour practices, transparency, health and safety, sustainable materials, waste practices, sustainable sourcing, charity work, recycling.
BUSINESS PARTNERS	We aim to work in partnership with our suppliers as sustainability improvements depends on collaboration and commitment from both parties.	Supplier conferences, supplier manuals, meetings, surveys, email, workshops.	Labour practices, transparency, health and safety, sustainable materials, waste practices, sustainable sourcing, sustainable design, recycling.
MEDIA	Our objective is to always have an open dialogue with media and value a collaborative approach to achieve the best possible outcomes.	Press release, interviews, press events, website.	Labour practices, recycling, charity work (e.g. Pink Ribbon).
ASSOCIATIONS	We aim to continue our engagement with industry associations. Collaboration and discussion with other companies and stakeholders will result in better solutions to common challenges.	Networks, collaboration forums, workshops, website, meetings, projects, memberships.	Labour practices, transparency, health and safety, sustainable materials, waste practices, sustainable sourcing, sustainable design, recycling.
NGOS	Our objective is to always have an open dialogue with NGOs and value a collaborative approach to achieve the best possible outcomes.	Joint projects, networks, collaboration forums, workshops, website.	Labour practices, transparency, freedom of association and the right to collective bargaining, health and safety.
UNIONS	Our objective is to always have an open dialogue with Unions and value a collaborative approach to achieve the best possible outcomes.	Networks, collaboration forums, workshops, website, meetings, projects.	Labour practices, transparency, freedom of association and the right to collective bargaining, health and safety.
GOVERNMENT	We aim to continue our engagement with the government as we believe collaborations are the best way to achieve industry-wide success.	Joint projects, networks, collaboration forums, workshops, website.	Labour practices, transparency, health and safety, animal welfare, sustainable materials, waste practices.

INTERVIEW

MARIEKE WEERDESTEIJN

WHAT DO YOU SEE AS THE BIGGEST STRENGTH OF HUNKEMÖLLER'S SUSTAINABILITY PROGRAMME?

In 2019, Hunkemöller developed overall goals for its sustainability programme, which are endorsed by the board. These goals together with updated policies were shared and discussed with the company's (main) suppliers during the supplier conference. The AGT (Dutch Agreement of Sustainable Garments and Textiles) sees top management commitment, engagement of and collaboration with suppliers and integration of sustainability in day-to-day business proceedings as essential elements for success and continuous improvement.

IN 2019, YOU EVALUATED HUNKEMÖLLER'S PROGRESS UNDER THE DUTCH AGREEMENT FOR SUSTAINABLE GARMENTS AND TEXTILES. WHAT DID YOU SEE AS THE MAIN IMPROVEMENTS?

Progress was made in various areas. An extensive risk assessment was developed. Hunkemöller had strengthened its policies and developed smart goals they would like to achieve going forward. A major milestone was the publication of its first sustainability report.

HOW DO YOU THINK HUNKEMÖLLER WILL BE ABLE TO ACHIEVE ITS SUSTAINABILITY STRATEGY AND TARGETS?

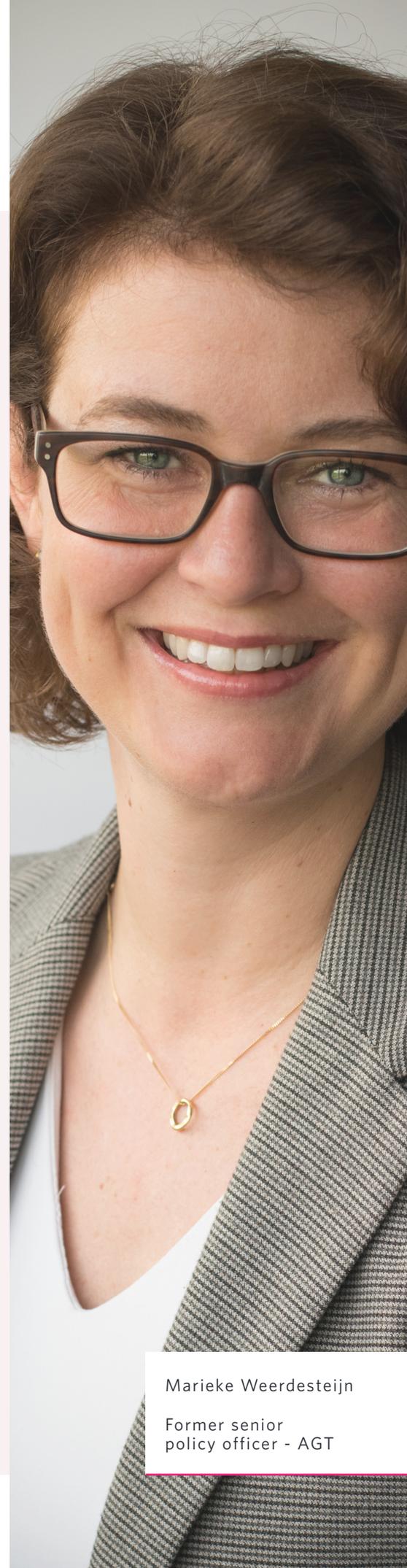
To achieve the set targets, it is important that set policies are implemented within Hunkemöller. For an impact in the supply chain, collaboration with suppliers to implement improvements is essential. For more complex issues, it is in addition strongly recommended to engage trade

unions and NGOs in production countries. The next question is, where to start? Doing due diligence well, requires a company to ensure that the most severe risks are addressed first. What is considered severe, depends on the scale, scope and difficulty of these risks. It is key to ensure the action plan is concrete and always be critical of how planned actions contribute to addressing prioritised risks. The current action plan lays a foundation, but the above points of attention need to be considered continuously.

Last but not least, paying continued attention to the integration of sustainability in the company is essential to reaching the goals. In 2019 a first analysis of potential risks in relation to purchasing practices was made. It is important that Hunkemöller – in dialogue with suppliers – looks at how the company can improve its own practices to allow for improvements in the supply chain. Topics AGT members are expected to address include, for example, payment and payment terms, costing, but also planning, forecasting, design and development.

WHAT DO YOU SEE AS HUNKEMÖLLER'S MAIN CHALLENGES IN REALISING THE STRATEGY AND REQUIREMENTS OF THE AGT IN THE COMING YEARS?

It is essential that there is sufficient capacity to manage and implement the sustainability programme to achieve the set ambitions; both in terms of manpower and resources. Taking responsibility by further improving purchasing practices might be considered challenging, but it's really essential in relation to due diligence and the expectations of the AGT. How far the company has developed and started to implement concrete goals and actions will be one of the key areas of attention for the AGT in the next assessment.



Marieke Weerdesteijn

Former senior
policy officer - AGT

ADDRESSING SUSTAINABILITY RISKS

We recognise our activities could have a wide range of impacts on human rights, the environment and animal welfare. We outsource production in risk countries using resources that are not endless or that are sensitive to climate change. All countries where our products are produced are unique and each country has specific risks. The responsibilities we have under the United Nations Guiding Principles on Business and Human Rights motivated us to conduct an assessment to understand risks in our supply chain and identify, prioritise and assign accountability. Our ongoing risk assessment helps us understand the full range of exposure, including the likelihood of a risk event occurring, the reasons why it occurred, and the potential severity of its impact. With the results, we create controls and counter measures to minimise or eliminate the impact.

The likelihood of risk in our assessment was based on two factors: the likelihood of the risk based on our audit results and overall risks in the supply chain as

reported in recent news articles, reports, research or stakeholder engagement. To identify the potential impact of each risk we evaluated the impact for workers, environment and animal welfare in areas such as health and safety, exploitation and security (financial, pollution, mental state and biological functioning).

DISCRIMINATION AND GENDER

Sixty-nine percent of workers in the factories producing for Hunkemöller are female. However, on average, female representation in factory management is lower than the average percentage per country. In addition, the Global Gender Gap from the World Economic Forum suggests a high risk of gender gap, especially in China. In terms of impact there is a low/average risk of exploitation.

FREEDOM OF ASSOCIATION

Seven of the locations producing for us have functioning unions and all factories have at least a functioning

workers' committee. However, we mainly source from countries where freedom of association cannot be guaranteed, which a Survey of Violation of Trade Union Rights by ITUC has highlighted. By not having the opportunity to negotiate, workers may face financial mistreatment. Research has also shown that workers who try to organise can be physically or mentally oppressed.

HEALTH AND SAFETY

Lack of appropriate health and safety regulations, functioning accident procedures, adequate safety guards for machines, proper risk assessments and the use of personal protective equipment are identified risks at production locations. The impact can be high in terms of physical health and possible loss of future earnings.



ADDRESSING SUSTAINABILITY RISKS

CHILD LABOUR

Based on our audit data, child labour is not present at our first-tier or nominated materials and component suppliers. However, it is still prevalent in many of our sourcing countries and not all production countries have ratified the Fundamental ILO Conventions on Child Labour. The impact potential is high as child labour fuels the cycle of poverty and can deprive children of their mental and physical development.

FORCED LABOUR

Forced labour remains a problem in the global textiles industry. It's not something that we've been exposed to in audits or through grievances. However, the ILO Conventions 29 and 105 prohibit all forms of forced labour but not all countries producing for us have ratified

the conventions. Forced labour could also have a high impact on workers in terms of exploitation and vulnerability.

LIVING WAGES

All factories producing for Hunkemöller pay the statutory minimum wage but the likelihood of living wages being paid is low and highly dependent on the country and benchmark. The impact is high in terms of exploitation and vulnerability.

RAW MATERIALS

Noticeable in our products is the high amount of synthetic fibres, which have a high environmental impact.

Raw material use also has a high impact in terms of environmental pollution and exploitation of natural resources.

WATER POLLUTION AND USE OF CHEMICALS, WATER AND ENERGY

Textile production consumes a great deal of water and use of chemicals is widespread. We have implemented restrictions in the use of chemicals and the knowledge and bans related to this are continuously increasing. Water energy and chemicals have a very high environmental impact and exploit nature and its scarce resources.

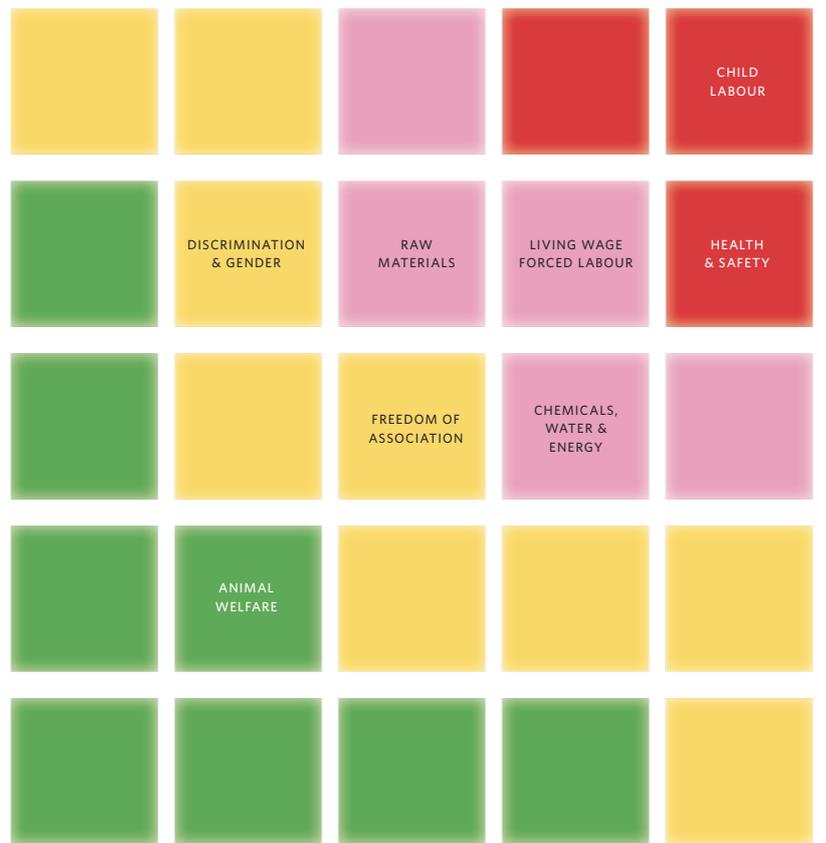
ANIMAL WELFARE

With the exception of a few silk garments, we currently do not offer any products in store or online of animal origin.

RISK MATRIX:

Depending on where the area falls in the matrix, we manage the risk by either eliminating, managing or monitoring the risk and taking actions (see the previous chapters).

LIKELIHOOD OF RISK



IMPACT OF RISK

HOW WE REPORT

This is Hunkemöller's Sustainability Report for the period January 2019 to December 2019. This is our second published sustainability report. The contents are based on our sustainability strategy and performance analysis. The information presented in the Sustainability Report is partially externally assured.

We are happy to share it with you and we are excited about continuing this work in the future.





A BRAND BUILT WITH PASSION

If you have any questions or concerns regarding our sustainability work that you were unable to find the answer to in this report, we would be happy to help you via the postal or e-mail addresses below.

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togethertomorrow.hunkemoller.co.uk

We are excited about our journey and look forward to sharing new developments with you in the next report.

