

TOGETHER TOMORROW



SUSTAINABILITY REPORT 2021

REPORTING PERIOD 1 JANUARY 2020 TO 31 DECEMBER 2020



**FROM DIVERSITY AND
INCLUSION TO REDUCING
WASTE AND FROM
PRODUCT LONGEVITY CARE
TO HOW WE WORK
WITH OUR SUPPLIERS.**

**TOGETHER TOMORROW
BOTH REFLECTS WHAT
WE DO, AND HELPS DRIVE
CHANGE ACROSS OUR
BUSINESS AND
SUPPLY CHAIN.**



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PHILIP MOUNTFORD
CEO Hunkemöller



FROM OUR CEO

2020 was a very challenging year with significant disruptions around the world. The COVID-19 pandemic created uncertainty, disturbance and stress, and influenced our way of doing business – it forced us to reprioritise. Despite the challenges we all faced and still are facing, it was also a time that brought out the best in many people—from our colleagues in stores responding to new measurements, to the HQ and DC colleagues finding new ways to adapt, ways of working remote and offering our products to customers.

This crisis has truly shown the great strength in our organisation's and suppliers' ability to adapt to rapid and drastic changes, and the strength of good technical solutions. But it has also completely changed our customers' buying patterns and buying behaviour to be more purpose driven. This change goes hand in hand with our vision to increase our offering of more sustainable products. When the pandemic hit, we took immediate steps to ensure a healthy and safe working condition for our employees but also for all the people making our products. We worked around the clock every day to fulfil our customers' requirements and secure our operations to ensure the future success of our business and secure the livelihoods of our employees.

The year began with strong sales, and then the pandemic hit – calling for urgent actions and innovative solutions, collaborations and the acceleration of our digital transformation. During spring almost all our stores closed. At the same time, online sales grew significantly, and retail sales recovered rather quickly when stores reopened. This led to total Hunkemöller NET sales of EUR 458 million in FY20 (12% less than in FY19).

Keeping our employees and stakeholders safe and acting responsibly has been of central importance. During this time of increased uncertainty, we have implemented additional rigorous cleaning and hygiene protocols throughout our facilities and are practising other safety precautions including social distancing, voluntary temperature checks and facemasks to protect our employees. I am incredibly proud of everyone walking the extra mile and acting responsibly to protect themselves and others.

The past year has been an eventful one for Hunkemöller in many ways. Our sustainability work became more integrated into different parts of the business, and we further developed our sustainability vision, mission and strategy with short- and long-term goals and action plans that take us to 2024.

During the year, we launched our Together Tomorrow communications strategy with a website, on-product communication and social posts. We focused on finding ways to increase our environmental impact and I am very proud of how we are moving into sourcing more sustainable materials without losing the durability of our product.

In summary, at Hunkemöller we believe that the past year has highlighted how important it is to be adaptable when the world around us and the conditions look different and to not lose the focus on the future. Our values must continue to guide us in everyday life, and our culture must continue to promote innovation.



PHILIP MOUNTFORD
CEO Hunkemöller

“IN ORDER TO ACCELERATE OUR SUSTAINABILITY WORK OUR VALUES MUST CONTINUE TO GUIDE US IN EVERYDAY LIFE, AND OUR CULTURE MUST CONTINUE TO PROMOTE INNOVATION.”

PHILIP MOUNTFORD
CHIEF EXECUTIVE OFFICER
HUNKEMÖLLER

HIGHLIGHTS

In 2020 we took many steps to ensure our social responsibility was integrated into every aspect of our business. Here are the highlights:





SUMMARY TARGETS

We've set ambitious targets and Key Performance Indicators (KPIs) for our sustainability work. Progress is regularly monitored and reviewed.

GENDER & DISCRIMINATION
Eradicate all types of discrimination, harassment and victimisation and work towards inclusivity by empowering oppressed groups, improve recruitment practices and right to development through collective projects by 2024.

Progress year end 2020
Signed the UN Women Empowerment principles and started the journey to enhance impact on gender diversity and inclusion.

Continued implementation of the UNICEF Better Business for Children Initiative leading to positive impact for working parents.

Plan year end 2024
Continue taking steps to empower women and contribute to closing the gender gap in the private sector while building business value across our supply chains.

Continue to build in the gender aspect in polices and collective projects e.g. gender pay gap in our wage management project in Myanmar.

FORCED LABOUR
Enforce zero-tolerance policy towards forced labour in supply chain by strengthening and cascading policy, improving recruitment practices and support multi-stakeholder initiatives by 2024. No forced labour found in direct manufacturing at subcontractors or at known sub suppliers.

Progress year end 2020
In 2020 we further mapped our supply chain and investigated sourcing patterns and recruitment practices. In addition we have shared a position paper with all our suppliers and monitored outcome.

Plan year end 2024
Further roll out our zero-tolerance policy by gaining more insight into supply chain, train supplier where

necessary and improve sourcing where possible.

CHILD LABOUR
Enforce zero-tolerance policy towards child labor by strengthening and cascading policy, empowering working parents, improving recruitment practices, improve wages and wage management and support and partake in multi-stakeholder by 2024.

Progress year end 2020
No children found in direct manufacturing, at subcontractor or at known sub-suppliers.

In 2020 we continued to implement the UNICEF Better Business for Children initiative in Bangladesh. Together with UNICEF and additional brands we also started building a similar programme for Turkey.

Plan year end 2024
Further roll out our zero-tolerance policy by gaining more insight into supply chain, train supplier where necessary and continue implementing the UNICEF Better Business for Children initiative (or similar initiative) in additional factories.

Tackling root causes of child labour e.g. wages and recruitment practices.

HEALTH & SAFETY
To prevent fatal accidents, improve factory health and safety in our supply chain by supporting implementation of corrective actions, offering training and guidelines and improve factory grievance mechanism by 2024. No fatal accidents in direct manufacturing, at subcontractor or known sub-suppliers.

Progress year end 2020
We have zero tolerance for major health and safety issues and ensure

our policy by working in close collaboration with suppliers to improve findings and provide direct support when necessary.

Throughout the pandemic we provided support via virtual factory visits.

Plan year end 2024
Increase unannounced inspections and direct support to factories. Start project implementation to improve health and safety in lower tiers e.g. linked to handling of chemicals and fumes.

LIVING WAGES
Collaborate with other industry peers to improve the production wages with 50% (based on wage level of 2018) before 2024 to increase living wages.

Progress year end 2020
From 2019 to 2020 average lowest wages increased by +3,97%. We monitor wages yearly against different

living wage standards and participate in living wage working groups to find a collective approach to raise wages. In 2020 we also started a collaboration with Solidaridad resulting in a Living Wage Project to be implemented in Myanmar to start in 2021.

Plan year end 2024
Implement a project in Myanmar supported by Solidaridad with the aim to improve wage management systems and roll-out learnings in additional production countries.

FREEDOM OF ASSOCIATION
Enable freedom of association and collective bargaining in our supply chain by engaging with factories and local unions, offer trainings and leverage impact through multi-stakeholder initiative, by 2024.

Progress year end 2020
Engaged with suppliers to improve social dialogue, internal grievance system and grievance handling.

Plan year end 2024
Continue engaging with suppliers and local unions to enable improved social dialogue and increase factory

collective bargaining agreements. Offer training to suppliers and workers on grievance and grievance handling.

RAW MATERIAL
By 2024, source 35% of products with more sustainable materials (including sourcing 100% of our cotton as more sustainable), in compliance with recognised sustainability standards.

Progress year end 2020
In 2020 we sourced 10% of our products (13% in terms of total weight) with more sustainable materials (recycled polyester, recycled nylon, Better Cotton and EcoVero).

Plan year end 2024
Maintain 100% sustainable cotton sourcing. Increase intake of recycled materials and sustainable viscos. Increase use of sustainable production practices (dyeing with limited water, digital printing etc.)

ANIMAL WELFARE
Only source animal-derived material in compliance with the Hunkemöller Animal Welfare policy to prevent negative impact on animals, by 2024.

Progress year end 2020
We have restricted the use of all animal-derived material except silk and in 2020 all our products were compliant with our Animal Welfare Policy.

Plan year end 2024
Restrict the use of non-vegan dyes and glues.

CHEMICALS
In 2021, set up a new chemical management programme including a new RSL, MRSL and pre- & post- production testing to limit hazardous chemicals in our products.

Progress year end 2020
No hazardous chemicals found in products or during production.

Started the set-up of a new internal and external chemical management system.

Plan year end 2024
Continue improving internal and external chemical management and scale up risk-based due diligence testing.

WATER
By 2024 carry out cleaner production assessments in 30% of vertical production units and support factories to implement improvements to reduce risk associated with the use of water for dyeing.

Progress year end 2020
Gained more knowledge about water used in the dyeing and finishing of our products, and visited one facility in Bangladesh to carry out an assessment of their water-related practices.

Plan year end 2024
In 2021 we will join the Sustainable Apparel Coalition to better monitor the environmental compliance of our suppliers and the environmental footprint of our products.

Start conducting a cleaner production assessment in Bangladesh which will be supported by Solidaridad.

ENERGY
By 2024, reach 50% renewable energy in owned or operated facilities to encourage broader adoption of renewable energy as part of an effort to control absolute emissions.

Progress year end 2020
Calculated our carbon footprint and evaluated opportunities to increase share of renewable energy. The new distribution center will be fully run on solar energy.

Plan year end 2024
Increase sourcing of renewable energy.

PACKAGING
Phase out 75% of virgin plastic used for packaging and in our retail operations by 2024.

Progress year end 2020
Phased out all plastic shoppers from stores, started sourcing recycled polybags.

Plan year end 2024
Continue reducing plastic use and when reducing is not possible phase out virgin plastic and only source plastic that is recycled and recyclable.

TRANSPORTATION
Reduce the amount of air freight from production to stores (in a normal year) to below 5% by 2024.

Progress year end 2020
In 2020, air freight increased from 10% to 11% due to unforeseen events. Started a pilot on rail transportation.

Plan year end 2024
Continue phasing out air freight and investigate further opportunity for rail transportation.

WASTE
By 2024 have 100% stores operating a recycling programme to donate (resell, recycling) all store write-offs.

Progress year end 2020
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.

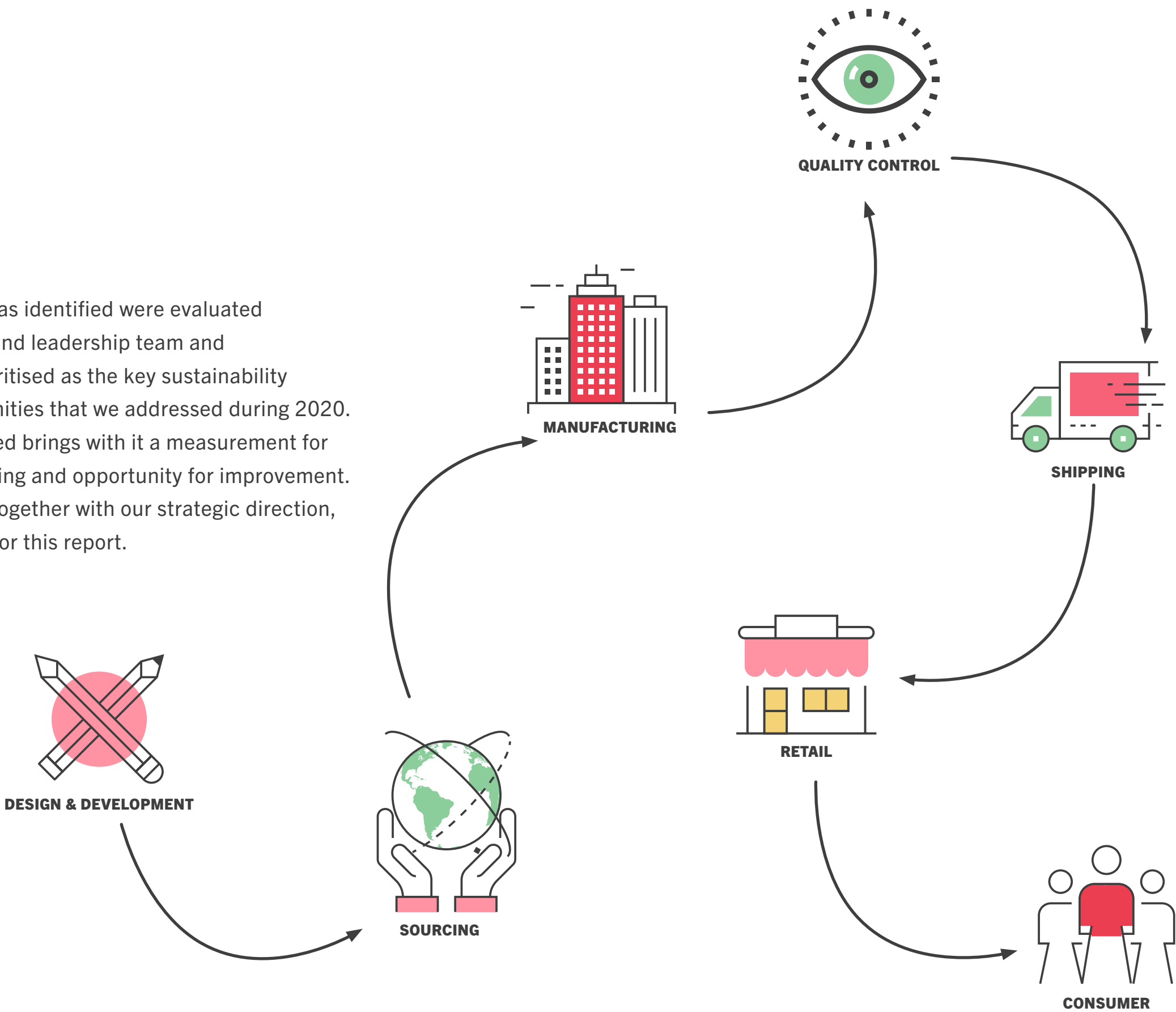
Plan year end 2024
Continue adding countries and stores to the recycling programme.

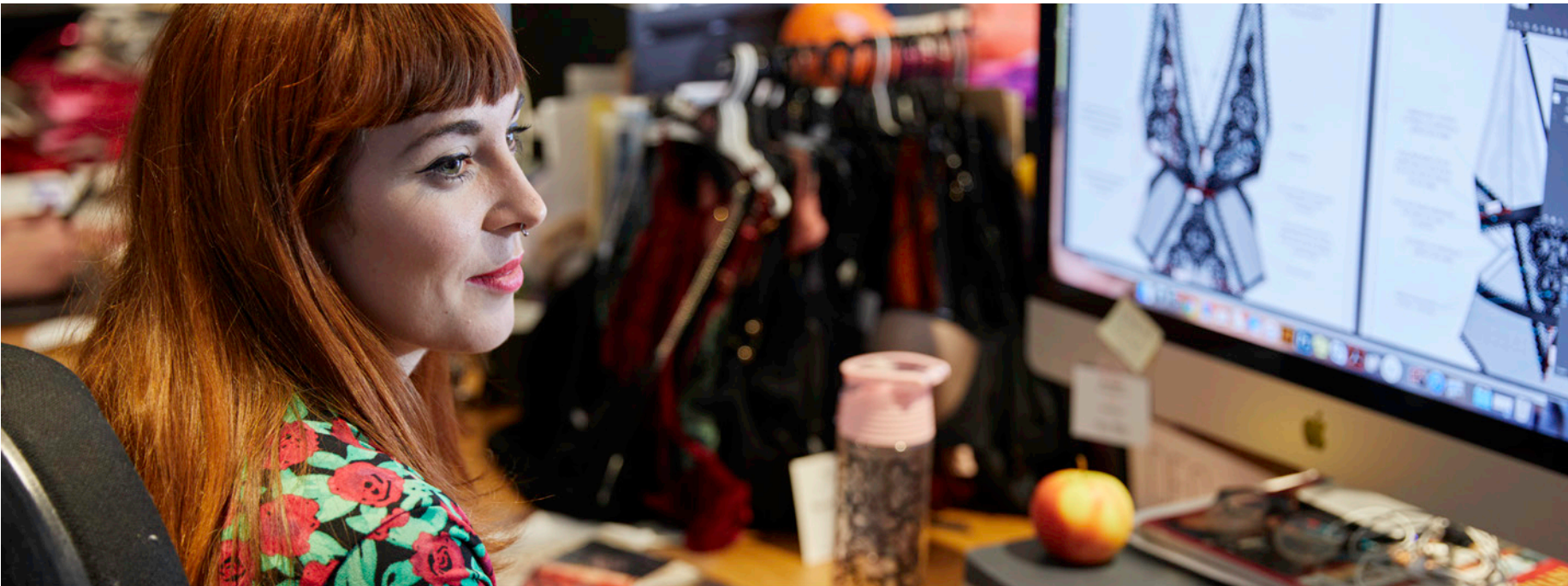


VALUE CHAIN-DRIVEN PRIORITIES

To decide what area's of sustainability to focus on, we looked at the potential risks in our value- and supply chains. An end-to-end view of the value chain is important because although most environmental and social impacts and opportunities happen within our influence, they're outside 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 2020. 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.





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 target 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. A garment’s sustainability and durability factor are both parameters that are integrated into the process when the idea is born. A large part of our designers’ inspirations come from the surrounding environment, which makes sustainability a natural part of the process. Sustainable design enables sustainable development.

From creating sub-brands to designer collaborations and 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 integral to make considered decisions from the very beginning of the design process.

By maintaining full control of the entire design process, we continually develop new colours, prints, shapes and design details, all of which re seasonally relevant, while maintaining our brand’s unique handwriting.

We want to choose the right materials, trims and designs for optimal use in terms of longevity, adaptability and material cyclability.

SOURCING

We outsource the manufacture of our products to carefully selected third-party manufacturers, and we focus on delivering quality, value and consistency.

In the year ended 31 January 2020, we sourced the majority of our products (approximately 96%) in Asia, with around 59% 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, ethical and environmental 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. Hunkemöller orders are never placed at unauthorised suppliers and factories. This is prohibited.

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 46 suppliers in the year ended 31 January 2020. Our top ten suppliers represented approximately 80% of our total buying requirements in the year ended 31 January 2020. Our top supplier accounted for 23% 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.

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, provide 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.

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 a space for a new distribution centre to replace our existing facilities in Hilversum and Almere, which 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. In addition we have plans to open local hubs to limit extra transportation of returns for Ecom orders. 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 to load their trucks efficiently. 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 final deliveries to customers, we use, among 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 2020, the average in-store availability of our core products reached 95%. Planning also affords clear visibility and a disposal strategy for old stock from each country and for both stores and e-commerce channels. To clear previous season stock, we sell old stock through designer outlet centres, hybrid stores and factory outlet clearance events. 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 designer outlet centre store for every 25 regular stores. In the future, we intend to use the data gained from our own stores, online and it’s data-driven 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.

“SINCE WE MANUFACTURE MOST OF OUR PRODUCTS IN ASIA, TRANSPORTATION AND HOW WE WORK WITH TRANSPORTATION IS KEY IN REDUCING OUR GLOBAL CLIMATE FOOTPRINT. WE STRIVE TO USE DIRECT SEA TRANSPORT TO THE PORT OF ROTTERDAM TO ENSURE THE LOWEST POSSIBLE ENVIRONMENTAL IMPACT”.

NICK BAILEY GLOBAL
MERCHANDISING, PLANNING & DISTRIBUTION DIRECTOR

hunkemöller

hunkemöller

hunkemöller

HUNKEMOLLER INTERNATIONAL BV HILVERSUM-NL
DC CODE : DC7300/0250/WAG/FT
ORDER : 6210071575
ARTICLE : 162681
SIZE : 70B
PRESENTATION DATE : 29/12/2019
CONSOLIDATION NO : 206D
PORT OF DESTINATION : ROTTERDAM
CARTON MEASUREMENT : 60 X 30 X 40 CM
NETT WEIGHT : 1.70 KG
GROSS WEIGHT : 3.30 KG
CARTON NO : 2 / 17

HUNKEMOLLER INTERNATIONAL BV HILVERSUM-NL
DC CODE : DC7300/0250/WAG/FT
ORDER : 6210071575
ARTICLE : 162681
SIZE : 85D
PRESENTATION DATE : 29/12/2019
CONSOLIDATION NO : 206D
PORT OF DESTINATION : ROTTERDAM
CARTON MEASUREMENT : 60 X 30 X 40 CM
NETT WEIGHT : 3.60 KG
GROSS WEIGHT : 5.20 KG
CARTON NO : 12 / 17

HUNKEMOLLER INTERNATIONAL BV
DC CODE : 7300/0250/WAG/FT
ORDER : 6210071575
ARTICLE : 162681
SIZE : 70B 80B
COLOUR : CAVIAR
QUANTITY : 14 PK
CARTON NO : 13 / 17

HUNKEMOLLER INTERNATIONAL
DC CODE : 7300/0250/WAG/FT
ORDER : 6210071575
ARTICLE : 162681
SIZE : 75P
COLOUR : CAVIAR
QUANTITY : 15 PK
CARTON NO : 10 / 17

Hunkemöller international BV Hilversum-NL
DC Code: DC 7300/0250/WAG/FT
Order No.: 6210071363

Hunkemöller international BV
DC: 7300/0250/WAG/FT
Order No.: 6210071363

BUSINESS SUMMARY

We are the leading women’s lingerie brand 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 intimate 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, last but not least, the Hunkemöller online stores.

TO REACH OUR TARGET CUSTOMERS

We use a multi-channel 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 experience, 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 through leading by example to show inclusion and diversity as well as working for more sustainable consumption. Our service should exceed our customers’ 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.





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

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 fullest. She’s health-conscious and enjoys her social life, but equally values her ‘me time’. She’s Generation Z or Millennial and is never far from her smartphone. 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 the main way for her to stay updated.

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

TOGETHER TOMORROW

In 2020 we launched Together Tomorrow, the concept that communicates our sustainability activities. Together Tomorrow is the name we created to unite our activities that look after our planet and its people. From the sustainability of our products to initiatives in our supply chain to educating our customers and employees via our different communications channels.

Our concept aims to encourage and guide our colleagues and customers to make decisions with a positive impact. With our strong commitment through Together Tomorrow, we want to create a joint force to achieve real and lasting change.



OUR PEOPLE

We believe that attracting and retaining the best people is crucial to building 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. Training is essential to create consistent service, 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.

Diversity and inclusion have never been more important to our brand. We value and embrace diversity and inclusiveness amongst our people. For us, this means being open-minded to all opinions and thoughts, while aiming to prevent biased behaviour.





“EVERYONE HAS THE RIGHT TO BE EQUALLY TREATED, THE RIGHT TO GOOD WORKING CONDITIONS AND TO REALISE THEIR FULL POTENTIAL. GETTING CERTIFIED AS TOP EMPLOYER OF THE NETHERLANDS (FOR THE THIRD TIME IN A ROW) AND GERMANY IS A GREAT ACKNOWLEDGEMENT OF THE EFFORT WE HAVE INVESTED IN MAKING HUNKEMÖLLER A GREAT PLACE TO WORK. WE WANT TO KEEP IMPROVING OUR PRACTICES AND BECOME EVEN MORE ATTRACTIVE AS AN EMPLOYER BY PREVENTING BIAS AND CONTINUING TO DEVELOP OUR EMPLOYEES AND LEADERS.”

KARLIJN HENDRIKS
DIRECTOR OF GLOBAL HR



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 the 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





VISION
Through a value-based approach Hunkemöller wants to create a sustainable foundation for our business and empower employees and stakeholders to make active and conscious decisions. We strive to be responsible and inclusive by enabling fair working conditions and act in an environmentally sound manner to promote a more sustainable world for today and future generations.

MISSION
We want to actively contribute to a more sustainable world and promote a sustainable lifestyle today and for future generations.

**1 WE SECURE
FAIR WORKING CONDITIONS**
Employees throughout our value-chain must feel safe, healthy, equally treated and developed and stimulated in an environment where diversity and equality prevail.

**2 WE ACT
ENVIRONMENTALLY CONSCIOUS**
Creating the best conditions for the future by using resources efficiently, challenge limits and make a positive contribution to helping fight climate change and improving biodiversity.

**3 WE EMPOWER
PEOPLE**
Our creativity constantly challenges the limits of thought and we stimulate people to develop new societal and environmental solutions in global collaboration.

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 directors 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. Key departments such as buying, technical, marketing and operations are responsible for carrying out the strategy, which is set by the CSR Manager.





**WORD CSR MANAGER
REBECKA SANCHO**

The world is changing. In many ways the world is improving as opportunities are created for more people as global poverty decreases, life expectancy increases and renewable energy becomes more affordable. But there are also challenges, and the need to drive development and create growth within the limits of the earth is greater than ever. At Hunkemöller we need to understand the world around us to stay ahead and remain competitive.

The COVID-19 pandemic has influenced us all in many ways, and it should not be about returning to the ways of the past – inequality, greed, depletion, extraction. We have been given the opportunity to make changes that matter and maximize the lifespan and availability of resources. 2020 was a year of change with increased focus on supplier relationship, renewed focus on transparency, health and safety and necessary technological changes. Our attention centred on health and safety and we adapted our control and support measures by creating guidelines, scaling up supplier dialogue and starting with virtual factory visits.

The climate emergency continued to engage people and interest has grown among consumers who want to live more sustainably. Sustainability issues are complex and today’s major challenges place demands on companies. Much of the sustainability work during the year has been about mapping our environmental impact to set goals, frameworks, and strategies to reduce our footprint. To create change, we work actively to find new ways of reducing; when reducing is not possible, we think out of the box and switch to reusing or recycling where possible. Considering recycling, there is one very important incentive from a purchasing perspective.

When we choose recycled or recyclable materials and components, the cost reduces over time because we can avoid some of the more significant price increases for raw materials. We will continue to keep our eyes open for more sustainable and new innovative materials, production processes and circularity. We want to do even more. For us, sustainability is not just about the responsibility towards our most important stakeholders but also about the continued integration of sustainability into everything we do and into all aspects of our business. It is one of the keys to achieving our vision of being the obvious choice for customers - develop products that are manufactured in an innovative and environmentally friendly way, products that last.

Looking ahead in 2021, we’ll continue fine-tuning ways of working and further implement our strategy. We want to contribute to more impact for workers in factories by upscaling larger project implementations such as a wage management project in Myanmar, improve wet processing in Bangladesh and broaden the implementation of the UNICEF Better Business for Children programme. We have the passion and commitment to act and we won’t stop until we create real impact for a better tomorrow.

SUSTAINABILITY STRATEGY

Our first Sustainability Strategy was introduced in 2015. 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. 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.

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

- 1. The workplace
- 2. Environment
- 3. Community

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.


ASPIRATIONAL GOAL 1
WORKPLACE


Improve workplace health, safety, equality and development. Ensure fair working conditions for 65,000 workers by 2024.

Commitments

- 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

 **GOAL 5**
GENDER EQUALITY

 **GOAL 8**
DECENT WORK
& ECONOMIC GROWTH


 **GOAL 10**
REDUCED INEQUALITIES


ASPIRATIONAL GOAL 2
ENVIRONMENT

Reduce our environmental impact of direct and indirect operations by 20% by 2024.

Commitments

- Reduce the environmental impact of our direct and indirect operations
- Design sustainable products and collections

 **GOAL 6**
CLEAN WATER AND SANITATION


 **GOAL 13**
CLIMATE ACTION


ASPIRATIONAL GOAL 3
COMMUNITY

Empower customers and employees to live a more healthy, active, animal-friendly and sustainable life by 2024.

Commitments

- 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 3**
GOOD HEALTH AND WELL-BEING

 **GOAL 12**
RESPONSIBLE PRODUCTION & CONSUMPTION

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 energy and chemical waste. We’re determined to find more sustainable processes and excel in our mission year after year. On the next page, we’ve highlighted eight goals from the SDGs that resonated with us, and where we think we can make a major impact. 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.



GOAL 3
GOOD HEALTH
AND WELL-BEING

Ensuring everyone can live a healthy life Ensuring everyone can live a healthy life and improve their 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 employees (Pg. 88), healthy lunch options, setting requirements and ensuring healthy working conditions in the supply chain (Pg. 66)



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
Signatories of the UN Women Empowerment Principles. Improving diversity and equality internally and in our supply chain (Pg. 81). From a marketing perspective, supporting diversity and inclusion messaging across communications.



GOAL 6
CLEAN WATER
AND
SANITATION

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

Examples of our contribution
Choosing more sustainable processes and limiting chemicals in the production of our garments (Pg. 88), WASH improvement in Bangladesh through Unicef’s Better Business for Children programme (Pg. 66)



GOAL 8
DECENT WORK
& ECONOMIC
GROWTH

Work towards 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 the right requirements and ensuring good working conditions in our supply chain (Pg. 63) and in our own operations (Pg. 64)



GOAL 10
REDUCED
INEQUALITIES

Reduce inequalities within and between countries. Economic development can help reduce poverty for individuals and across 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. Implement living wage project in Myanmar (Pg. 67).



GOAL 12
RESPONSIBLE
PRODUCTION &
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. 104). Offer a recycling system to customers (Pg. 100)



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
Taking responsibility for the production environment (Pg. 104), and have products made using sustainable production methods (Pg. 100).



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.

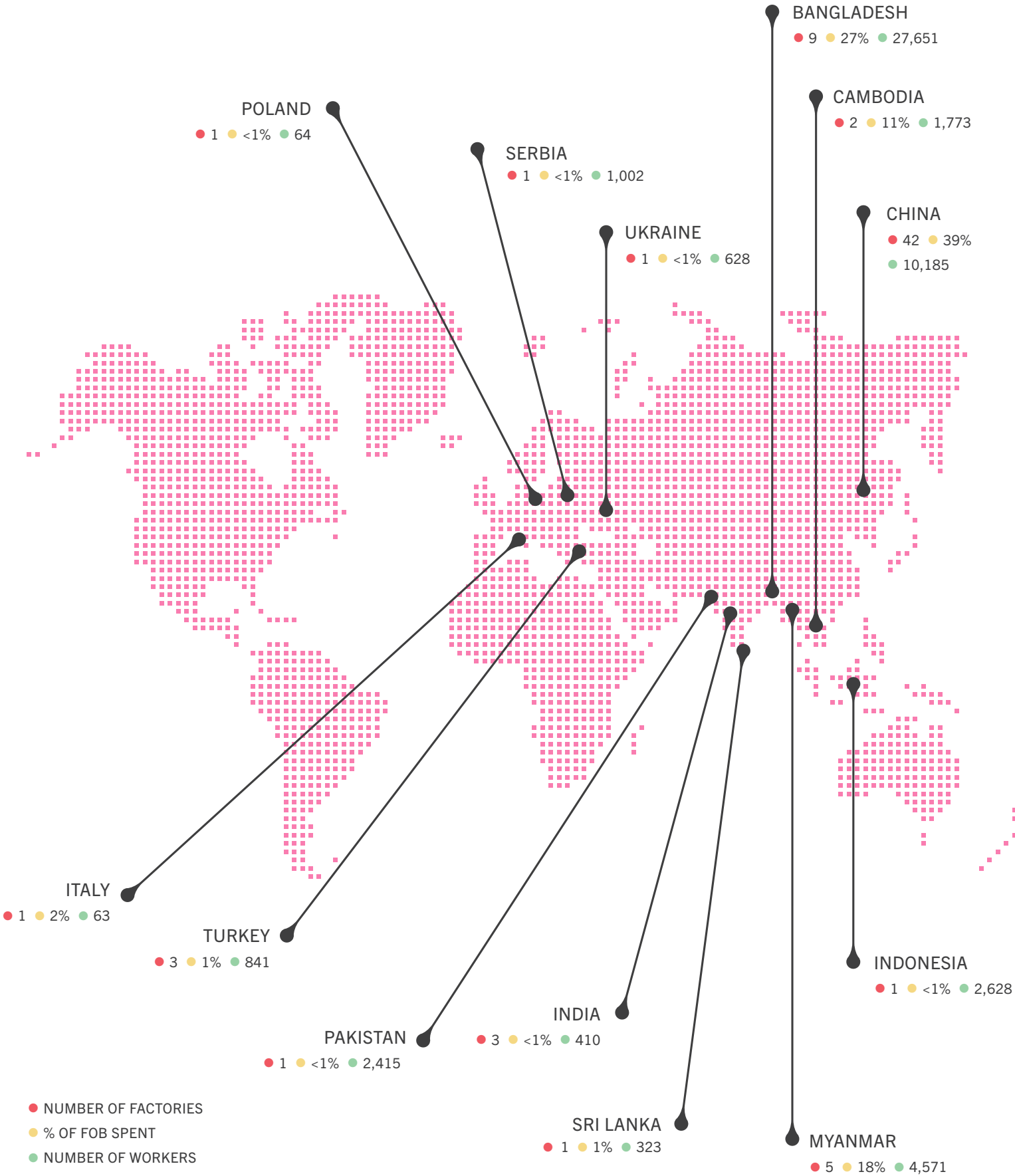
Examples of our contribution
Participating in joint collaborations such as the Bangladesh Accord (Pg. 122), Amfori (Pg. 122) and the Dutch Agreement of Sustainable Garments and Textiles (Pg.123).



COMMITMENT 1 SUPPLY CHAIN TRANSPARENCY

We are committed towards greater transparency in the manufacturing supply chain. Through our program and monitoring activities we gain greater insight year by year.

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 (amongst 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 2020, we worked with 46 suppliers and production took place in 71 factories in 13 production countries. Exact factory locations are also published in an aggregated list through the AGT.





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 2020 more than 54% 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 are not in favour of any hit-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.

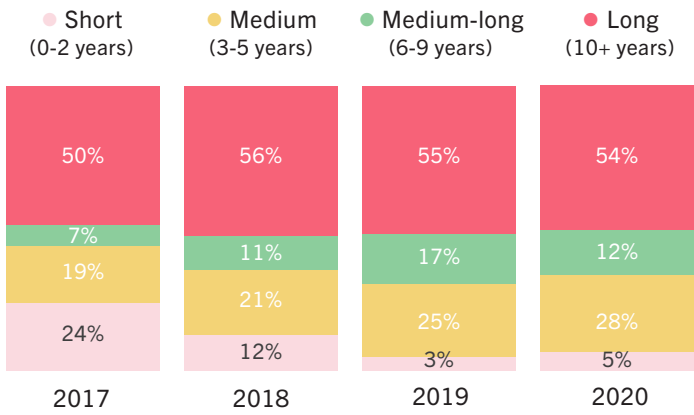
MAPPING OUR SUPPLY CHAIN

Hunkemöller is committed to gaining full visibility of our supply chain. In 2018, we started mapping our supply chain 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.

Since 2019, we have 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 incoming data. On a component level, 25,5% of our suppliers provided detailed data to us in 2019. This number has increased to 71,2% in 2020. We are proactively working on increasing this number while keeping our suppliers’ potential concerns in mind. Simultaneously we have also started exploring our tier 3 suppliers and through the Better Cotton Initiative we have some insight into our tier 4 suppliers as well.

MONEY SPENT PER SUPPLIER
RELATIONSHIP LENGTH





COMMITMENT 2 POSITIVE SOCIAL IMPACT

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Everyone is entitled to these rights, without discrimination. In a global marketplace, supply chains are becoming increasingly complex. We believe that now it is more necessary than ever for companies to improve visibility over their production and to drive improvements across their supply chains wherever possible.

SOCIAL COMPLIANCE

It is 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 is approved and accepted by Hunkemöller. All audits are further performed by internationally-accredited independent auditors.

The purpose of recognising standards equivalent to the already accepted BSCI is to reduce the cost of certification (from suppliers perspective), to decrease audit fatigue and to 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 towards continuous and sustainable improvements is both serious and credible. Equivalent standards must be stronger or equal to the requirements of the already recognised standards. We envisage that all business partners share these

values and principles and, when relevant, are monitored against a social standard or certification which also shares the same 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 months. Our aim is to partner with the right suppliers, independently from the country they are located in.

A 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, a fully announced audit is carried out to build mutual trust.

CONSEQUENCES COVID-19 IN SUPPLY CHAIN

The COVID-19 pandemic has significantly disrupted supply chains on a global level. Our main focus has been to secure the health and safety of the workers. We believe we have taken our responsibility seriously to ensure the welfare of our employees, our customers as well as our suppliers and their workers.

To react to the new situation, we had to scale-up dialogue and work closely with our suppliers, supporting them to take the correct responsive and preventative measures. This included providing suppliers with guidelines on preventative measures, how to stay updated and who to contact, establishing a direct connection to our CSR team as well as keeping our buying commitments.

We acted and reacted with long-term thinking in mind, to ensure our collaborations can continue post Covid-19. We worked with our suppliers on an individual and personal basis as each relationship is

unique and required its own approach to achieve mutually agreeable solutions.

Due to lockdowns, we have been unable to carry out onsite visits, and much of this work has instead been managed via virtual assessments and pictorial evidence. So far, no incidents relating to workers have been reported from our suppliers, but we will probably feel the consequences of the COVID-19 pandemic for a long time to come.

COMPLIANCE SCORES

In 2020 all approved factories located in a risk country were in a valid audit cycle. Hunkemöller accepted social compliance audits under the following audit schemes: BSCI, Sedex (SMETA), SA8000 and WRAP.

To ensure equal scoring criteria independently of where the manufacturing location is situated, what products they are making or under which audit system they are assessed under, Hunkemöller uses an internal scorecard which we developed in 2017. Each manufacturing location is scored on

five levels ranging from A to E, where A is best in-class and E equals locations with major findings requiring immediate action. The scorecard includes in-depth information per location with regards to 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, contact person and, if possible, a root cause analysis. Hunkemöller offers support to all manufacturing locations to develop the action plan and, if necessary, to correct the audit findings.

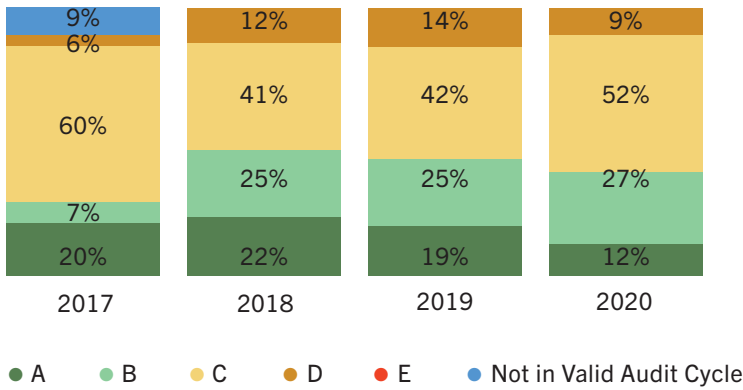
Depending on the seriousness of the findings, immediate action can also be required. For factories that scored a C or below, a follow-up audit ensues within a 12-month period, to ensure actions have been followed through and improvements have been made. In cases where something is found, there is a Zero Tolerance Policy and

immediate action will be taken. BSCI Zero Tolerance protocol (or equal) will be followed.

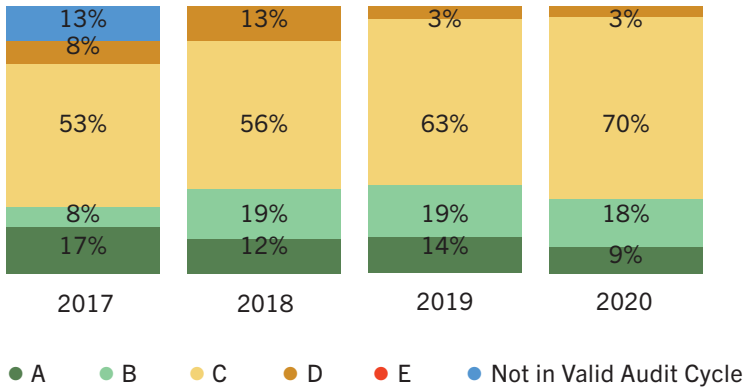
The table to the right shows distribution of audit results in terms of purchase value and the amount of factories. In 2019 we spent 39% of purchase value in best-in-class factories. These are manufacturing locations which fully or almost fully live up to local laws and standards set by the different audit systems. We spent 91% of purchase value in factories that scored C or higher in FY2020. In addition, 97% of our factories scored C or higher in FY2020.

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. We've also offered training on several different human rights topics and taken part in multi-stakeholder initiatives and projects.

COMPLIANCE IN % OF PURCHASE VALUE



COMPLIANCE IN % OF AMOUNT OF FACTORIES





UNICEF’S BETTER BUSINESS FOR CHILDREN PROGRAMME

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 have implemented a children’s rights programme. In 2020 we added an additional factory to the implementation and plan to roll out the programme in more factories in 2021.

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 guides 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 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

FORCED LABOUR

All types of forced labour are strictly prohibited in our supply chain, regardless of the country or region. As per our Ethical Code of Conduct, forced labour is a zero-tolerance issue. Any confirmed instances of forced labour in our supply chain requires immediate action and as an ultimate consequence may result in termination of the business relationship.

To ensure compliance with our standards, we monitor production locations through third party audits, via direct visits from the Hunkemöller team and through specific project and initiatives. In addition, we engage in industry conversations on traceability and verification tools and approaches to ensure that our supply chain has no exposure to Forced Labour . In case of non-compliance, we will follow a set remediation approach including short- and long-term actions.

In 2020 we shared our position with all suppliers and monitored recruitment and sourcing practices per supplier. We commit to not knowingly source cotton or any other material for the manufacturing of any of our Products. Until the elimination of this practice is independently verified, we’ll maintain this ban.

FAIR REMUNERATION

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

In 2020, 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 2020 the average lowest pre-wage benefits and overtime was compensated at a rate of €208.94 per month (€201.44 in 2019). In all factories, workers are also paid overtime at a premium and receive wage benefits such as free food, free transportation, free or discounted accommodation, free healthcare, bonuses and more.

From 2017 to 2020 the average wage increases on a country level accounted for 29,7% (3,97% between 2019 and 2020). To find a collective scalable approach we participate in networks that aim to create a shift in the industry. We carry out an annual wage study, which

examines the wage gap per factory and production country, and we’re currently exploring how to incorporate these learnings into our strategy to further improve living wages.

In 2020 we started a collaboration with Solidaridad to implement a project in Myanmar with the aim to improve wage management systems and wages.

WORKING HOURS

Overtime that exceeds the limits set out in our Ethical Code of Conduct 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.

GENDER

Women are an important part of Hunkemöller’s DNA and in 2020, we spent 70% of our total purchase value in factories where at least 70% of the workforce is female. At the moment 3% of our production locations operate a 100% female-led factory.

When looking at factory management, we have mostly worked with factories where women make up 26-74% of factory management. We have spent 10% of our FOB in factories where women make up at least 10% of factory management.

In 2020 we continued our focus on rights for mothers such as maternity and breastfeeding rights. We are working to ensure an effective implementation of maternity support policy in factories in Bangladesh. The plan 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.

THE 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 2020, factories under the Accord producing for Hunkemöller have an average correction rate of 95% in terms of the correction of initial findings. In the coming years Hunkemöller will continue its commitment to a safe working situation in Bangladesh and other production countries.

WOMEN ARE CENTRAL FOR US
DUE TO THE PRODUCTS
WE ARE MAKING AND
THE PEOPLE BEHIND THE BRAND.
INCLUSIVITY IS ON OF OUR CORE
BRAND VALUES AND WE WILL
CONTINUE TO INCLUDE AND CREATE
IMPACT FOR THE MOST VULNERABLE.



BEST PRACTICES IN FACTORIES
PRODUCING FOR HUNKEMÖLLER

- Free community garden
- Free food - 3 meals per day
- Free transportation
- Vacation bonus
- Donations to local community
- Charity donations
- Free health checks – doctors on site (also for family members)
- Factory with in-house phoropter
- On-site free childcare
- Free gym for workers
- Skill development trainings
- 3d technology (reduce samples)
- Tree plantation programme

BUYING PRACTICES

We have long-standing relationships with the majority of our suppliers which has enabled us to build strong partnerships that allow us to work collaboratively. The global pandemic influenced business and supply chains in an unexpected way and required increased dialogue and close collaboration with our suppliers to find the most suitable responsive measures. Our actions and reactions were all made with long-term thinking in mind, to ensure we continue to collaborate through and after the pandemic.

We work with our suppliers on an individual and personal basis. Each relationship is unique and requires its own approach to achieve mutually agreeable solutions. Throughout the pandemic we did not cancel finished goods or goods in the production process. In addition, all orders were paid as per the price and payment terms agreed in the initial contract.

Internally, we also carry out a survey to understand more about how our buying practices can influence working conditions in factories. All our suppliers can anonymously rate our buyers and our buyers also rate their own purchasing behaviour on a yearly basis. 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 work proactively to improve our buying practices. The aim is to consider the needs of our suppliers to make sure our buying practices do not conflict with our sustainability work. As a result, we’ve been able to improve planning and forecasting, and deal better with cancellations.



INTERVIEW

CHARLOTTE DAVIES GLOBAL DESIGN AND BUYING DIRECTOR

We met Hunkemöller’s Global Design & Buying Director, Charlotte Davies, to talk about the most important sustainable product developments in 2020 and the challenges and opportunities for the future.

Can you tell us about the most important sustainable product development for Hunkemöller in 2020?

Having worked on several important developments, we can truly say, for the first time, that we are a brand for consumers to keep in mind when looking for sustainable lingerie. Our sustainable “Rose” lace, developed by the team in collaboration with our lace supplier, was our first big launch under Together Tomorrow and a true success.

Another development I’m proud of is the growth of our wire-free range and and the fact that, in less than one year, we have been able to source 10% of our products with more sustainable materials.

What is Hunkemöller’s long-term product strategy?

Our goal is to continue to launch quality garments with a modern design and increase our offer of innovative and sustainable items for our customers. It is important for us that our garments are durable, and we will not trade the durability of our products for components that on paper are sustainable as in the end the most durable garment is the most sustainable garment. In addition to sustainability, circularity and innovation are focus areas for Hunkemöller. We want to continue to innovate to stay relevant and challenge ourselves to develop. New materials will lift our garments to a new level in terms of comfort and durability and we want to keep a product’s life cycle in mind at the design phase.

What does it mean when you say that Hunkemöller products are manufactured in a sustainable way?

The design is the starting point for a garment’s entire life cycle. Therefore, sustainability is an element that needs to be a natural part of every step of the design process. We provide yearly training for our product teams about sustainable materials, sustainable production practices and circular design, and keep strict checks on what we communicate as sustainable. In 2021 we also aim to start to calculate to footprint of our garments to make better decisions throughout the manufacturing process.

Finally, what are you most proud of in terms of your sustainable product range?

Never before have we had such a focus on sustainability as today. The development of technologies and materials is advancing by leaps and bounds to satisfy an increasingly environmentally conscious society.



“NEVER BEFORE HAVE WE HAD SUCH A FOCUS ON SUSTAINABILITY AS TODAY. THE DEVELOPMENT OF TECHNOLOGIES AND MATERIALS IS ADVANCING BY LEAPS AND BOUNDS TO SATISFY AN INCREASINGLY ENVIRONMENTALLY CONSCIOUS SOCIETY.”

CHARLOTTE DAVIES
GLOBAL DESIGN AND
BUYING DIRECTOR



CAPACITY BUILDING

Factories producing for Hunkemöller are recommended to join BSCI workshops. In 2020, eight representatives attended amfori BSCI trainings from five of our factories on the following topics:

- Getting started with amfori BSCI
- Ethical business behaviour
- Introduction to social management systems
- Introduction to amfori BEPI
- Building safety and fire safety

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 effective implementation, the grievance procedure is reviewed annually. In 2020 we received one (we also had an additional grievance from 2019) grievance through our stakeholder engagements:

GRIEVANCES

HEALTH & SAFETY

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 (Bangladesh Accord).

UNION BUSTING

Termination of workers related to the union.
(Federation of Garment Workers Myanmar (FGWM)).

STATUS

Grievance from 2019. 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. End 2020 the grievance was fully closed off after an additional follow up inspection.

After meetings with the supplier and union due to repeated breaches of our policies and Code of Conduct and management disregarding the attempts to discuss the situation, our supplier decided to stop production in the factory (a subcontractor).

The CSR team also reached out to other brands sourcing from the factory and the union to discuss possible support to resolve the situation.



COMMITMENT 3 DIVERSITY AND EQUALITY

Diversity, inclusion and equality have never been more important to our brand. For us, diversity means that all employees have equal value and the same opportunities and rights regardless of ethnic origin, gender, age, creed, sexual orientation, trans- gender identity or functional impairment.

DIVERSITY AND EQUALITY

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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’. Our commitment also recognises that diversity represents what our team and marketing looks like and inclusivity represents how everyone is actually included.

Our goal is to create an inclusive and non-discriminatory organisation. Through our Diversity and Inclusion board and working group we continually strive to design the

employee duties and the work organisation so that all our employees, regardless of background, can participate in the company on equal terms. If a case of discrimination occurs, we thoroughly investigate this to identify suitable solutions. We have a whistle-blower function that our employees can turn to if power is abused or if discrimination or unethical behaviour is detected. This function has also been promoted to emphasise the seriousness with which we take these issues.

For Hunkemöller 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 in 2020, at our HQ in the Netherlands 31 different nationalities (5 more than in 2019!) work together every day in an inclusive and respectful culture. Differences in belief, origin, and personal experience allows us to connect better with our customers, colleagues and the world.

HQ NL

| Country | Employees | Country | Employees |
|----------|-----------|--------------|-----------|
| Aruba | 2 | Germany | 13 |
| Mexico | 3 | Australia | 1 |
| Greece | 1 | Netherlands | 234 |
| Austria | 1 | Hungary | 3 |
| Poland | 1 | Belgium | 3 |
| India | 6 | Portugal | 1 |
| Bulgaria | 1 | Indonesia | 1 |
| Russia | 3 | Burundi | 1 |
| Iraq | 1 | South Africa | 3 |
| China | 2 | Ireland | 3 |
| Spain | 5 | Croatia | 1 |
| Israel | 1 | Sweden | 2 |
| Denmark | 1 | Italy | 5 |
| Taiwan | 1 | France | 3 |
| Malaysia | 1 | UK | 25 |
| Vietnam | 3 | | |

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% |

UN WOMEN’S EMPOWERMENT PRINCIPLES ACTIVATOR

Through amfori and UN Women, and together with 15 leading companies from across Europe we started a journey to enhance our impact on gender diversity and inclusion.

The Women’s Empowerment Principles (WEPs) are a set of principles offering guidance to businesses on how to promote gender equality and women’s empowerment in the workplace, marketplace and community. The 10-month programme helps us to take concrete steps to empower women, contributing to closing the gender gap and, at the same time, build business value across our supply chains.

As an outcome we are now a proud signatory of the UN Women Empowerment Principles!



“THE WEPS ACTIVATOR
WILL ACCELERATE
DEVELOPMENT TO FURTHER
ENSURE EMPLOYEES
THROUGHOUT OUR
VALUE CHAIN ARE SAFE,
HEALTHY, EQUALLY TREATED
AND DEVELOPED, AND
STIMULATED IN AN
ENVIRONMENT WHERE
DIVERSITY AND
EQUALITY PREVAIL.

PHILIP MOUNTFORD
CEO
HUNKEMÖLLER



COMMITMENT 4 WORKFORCE WELL-BEING

To achieve real change, we need to create a movement for sustainable growth within Hunkemöller. We're constantly finding new ways to engage our people in 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 directly to our staff. In 2017, we launched Workday, an innovative global HR system which became the hub for all our people, data and processes.

Hunkemöller also has three work councils – in the Netherlands, Belgium and 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
Meets with the Director of HR to discuss topics such as working conditions, illness and policies regarding elderly staff.

Financial
Meets with the CFO three times a year. This committee has access to all Hunkemöller's financial numbers, and reviews these 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 AND HAPPY
At Hunkemöller, a special committee was established 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 implemented in our Hilversum headquarters:**
- Weekly fresh fruit baskets around the office
 - Various initiatives undertaken by the Fun, Vital & Happy committee: nutrition workshops, deep relaxation sessions, stress management workshop, mindfulness, etc.
 - Various sporting events: boot camp, yoga sessions, dance classes, women’s self-defence workshop
 - Provision of a stop-smoking course
 - Health checks with a coach
 - Healthy lifestyle workshop

In addition we have hired a Employability Advisor to focus on employee wellbeing, health and sustainable employability.

LUNCH
Our restaurant offers a wide diversity of food choices and a variety of international dishes. In 2020 vegetables play the leading role on the plate and we participated in a ‘meet-free week’.

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 about sustainability topics such as human rights, sustainable materials, chemical testing, circular design and more.





COMMITMENT 5

REDUCE ENVIRONMENTAL

IMPACT

CARBON FOOTPRINT

We’re committed to growing our business while reducing our carbon emissions at the same time. In 2020 we commissioned green solutions company Fokus Zukunft to calculate the carbon footprint for our HQ and five stores located in the Netherlands. 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 and distribution centre emitted 2,879 tons of CO2 equivalents in 2020, which also translates to 8.2 tons of CO2 equivalents per employee working at the HQ/distribution centre.

The clothing industry is one of the most polluting industries in the world. We are part of this problem, but we also want to be part of the solution. We’re working towards a long-term sustainable society, which benefits both people and the environment. Our work follows the laws and regulations that exist and seeks alternatives that can reduce Hunkemöller’s negative impact on the environment without compromising on quality or price.

Our environmental goals are reviewed and revised on an ongoing basis. This strategy is a natural part of the life cycle perspective and our quest to become more sustainable in everything we do.

| CLASSIFICATION | EMISSIONS BY CATEGORY | 2019 | 2020 | CHANGE |
|----------------|---|--------------|----------|---------|
| SCOPE 1 | Heat consumption | 166,63 | 176,46 | 9,83 |
| | Fuel consumption | 212,08 | 115,35 | -96,73 |
| | Gas Leakages | 0 | 0 | 0 |
| | Sum | 378,55 | 291,81 | -86,74 |
| SCOPE 2 | Electricity consumption | 471,14 | 479,75 | 8,61 |
| | District heating/cooling | 0 | 0 | 0 |
| | Sum | 471,14 | 479,75 | 8,61 |
| SCOPE 3 | Upstream energy-related emissions | 91,66 | 47,82 | -43,85 |
| | Business travel and hotel accommodation | 637,99 | 78,09 | -559,9 |
| | Employees commuting | 315,05 | 313,61 | -1,44 |
| | Wastewater/Waste accumulation | 84,24 | 86,05 | 1,8 |
| | Paper consumption & Consumables | 16,57 | 15,47 | -1,11 |
| | Hardware | Not recorded | 56,96 | 56,96 |
| | Exchange logistics by third party | 880,91 | 656,24 | -224,67 |
| | Preliminary Products (Packaging) | 619,47 | 853,56 | 234,09 |
| | Sum | 2.645,91 | 2.107,79 | -538,11 |
| TOTAL | | 3.495,60 | 2.879,35 | -616,25 |



Compared to 2019, Hunkemöller’s HQ was able to reduce its emissions by 616.25 tCO2e equivalents. This is mainly due to a significant reduction in emissions related to business travel and accommodation and exchange logistics conducted by third parties. Due to the COVID-19 pandemic, business travel was limited to indispensable trips throughout 2020. With this, the number of flights and overnight hotel stays of our staff decreased significantly. In 2020, Hunkemöller did not have to distribute its products to China, due to the closing of the stores in the country. This fact contributed to the substantial decrease in emissions related to logistics.

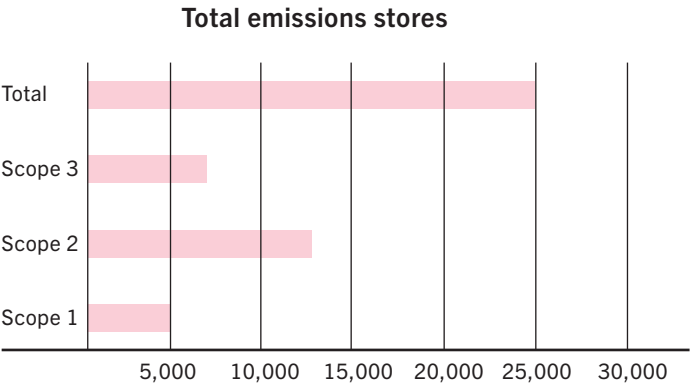
When compared to 2019, the largest increase in emissions stems from product packaging. This is explained by the increase in online orders due to the COVID-19 pandemic, which forced our brick and mortar stores to close for much of 2020.

The table demonstrates the 2019 and 2020 CO2 equivalent emissions comparison for our HQ. It is important to note that the reported 2019 numbers are updated. This is due to more accurate and revised data that was compiled after the issuance of the 2019 Sustainability Report.

We have estimated that our total emissions in 2020 was 27,929 tons of CO2 equivalent. This includes the HQ/ distribution centre emissions (2,879 tCO2e) and 886 stores across Europe (25,050 tCO2e*).

| | Emissions (tCO2e) |
|------------------------|-------------------|
| HQ/Distribution Centre | 2,879 |
| 886 Stores | 25,050 |
| Total | 27,929 |

Average emissions per m2 of the 5 stores located in the Netherlands is 0.2156 tCO2e/m2. Hunkemöller stores across Europe have a total of 116,182 m2. Therefore, it was estimated that the total emissions of the stores across Europe is 25,050 tCO2e. It is important to note that the average emissions per m2 (0.2156 tCO2e) only considers stores in The Netherlands, so country-specific emission factors and characteristics were not accounted for in the stores’ total emissions.



*Store emissions was estimated based on emissions per m2 of five stores in the Netherlands, from which the carbon footprint was measured. The average emissions per m2 of these five stores was then multiplied by the total m2 of stores across Europe.

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 offsite 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.

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 2020, we recycled 828,982kg of recycled cardboard/paper and 41 tons of plastic collected in our distribution centre in Hilversum and in our stores. We will intensify our efforts to make sure the waste we generate is reused, recycled and recovered as much as possible.

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.

Since 2014, the delivery packages customers receive are made of 100% recycled cardboard. In 2021 we will also phase out all plastic bags from stores by introducing a paper shopper and we’ll have a more sustainable version of our gift boxes.

Recycling of hangers, and the reuse or recycling of other products have always been of great importance to us. We have a cross functional working group focused on phasing out plastic; when this is not possible, better options such as recyclable recycled materials will be sourced. 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.

**EVERY SMALL STEP
MATTERS:
BY REMOVING THE
PLASTIC ON THE
INSIDE OF OUR
HOSIERY PACKAGING
(FOR STYLES 40DEN
OR THICKER) WE WERE
ABLE TO REDUCE
ALMOST 6000 KILOS
OF PLASTIC.**

CIRCULARITY - MATTRESSES MADE FROM TEXTILE WASTE

At Hunkemöller we are passionate about reducing environmental impact and supporting the people in the countries we operate. Bangladesh is one of our most important sourcing countries but also a country with many social and environmental risks that are heavily linked to climate change. Textile waste and natural disasters cause severe degradation to the ecosystem and large-scale humanitarian crises. Every year between 500,000 and 700,000 tons of textile waste are produced from the garment operations in the country. Simultaneously, millions of people are forced to flee their homes due to natural disasters. In 2018, there were more than 1.3 million internally displaced people and refugees in the country.

In 2019 we teamed up with CEMBA Circular Economy in Made in Bangladesh Apparels), a social enterprise dedicated to bring together circular economy and humanitarian response. Together with CEMBA we wanted to utilise the pre-consumption waste from our supply chain and produce circular economy mattresses to cover the needs of the most vulnerable people in Bangladesh. Two of our factories in Bangladesh, offered the pre-consumer waste from the production of our lingerie collection. The waste has been donated to CEMBA to produce mattresses for 400 families who lost their belongings during the last floods in the country. With a design based on CEMBA's prototypes, the mattresses are waterproof, comfortable and can easily be rolled up and stored.

Each mattress absorbs 4.5 kg of cotton waste from Hunkemöller's production lines. Under different circumstances this waste would have ended up in the ecosystem, polluting water sources or disposed in landfill. In previous years the mismanagement of garment waste has caused severe environmental threats such as air pollution, contamination of soil and water sources that have contributed to global warming.

We worked hard to minimise our environmental footprint in the country. In this project we optimise the use of the cotton as we save it from incineration. For every kilo of cotton we utilise, we absorb 5.5 kg CO₂ and 7 MJ energy. Likewise, by extending the lifecycle of one kilo of cotton, we embed 27,000 liters water, which is required during its life cycle.

Together with CEMBA and Creative Pathways, a local NGO, we conducted research and executed an action plan to map slum areas in and around Dhaka. Based on this, we delivered the mattresses to the most vulnerable communities. The beneficiaries have been selected based on their family status, income, and vulnerability such as elderly, pregnant women, children and disabled. The mattresses were distributed to the victims of the floods in the outskirts of Dhaka during four giveaway events, and we are monitoring the use and lifespan of the product over the coming year.



INTERVIEW

MARIA NIKOLAIDOU

FOUNDER & HEAD OF OPERATIONS AT CEMBA

We meet with the Founder of CEMBA to talk about the idea behind the initiative, the strength of the project and how to create scalable change .

How did you come up the CEMBA initiative?
I began this journey in 2013 when I was doing my PhD research in the field of circular economy and social inclusion. I was feeling overwhelmed while trying to figure out how I could apply the findings to the real world. In the same year, the world was shocked by the worst industrial accident in history – the Rana Plaza collapse in Bangladesh, which also led to an unprecedented crisis in the garment industry. It also revealed serious environmental harm in the ecosystem as a consequence of the industrial operations. This catastrophe triggered me to develop a concept, which would later become the foundation for CEMBA's business model.

Where did your idea to create mattresses from waste come from?
The idea flowed from two objectives. The first is that I wanted to design a product, which could close the loop in the garment industry. Hence, I came up with a circular mattress design, which utilises large quantities of garment waste. The second was my aim to improve the lives of displaced people. In the past years global warming has caused millions of displacements in Bangladesh. These people live in extreme poverty and the majority of them are forced to sleep on the cold ground. I believe that decent sleep is a fundamental human right. That is why I want to contribute to providing safe and decent sleep for them. For this reason, the design of the mattresses has been made with extra care to provide among others superior comfort and high hygiene standards.



How was it to see everything come together and have the first mattresses delivered?
It is such a fantastic feeling to see your idea converted into reality, let alone when this idea has a humanitarian purpose. The smiles of people and their eyes sparkling with joy when they held their new mattresses was the biggest reward for me. It is heart-warming to know that we have done something to change the everyday lives of people. When we asked the beneficiaries how they feel about this gesture, I realised that these mattresses were the most luxurious thing they had ever received, and this makes me extra proud of pursuing this project even in this unprecedented period.

What is the strength of the project?
The strength of the project is that it deals with climate change in a holistic way. On the one hand, it closes the loop in garment industry by utilising massive quantities of waste. On the other, it supports people who have seen their lives ruined because of climate change. Bangladesh is one of the countries most vulnerable to the consequences of global warming. Thousands of families were internally displaced due to natural calamities. In 2019 the floods in the country triggered just over 4 million new displacements. This project generates shared value for the ecosystem, the local communities and the garment industry.

How can the partnership with Hunkemöller create scalable change?
The partnership with Hunkemöller is an innovative endeavour, which proves that collaborations have tremendous power in transforming the traditional business models into sustainable ecosystems. We share a common vision to create a beautiful world and we have made a quantum leap in this direction this year. The last 2 months we managed to utilise 5 tonnes of cotton waste and we ensured that 400 families have decent sleep in their brand-new, waterproof mattresses. Our achievements give me hope that we will inspire more fashion brands and organisations to join this initiative. I also hope that we will empower customers around the globe to endorse our endeavours and give us strength to continue in the future.



TEXTILE RECYCLING
BRING SEXY BACK

We have made resource-efficient management an integral part of our corporate strategy and committed ourselves to take responsibility for the textile we make available. A majority of our old stock is sold or recycled in aid of Newlife, a charity for disabled children. We donate any unsold, excess or end of line items to Newlife for them to be resold or recycled. While providing support we can also reduce the environmental impact. Every cent raised is used to fund Newlife’s core care services and to change children’s lives.

With the donations in 2020, we have 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 2020 accounted for 385 cartons and 61 pallets. In addition, in 2020 we also donated 3 pallets of stock (around 240kg) to refugees in the camps in Moira, Lesbos, Greece. An additional 2 pallets of stock (around 160kg) was donated to Sympany for resell or recycling. In the coming year we aim to scale-up donations and create a wider impact through smaller local initiatives.

For 2021 we are looking into opportunities to re-start our take-back programme Bring Sexy Back. The initiative aims to find a second life for our sold products through reuse wherever possible or as materials for new products. If it is 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.

ENERGY MANAGEMENT

For management in terms of energy savings, we work towards continuous improvement. It is 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.

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 have implemented other energy-efficiency initiatives such as equipping all new stores with LED lights. Since 2014 all the lights (except special feature lights and lights above the checkout) in new and (fully) refurbished stores are LED lights with an estimated energy efficiency of 80% - 90% when compared to traditional lighting. In the coming years, we aim to switch to more green electricity contracts for our retail locations.

We are currently consolidating our energy contracts (electricity and gas) which will provide us with an opportunity to switch to greener electricity while still saving money compared to the old contracts.

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 works 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 2019 we were able to improve the filling ratio by 8% by packing 43 units per box instead of the previous 40 units and this saw a further 3% improvement in 2020 of up to 45 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 2020, 84% of our goods were transported by sea freight, 11% 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. In 2020 we also performed a test by shipping containers by train from China to our DC.



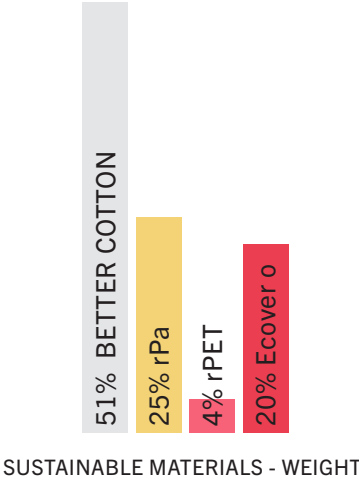
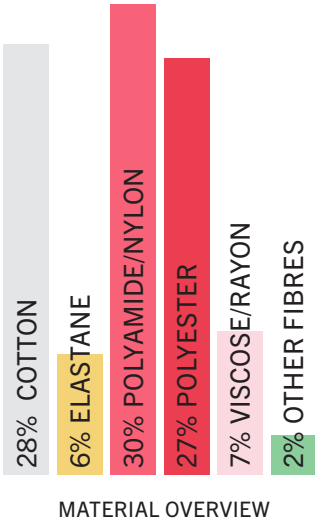
COMMITMENT 6 DESIGN SUSTAINABLE PRODUCTS & COLLECTIONS

We support the uptake of sustainable raw materials and work along other brands to help the apparel industry become circular.

RAW MATERIALS AND FIBRES

Advancing insight into the potential harmfulness of materials can indicate that a substance considered safe today may become suspect tomorrow. We do our utmost to only use raw materials that are safe for people 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.

We mainly source synthetic fibres (polyamide, polyester and elastane) but we see a growth in natural fibres (cotton and viscose) compared to previous years. Other textile fibres include: modal, silk, bamboo, rayon and polyurethane. “Other fibres” includes material like glass, wood, steel etc. 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 2020 we sourced 10% of our products from sustainable materials accounting for more than 410 tonnes of sustainable material. In terms of weight, sustainable materials accounted for 13% of total weight.



ROSE LACE

In July 2020 we launched a full range of products from underwear bralettes, bras and knickers with a lace made from recycled fibres. The lace was developed by the team and our long-term lace supplier and was used in a range of 12 different options in multiple colours. The lace had a final composition of pre-consumer recycled polyamide which exceeds 60%. An additional benefit with the products is that we were able to offer them for the same price as if we used conventional fibres. The lace is one of our most loved ranges. Our customer has fallen in love with this range and it has become part of our core programme.



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 meets the requirements of the legislation.

Restricted Substance List (RSL)

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 about all chemicals that are banned or restricted in Hunkemöller’s production processes and finished products. The purpose of our RSL is to help reduce the use of hazardous substances in the textile and apparel supply chain.

Begin 2021 we will update our RSL and introduce a new chemical management system.

Our RSL conforms to:

- 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. 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 increase the number of our products made in Oeko-Tex-certified factories.

BPA

All water bottles we sell in store or in our web shops are free from Bisphenol A (BPA) and made from safe materials and approved for food, according to the EU Directive on plastics and food packaging.



COMMITMENT 7 EMPLOYEE WELL-BEING

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

OUR ONGOING CONTRIBUTION TO THE PEOPLE WHO LIVE AND WORK WITH US

PINK RIBBON

In 2016 Hunkemöller partnered with Pink Ribbon through financial support to help their research in the treatment, aftercare and long-term effects of breast cancer. We sell customised Pink Ribbon products such as bracelets and nightgowns in our physical and online stores. The profit from 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.

ENAR

For autumn 2020 we have chosen to collaborate with Sudanese-Australian Top Model Duckie Thot. As a Black woman, Duckie is a powerful spokesperson for inclusivity, and has helped shape our brand and campaign strategy. After beginning our collaboration in July 2019, this partnership became even more pertinent as the Black Lives Matter movement gathered momentum during 2020. As a Black woman working in the fashion industry, Duckie offered a unique and valuable perspective on how we at Hunkemöller could challenge ourselves and reach even further with our inclusivity strategy – so that women of all skin-tones feel empowered to embrace their uniqueness and live their most confident lives.

In alignment with Duckie Thot we have made a donation to the organization ENAR (European Network Against Racism. The ENAR donations (made via HKM X Duckie Thot campaign) went towards causes and projects that relate directly to empowering Black women.



INTERVIEW

ALEXANDRA LEGRO GLOBAL MARKETING & COMMUNICATIONS & DIRECTOR

We met Hunkemöller’s Global Marketing & Communications Director, Alexandra Legro, to talk about the launch of Together Tomorrow, the most important communications developments, community involvement and the opportunities for the future.

In 2020 Hunkemöller launched Together Tomorrow. How is the concept used in communication?
Together Tomorrow is not only a collection of sustainable products or our sustainability vision and initiative. It is everything we do from products to local initiatives to the creation of a joint responsibility. We wanted a concept that encourages and guides our colleagues and customers to make decisions with a positive social and environmental impact. A concept related to our changing world and the importance of joint effort to achieve the best possible outcome.

Inclusive is one of Hunkemöllers brand values. How is this reflected in marketing?
We are proud to place diversity and inclusion at the heart of our marketing strategy - from model choice where we seek to represent a wide selection of body shapes, ethnicity, cultures and sexuality to empowering women. We want to inspire people to dress based on their own values and beliefs and not based on restrictive norms. All our campaigns should be inclusive, regardless of affiliation, or how you define yourself; you are welcome with us. Our ambassador and influencer programme takes the lead in showing we are a brand for every woman.



What about actions for the community?
People believe in causes that do good, causes that are for the betterment of society as a whole. Our community involvement has grown to be more purpose driven and we have added an educational purpose into our initiatives. Our inspiring video about living with breast cancer is a good example of how we, through our collaboration with Pink Ribbon, can broaden the purpose of support.

Another great example is our call for customers to join us in our effort to donate to ENAR (European Network Against Racism) as part of our collaboration with Duckie Thot.

Finally, what does the future bring?
More and more customers choose brands who share their values and we want to use the positive effect we can have to be open about our values and to motivate. In the coming year we will strengthen our position in the sustainable product segment but we also have a great opportunity to create impact beyond products by creating a joint responsibility and by pushing the boundaries for diversity and inclusion.

The future requires increased openness and wider sustainable measures, and we will continue to drive change, educate and improve our role in the industry. If we want to be a game-changer we need to continue changing the game and own up to our actions.



COMMITMENT 8 ANIMAL WELFARE

Hunkemöller currently does 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.

FUR-FREE POLICY

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





POLICIES

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, customers, shareholders and other stakeholders.

The Hunkemöller Environmental Policy
Hunkemöller’s Environmental Policy, which draws on national laws, industry best practices and important principles of sustainability, expects suppliers and their subcontractors to manufacture our garments in a way that minimises the impacts on the natural environment. This involves the development of an Environmental Management System and specific guidelines to enable proper chemical management, facilitate the reduction and elimination of air emissions, prevent groundwater pollution and appropriate disposal of water and (hazardous) waste generated throughout the supply chain. Permits/ certifications for proof of compliance with environmental regulations are asked when necessary. In the event of environmental impact identification, Hunkemöller is prepared to support suppliers by putting a remediation plan/programme in place.

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 sourcing our materials in an ethical, transparent and responsible manner. Our requirements for the 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 the 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 requires 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, with the wider aims of preventing deforestation and protecting freshwater 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. Hunkemöller does 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.

MEMBERSHIPS & JOINT INITIATIVES

We believe that our strategy can only be realised with strong partnerships and cooperation on all levels. This may be global, regional, national or local. Our partnerships are built on common principles and values, a shared vision, and shared goals enabling shared resources, technology and innovation, capacity building and placing people and the planet at the centre.

AMFORI BSCI
Amfori BSCI (Business Social Compliance Initiative) is a leading supply chain management system supporting Hunkemöller (and similar companies) 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 programme in the world. By sourcing from BCI-approved producers, 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 4 July 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 globally 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 wants 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 a large scale. We want to use our influence to bring transformational change and believe leveraging partnerships is the best road towards true sustainability.

STAKEHOLDER ENGAGEMENT

Having a close dialogue with our main stakeholder groups is a central aspect in defining and confirming our risks. Our stakeholder groups are identified through discussions and defined as those most affected by our business and has a high degree of influence over our ability to implement our strategies and achieve our goals.

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 Garments 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.

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 the best sustainable outcome. | In-store interactions, social media, customer service, website, membership programme, newsletters, market research, customer 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-touch 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 operation towards our investors. Relevant information will be disclose 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 |

| | ENGAGEMENT PRINCIPLES | INTERACTION | KEY SUSTAINABILITY TOPICS |
|--------------|--|---|--|
| Media | Our objective is to always have an open dialogue with the media and value a collaborative approach to achieve the best possible outcome. | Press releases, 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 outcome. | 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 outcome. | 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 collaboration is the best way to industry-wide success. | Joint projects, networks, collaboration forums, workshops, website | Labour practices, transparency, health and safety, animal welfare, sustainable materials, waste practices |

ADDRESSING SUSTAINABILITY RISKS

We perform a yearly risk assessment to determine the likelihood and potential impact each risk might have.

RISKS ACROSS THE VALUE CHAIN
We recognise our activities could have a wide-ranging impact on human rights, the environment and animal welfare. We outsource production in risk countries using finite resources 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. Yet, 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 or risk assessment, it points at a lower/average risk of exploitation.

Freedom of association
Eight of the CMT factories producing for Hunkemöller have functioning unions and the remaining factories have a (partially) functioning workers’ committee. We mainly source from countries where freedom of association cannot be guaranteed, which among others, ITUCs Survey of Violation of Trade Union Rights highlights. Research has also shown that workers who try to organised can get 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 factories producing our garments. In addition, the impact can be high in terms of physical health and possible loss of future earnings. The pandemic has made health central to well functioning operations, but the risk is still significant.

Child labour
Based on our audit data and additional projects we have carried out in factories, child labour is not present at our

first-tier or nominated materials and component suppliers. Despite this insight child labour is still prevalent in many of our sourcing countries and not all production countries have ratified the Fundamental ILO Conventions on Child Labour. At the same time the potential impact 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 is a risk area often in the spotlight, most recently in relation to state-imposed forced labour in China but through audits, grievances channels and investigations we have not found a link. Similar to Child Labour, not all our sourcing countries have ratified the ILO Conventions 29 and 105 which prohibit all forms of forced labour. The potential impact on workers is also high in terms of exploitation and vulnerability.

Living wages
All factories producing for Hunkemöller pay the statutory minimum wage but only a low percentage remunerate the living wages set by different living wage benchmarks. The impact for workers is high in terms of exploitation and vulnerability.

Raw materials
Noticeable in our products is the high percentage of synthetic fibres, which have a high environmental impact, and the current low percentage of more sustainably sourced materials. Raw material use also has a high impact in terms of environmental pollution and exploitation of natural resources.

Chemicals

The production of our garments requires the use of chemicals that not only pose health hazards to the people who work with them but might also be a risk to the environment.

GHG Emissions

Hunkemöller contributes to greenhouse gas emissions. Release of greenhouse gases into the atmosphere accelerates climate change and is one of the most salient environmental risks.

Wastewater and water pollution

We are particularly vulnerable to water-related risks because water is used throughout the production of raw materials like cotton and manufacturing processes such as dyeing, printing and laundering. The impact is also significant as water resources will be under progressive pressure as the world population increases and more extreme climatic conditions will impact our ease of access.

Waste

Textile processing and making generates many waste streams including liquid, gaseous and solid wastes, some of which may be hazardous.

Deforestation

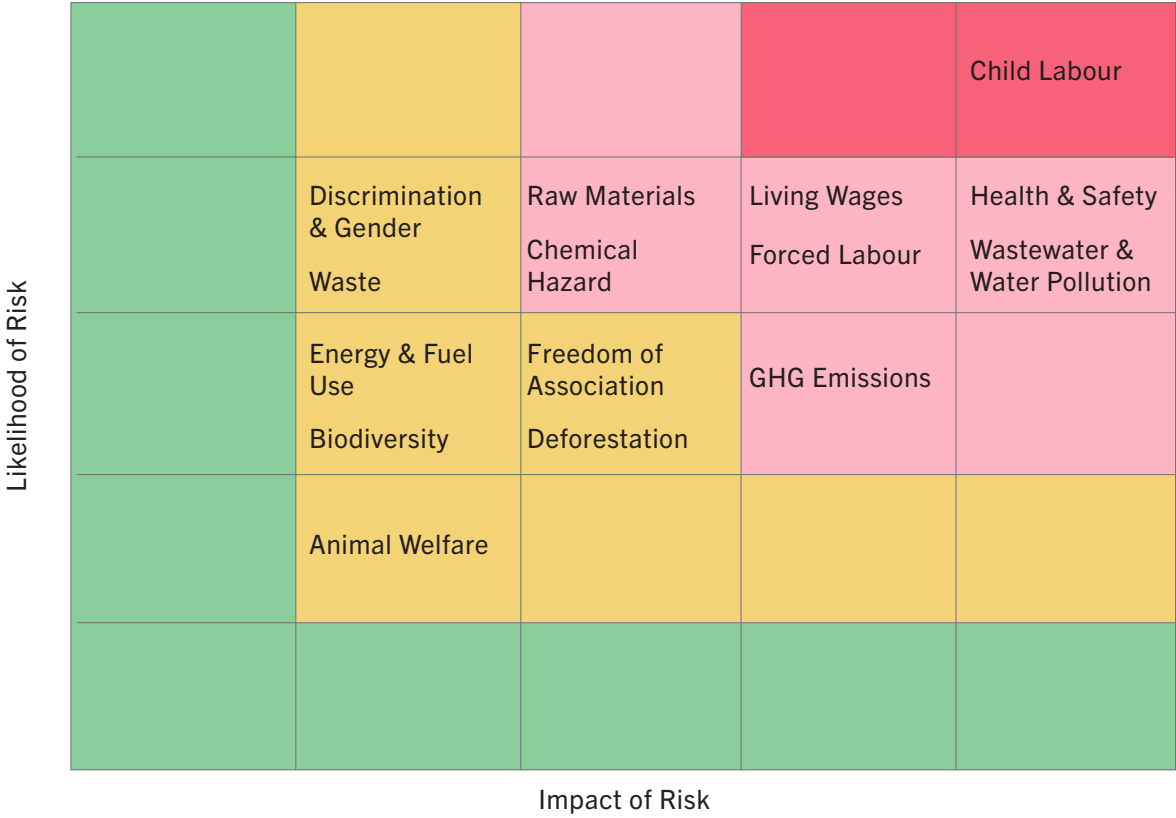
As part of our transition towards more sustainable materials, we source a majority of our viscose sustainably. The making of our products partially relies on agriculture hence the consideration of the likelihood and severity of this risk.

Animal welfare and biodiversity

With the exception of a few silk garments, we currently do not offer any products in store or online of animal origin. The link to biodiversity loss may exist in terms of conventional agricultural practices and poor wastewater practices and impact may be significant.

Risk matrix

Depending on where the area falls in the matrix, we manage the risk by either eliminating, managing, or monitoring the risk. Actions are dependent on management approach (see the previous chapters).





HOW WE REPORT

A BRAND BUILT WITH PASSION

This is Hunkemöller’s Sustainability Report for the period January 2020 to December 31 2020. This is our third 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.

If you have any questions or concerns regarding our sustainability work that wasn’t addressed in this report, we would be happy to help. You can contact us via the postal address or email addresses below.

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

