

2024—25

BESTSELLER

SUPPLY CHAIN DUE DILIGENCE REPORT



TABLE OF CONTENTS

SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION
SCOPE OF REPORT
ORGANISATIONAL STRUCTURE
RISK MANAGEMENT
RISK-SPECIFIC REPORTING
GRIEVANCE MECHANISMS
STAKEHOLDER
TRANSPARENCY INDEX

3 INTRODUCTION 5 SCOPE OF REPORT

7 ORGANISATIONAL STRUCTURE

8 Organisation 9 Due Diligence System

10 RISK MANAGEMENT

11 Supply Chain Policies Alignment Updates List 14 Risk Identification 18 Onboarding Human & Labour Rights Onboarding Requirements Environmental Onboarding Requirements

20 Factory Assessment & Monitoring Human & Labour Rights Risks: Factory Level Assessment & Monitoring Escalation Protocol Environmental Impact Risks: Factory Level Assessment & Monitoring

31 Factory & Industry Programmes 36 Supplier Sustainability Evaluation

40 RISK-SPECIFIC REPORTING

40 Human & Labour Rights 1. Gender Based Violence and Harassment (GBVH) 2. Freedom of Association and Collective Bargaining 3. Wages and Benefits 4. Occupational Health and Safety (OHS) 5. Working Time 6. Forced Labour 7. Child Labour 7. Discrimination & Employee Treatment 8. Extreme Temperatures

58 Environment 1. Climate 2. Pollution 3. Water

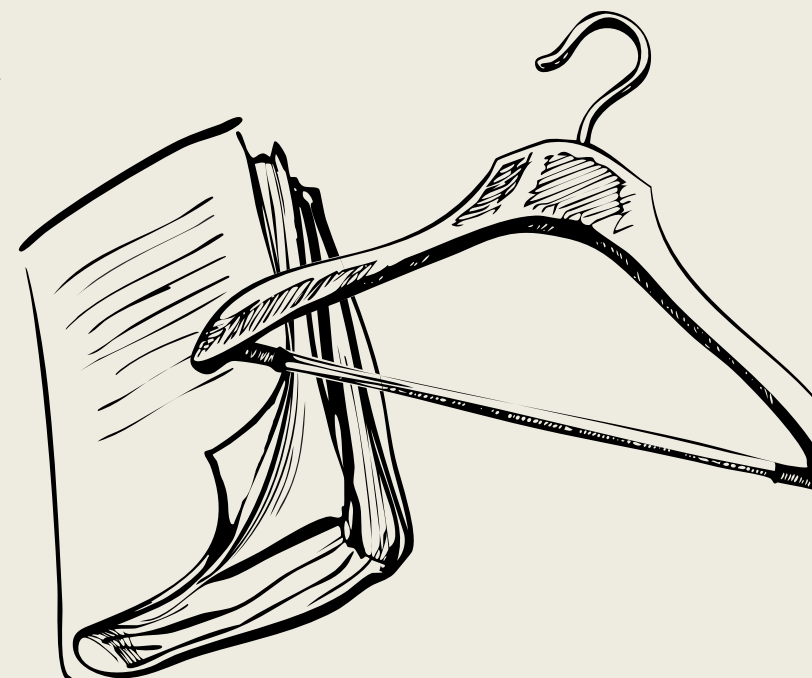
67 Product Safety Risks 1. Chemicals 2. Physical Safety and Flammability

70 GRIEVANCE MECHANISMS

70 Factory-Level Mechanisms 72 Country or Industry-Level Mechanisms 72 BESTSELLER-Level Mechanisms

75 STAKEHOLDER

80 TRANSPARENCY INDEX



SUPPLY CHAIN DUE DILIGENCE REPORT

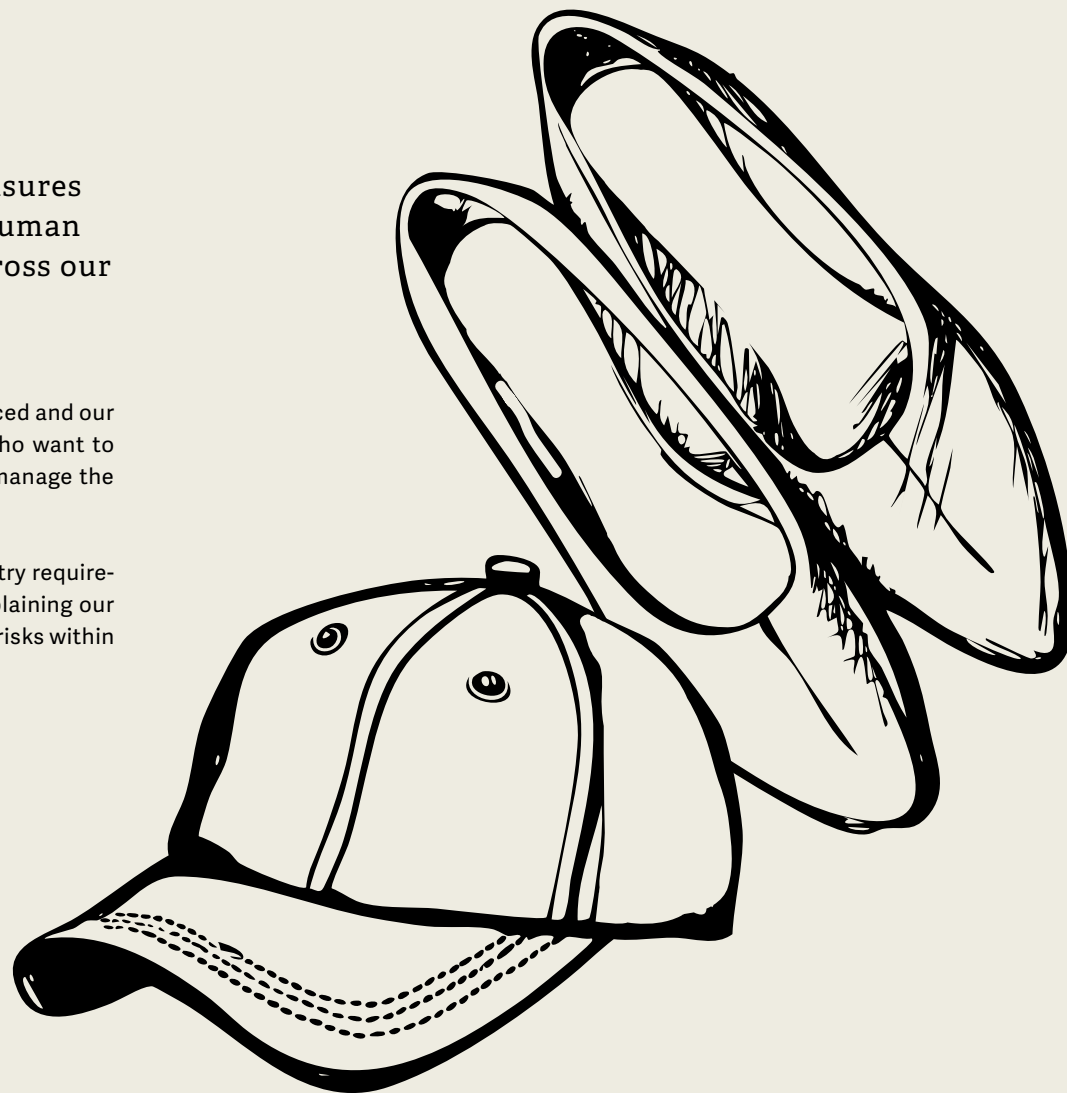
SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION

This report aims to provide clarity on the measures undertaken to promote, protect and remedy human rights and environmental impact concerns across our direct and near direct supply chain.

It provides detailed accounts for our understanding of the risks faced and our approach to addressing them. It can be used by stakeholders who want to learn more about the people and processes we have in place to manage the risks in our supply chain.

In this report, we strive to demonstrate our commitment to industry requirements and guidance regarding responsible business conduct, explaining our due diligence processes and how we address potential and actual risks within BESTSELLER's direct and near direct supply chain.¹



INTRODUCTION

SCOPE OF REPORT

ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

INTRODUCTION

SCOPE OF REPORT

ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

HOW TO USE THIS REPORT

This report is designed to support stakeholders, including researchers, civil society organisations, and partners, in understanding and benchmarking BESTSELLER's supply chain due diligence processes.

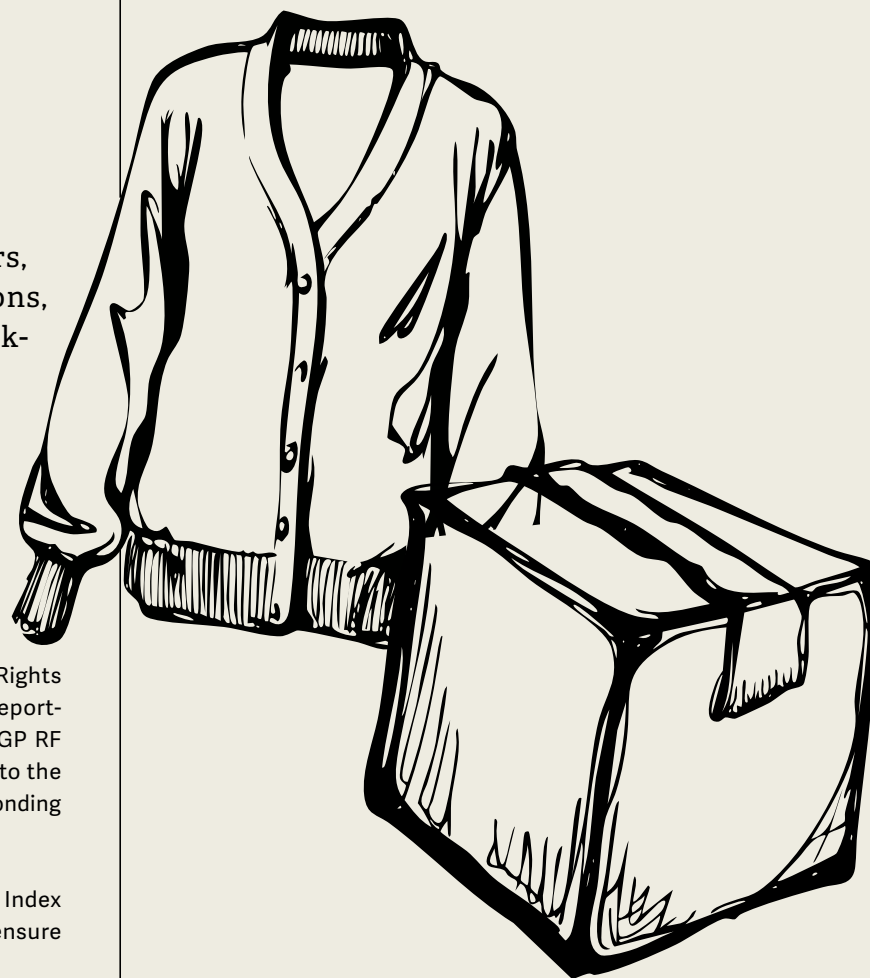
To facilitate this, we have included a Transparency Index at the end of the report. The Index serves as a navigation tool, mapping relevant international reporting frameworks to the content of this report.

For example, if you are working for the Danish Institute for Human Rights and assessing BESTSELLER against the UN Guiding Principles Reporting Framework (UNGP RF), the Transparency Index lists each UNGP RF criterion alongside a unique footnote code. This code directs you to the relevant section or paragraph in the report that provides the corresponding quantitative or qualitative data.

Where multiple references are available for a single criterion, the Index provides a short summary and a list of relevant footnote codes to ensure clarity and ease of access.

The Transparency Index incorporates the following reporting frameworks:

- German Supply Chain Due Diligence Law (LkSG)
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector
- UNGP Reporting Framework
- Ethical Trading Initiative Corporate Transparency Framework
- Cascale's HiggBRM



SCOPE OF REPORT²

SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION

SCOPE OF REPORT

ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

This report covers the supply chain where we have direct business relationships, and the systems and processes described in this report are applied to the businesses in our Public Factory List. This includes our tier 0 suppliers and tier 1 factories, as well as tier 2 Chemical Test-Free Approved Materials suppliers.

Timeline wise, this report covers the period of FY24-25, from 1st August 2024 till 31st July 2025.

Tier 0 — are the businesses we place orders with. Most tier 0 suppliers are agents for tier 1 factories. However, some suppliers do have style manufacturing capacities and can have in-house materials manufacturing facilities too. These suppliers are commonly referred to as “vertically integrated” suppliers.

Tier 1 — refers to production units involved in the making and finishing of garments and products, including units with capabilities including cut-to-pack, embroidery, washing, dyeing, printing, and finishing of garments or finished products. We refer to them in this report as “factories.”

Tier 2 — refers to materials suppliers. This report covers tier 2 partners with which we have relationships and due diligence processes over. The Approved Material Suppliers Programme includes tier 2 suppliers who have demonstrably maintained production facilities that meet our basic requirements and complied with our environmental and chemical standards. We recommend our tier 1 suppliers to source materials from suppliers within this programme, expanding our strategic relationship deeper in the supply chain to tier 2.³

To be transparent with our peers and customers about our supply chain partners, BESTSELLER updates its [Public Factory List](#) every two months. This list includes a full account of our tier 0, tier 1 and Approved Materials Suppliers (tier 2).⁴

² ETI CTF 1.4.1

³ HiggBRM 2024 SWK31

⁴ OECD 5.1.9, ETI CTF 1.4.2, ETI CTF 3.2, HiggBRM 2024 SWK12 II, HiggBRM 2024 GEB01, HiggBRM 2024 GEB15

OUTSIDE SCOPE OF THIS REPORT

ENGAGING THE DEEPER SUPPLY CHAIN

We collaborate with supply chain partners, peers and multi-stakeholder initiatives to mitigate environmental and human rights risks in the parts of our supply chain where we do not have direct business relations.

This encompasses the production and processing of raw materials (tiers 3-4), where there has traditionally been limited transparency and traceability. To account for and mitigate the fashion industry's impact on the environment and society, it is imperative that brands must enhance material transparency and traceability. Not least within the cotton supply chain. BESTSELLER works with solution providers to ensure transparency and traceability of our materials. One such example is our collaboration with Textile Genesis, a pioneering traceability platform, which is custom built for the fashion and textile ecosystem. Our partnership focuses on fibre forward tracing of man-made cellulosic fibres and direct-to-farm cotton.

We engage with the Better Cotton Initiative (BCI), a multi-stakeholder initiative, reaching 1,39 million cotton farmers growing 24 percent of the world's cotton. Since 2021 we have actively supported BCI's development of its Traceable Better Cotton solution and we are among the first brands to start sourcing the new traceable cotton. Further, throughout the reporting period, BESTSELLER has been part of a small group of brands working with BCI to establish a BCI Corporate Due Diligence Advisory Forum, aiming to clarify and further develop BCI's ability to support brands in carrying out their due diligence obligations. Other examples include our collaboration with cotton organisations such as Cotton Made in Africa (CMiA), The Organic Cotton Accelerator (OCA). In FY24/25, we supported more than 33,500 organic cotton farmers through our direct-to-farm sourcing model. Latest, we have joint forces with IDH in the DANIDA supported 'Regenerative Production Landscape Production' project in India aiming to enhance the uptake of regenerative cotton in the industry. In this pilot alone we aim to reach 11,000 farmers.

Together with the efforts elaborated in present report, these examples illustrate our two-pronged approach to our supply chain. Here we focus on improving the performance of BESTSELLER's own supply chain and at the same time striving to inspire the entire industry to move towards more transparent and traceable supply chains.

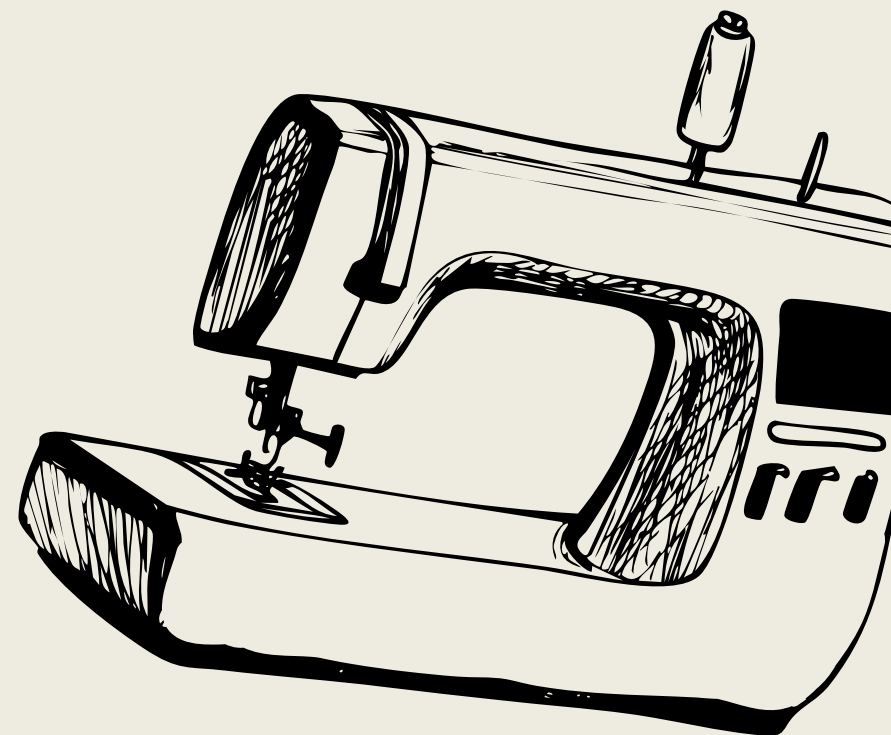
See BESTSELLER's annual report 2024-25 for further details about our engagement in all initiatives mentioned above.

SYSTEMIC CHALLENGES REQUIRE SYSTEMIC SOLUTIONS

Achieving full transparency and traceability across global supply chains requires collaborative efforts beyond individual brands or even the industry as a whole. Host country specificities, regional regulations, and even geopolitics significantly impact the ability to build responsible supply chains and implement effective due diligence.

BESTSELLER welcomes new regulations aimed at raising the bar and creating a level playing field for responsible business practices. We emphasise the importance of harmonising such legislation across countries, adopting a risk-based approach to due diligence, and aligning with internationally recognised frameworks. We firmly believe that national and international regulators must acknowledge the challenges and limitations in achieving efficient due diligence and transparency in global supply chains.

Addressing these challenges requires active collaboration between affected industries, nation states, and international bodies, along with public and private support, financing, and adequate regulation. This comprehensive approach ensures that BESTSELLER proactively addresses supply chain risks and drives positive change within its supply chain.



INTRODUCTION

SCOPE OF REPORT

ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

ORGANISATIONAL STRUCTURE

The supply chain due diligence processes are led by BESTSELLER's Responsible Sourcing team. The Responsible Sourcing team, based in Denmark and the Netherlands, governs the supply chain due diligence processes, which are implemented locally in our key sourcing countries by qualified industry experts. These countries account for more than 93 percent of our tier 1 and more than 95 percent of garments sourced.

BESTSELLER's key sourcing countries:⁵



Each regional sourcing office in Bangladesh, Cambodia, China, India, Myanmar, Pakistan and Türkiye,⁶ has teams of Social & Labour and Chemical & Environment specialists. At the time of writing, they count 45 labour and human rights and chemical and environment experts who work full-time to uphold our standards and monitor adherence to them among our supply chain partners.⁷

These experts are equipped with the necessary skills and expertise to do effective due diligence on the risks we face in the supply chain, and we continuously review the qualifications and support training of our in-country teams to ensure they are well equipped to manage the evolving risks they see in our production countries. For example, all Social & Labour specialists and managers are ISO45001 and SA8000 certified.⁸

5 ETI CTF 1.4.2

6 ETI CTF 1.4.2

7 ETI CTF 1.2

8 HiggBRM 2024 ECH08

RESPONSIBLE SOURCING TEAM

Develops standards and systems for managing supply chain risks

In-country implementation by

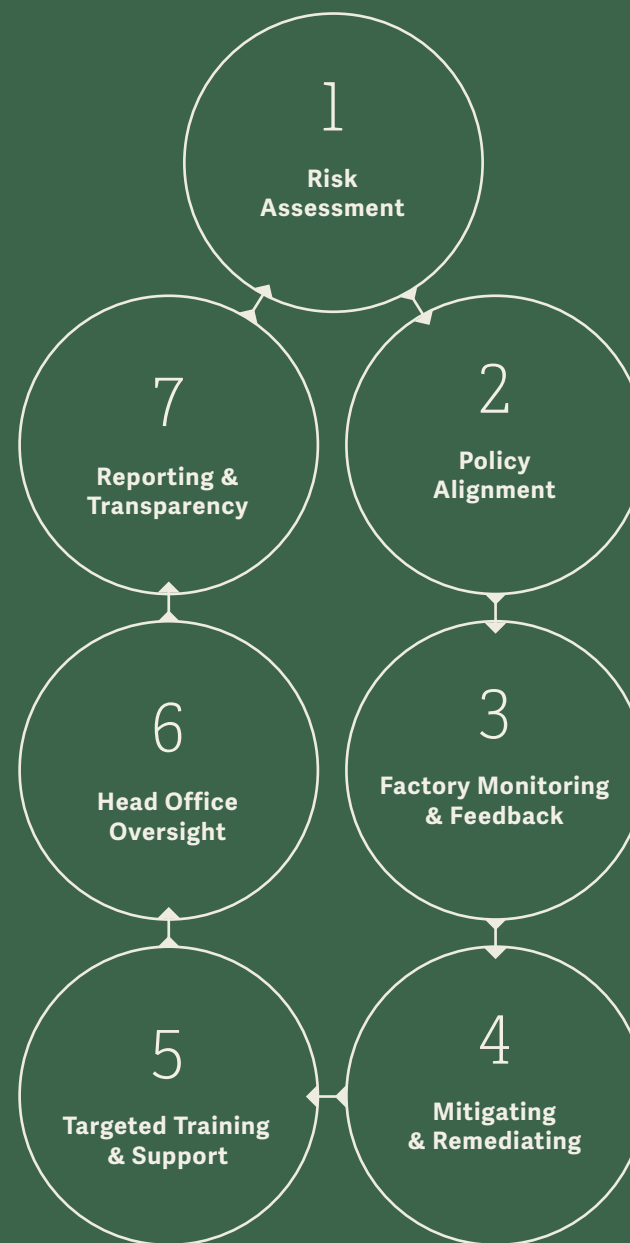
BANGLADESH	CAMBODIA	CHINA	INDIA	MYANMAR	PAKISTAN	TÜRKIYE
S&L team 6 members	S&L team 1 member	S&L team 5 members	S&L team 3 members	S&L team 2 members	S&L team 2 members	S&L team 3 members
C&E team 6 members	C&E team 1 member	C&E team 5 members	C&E team 2 members		C&E team 2 members	C&E team 2 members

DUE DILIGENCE SYSTEM

The goal of our supply chain due diligence practices is to continuously address human rights, environmental, and product-related risks in our supply chain, guided by responsible business conduct best practices and, at a minimum, by legal requirements.

To do this:¹⁰

1. **Risk Assessments** — The Responsible Sourcing team conducts regular risk assessments to identify salient risks across the supply chain.
2. **Policy Alignment** — These risks are addressed through our supply chain policies, which are reviewed and updated when needed according to local, national or international changes and proactively shared with suppliers and factories, with adherence monitored by our local teams.
3. **Factory Monitoring & Feedback** — Factories are visited in person by BESTSELLER human rights and environmental impact specialists. They receive direct feedback and are engaged in tailored discussions. Data from assessments feeds into our supplier rating system, which provides transparency, enabling brands to make responsible purchasing decisions.
4. **Mitigating and Remediating** — Factory monitoring and feedback enable early identification and resolution of potential and actual issues.
5. **Targeted Training & Support** — Where relevant, we invest in training and initiatives to address systemic risks.
6. **Head Office Oversight**¹¹ — All the compiled due diligence data is fed back to our head office team, which is responsible for:
 - a. Managing and reducing risks year on year
 - b. Steering the supply chain towards achieving BESTSELLER's responsible business conduct targets
7. **External Reporting & Transparency** — This data also contributes to our external reporting, ensuring transparency and accountability for our due diligence processes.



¹⁰ OECD GI 5.1.2, UNGP RF B.1.1.C

¹¹ UNGP RF B.1.1.A, ETI CTF 1.2

RISK MANAGEMENT¹²

SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION
SCOPE OF REPORT
ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

Supply Chain Policies
Risk Identification
Onboarding
Factory Assessment & Monitoring
Factory & Industry Programmes
Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING
GRIEVANCE MECHANISMS
STAKEHOLDER
TRANSPARENCY INDEX

Our target is to continuously stop, prevent and mitigate prioritised risks and impacts. To do this, we work on addressing supply chain related risks across four different levels, namely workers, factory management, industry, and our own business practices. We strive to minimise the risk of BESTSELLER causing and/or contributing to human rights harm and environmentally adverse impacts.¹³

SUPPLY CHAIN POLICIES & GUIDELINES¹⁴

BESTSELLER's supply chain policies and guidelines reflect our processes for managing risks in our supply chain and our corresponding expectations of our suppliers.¹⁵

Each policy articulates our belief in shared responsibility for due diligence, including remediation of adverse impacts. All these policies and guidelines are publicly available on our website, shared with suppliers, and endorsed by the leadership of BESTSELLER.¹⁶ We believe it is important to share these policies externally to not only deliver transparency on our standards, but to invite accountability. Likewise, policies are shared with each supplier and their approved production units via BESTSELLER's supplier portal.

Additionally, all of BESTSELLER's suppliers and tier 1 factories are publicly available and shared proactively with [Open Supply Hub](#).¹⁷

When a supplier is onboarded into our supply chain, they must sign a Supplier Agreement, where they commit to respecting and upholding all BESTSELLER policies and requirements in their business with us. Suppliers must agree to monitoring and to take action in the event that adverse impacts are found.¹⁸

Social and Labour requirements, articulated in our human rights related supply chain policies, are applied to the following types of production sites: Cut, Stitch, Weave/Link/Knit of garments, Iron, Pack, Embroidery, Attach of sequins, pearls etc., Assembly (Footwear, Sunglasses, Jewellery etc.), Upper Manufacturer (footwear), and Sample room (sales samples) on product and garmenting level. Casting and Homeworkers are also covered in this scope. All onsite workers are included in the scope of the requirements, including temporary, labour agency workers, contract workers, cleaning, and security staff, etc.

Environmental Management requirements are applied to cut-make-trim (CMT) with in-house light washing facilities, CMT with in-house heavy wash, print, dyeing, outsourced light wash, outsourced heavy wash, print, dyeing, and assembly facilities. We do not accept production at factories or production sites that have not been assessed and approved for production by BESTSELLER. Suppliers utilising sites unknown or not approved by BESTSELLER are categorised as unauthorised subcontracting and are a breach of our terms of business.

Adherence to our policies and standards is monitored by Social & Labour and Chemical & Environment specialists based in our regional sourcing offices. The regional teams play a key role in risk mitigation and remediation activities.

¹² GSCDDA 4.1

¹³ GSCDDA 4.4

¹⁴ GSCDDA 6.2

¹⁵ OECD GI 1.iii, OECD GI 1.v

¹⁶ OECD GI 1.i, OECD GI 1.iv, UNGP RF B.1.1.A, HiggBRM 2024 SWK01 III, HiggBRM 2024 SWK01 IV

¹⁷ OECD GI 1.iv, ETI CTF 1.4.5, HiggBRM 2024 SWK12 II, HiggBRM 2024 GEB17

¹⁸ GSCDDA 6.4.2

BESTSELLER's supply chain policies articulate and reflect our commitment to respecting internationally recognised human rights and the principles and guidance in the United Nations (UN) guiding principles on business and human rights and OECD guidelines on responsible business conduct. These policies include our commitment to remedy the adverse impacts on individuals and workers, and communities that it has caused or contributed to, and the expectation that suppliers make this commitment.

Our Code of Conduct and supply chain policies and requirements commit to the International Bill of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work²⁰ and the OECD's guidelines for multinational enterprises. All policies are designed not to undermine or contradict local and international legislation.²¹

UPDATES²²

Our policies are updated and informed by the results of our risk assessments, and by industry expertise and worker engagement.²³

All supply chain policies are updated regularly to ensure that the requirements we place on suppliers fully integrate human rights considerations alongside environmental risk management and remain fit for purpose.

¹⁹ OECD GI 5.1.1, UNGP RF A.1.1, ETI CTF 1.1

²⁰ UNGP RF A.1.2

²¹ HiggBRM 2024 SWK01 II

²² ETI CTF 3.1, GSCDDA 9.3.4

²³ OECD GI 1.ii



LIST

Find below a list of policies that we apply in [our supply chain](#).²⁴

Code of Conduct — BESTSELLER’s Code of Conduct is based on and follows the Universal Declaration of Human Rights, key UN conventions, and ILO’s core principles and conventions. It is directed at any supplier and their sub-contractors and/or factories, who manufacture products for BESTSELLER A/S, committing them to our human rights and environmental requirements.²⁵

Human Rights Policy — In this policy BESTSELLER commits to respect and promote all human rights across its value chain, and to respect all human rights as defined in the International Bill of Human Rights and ILO’s core conventions, in addition to other international standards like the United Nations’ Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, as defining frameworks for our efforts to both respect and promote human rights.²⁶

Child Labour Policy — This policy articulates that the use of child labour is not acceptable, and we will not work with suppliers that use child labour in their facilities, or those who do not have efficient systems in place to ensure that child labour cannot occur on the production premises.

Environmental Management Requirements — This manual outlines standards and expectations on chemical and environmental management in the supply chain and is directed at all factories that supply BESTSELLER orders, including tier 1 and tier 2 facilities. These expectations are the basis for the environmental rating applied to each supplier.

Forced Labour Policy — In recognition of the salient risk of forced labour in its supply chain, BESTSELLER has developed a policy in coordination with worker representatives articulating our understanding of this risk and how it manifests in our supply chain. The policy sets out the processes and requirements we have of our suppliers and factories to prevent, protect, and mitigate the risk of occurrence among our business partners.²⁷

Gender Identity-Based Violence Policy — Gender identity-based violence is any form of violence directed against an individual or group of individuals based on their sex, gender identity, or expression. Recognising the heightened risk of acts of violence such as harassment and abuse in various forms in the global apparel supply chain, this policy, developed in consultation with labour representatives, articulates BESTSELLER’s requirements and expectations on our suppliers in relation to this risk.

Migrant Labour Policy — Migrant workers face heightened risk of discrimination in the global apparel supply chain. This policy, developed in consultation with the UN’s International Organisation for Migration (IOM), articulates BESTSELLER’s requirements and expectations on our suppliers in relation to this group.²⁸

24 ETI CTF 2.1
25 UNGP RF A.1.2, UNGP RF C.1.D, HiggBRM 2024 SWK05
26 ETI CTF 1.1

27 ETI CTF 2.2
28 ETI CTF 2.2

Homeworking Policy — This policy expresses BESTSELLER's understanding that many households benefit from homeworking. Our policy requires suppliers to declare the use of any small workshop subcontractors, temporary workers or homeworkers to BESTSELLER, and these people must be employed according to our requirements and local legal requirements.

Responsible Offboarding Policy — This policy recognises that workers are subject to increased human rights risk when factories are offboarded from our supply chain. To mitigate these risks, BESTSELLER's Responsible Offboarding Policy articulates clear expectations and corresponding responsibilities to protect workers from negative impacts when the business relationship concludes.²⁹

Restricted Substances List — BESTSELLER's Restricted Substances List (RSL) describes the limitation and prohibition of substances in products manufactured for BESTSELLER. The RSL has been developed based on the law, a concern for the health of our customers, the working conditions inside the factories producing our goods, and the preservation of the environment, both in production countries and where our products are sold.

Restricted Substances List for Packaging and Test Programme — This manual describes the limitations and prohibitions of substances in all packaging parts delivered to BESTSELLER and the corresponding testing protocols to ensure compliance.

Unauthorised Subcontracting Policy — Our suppliers must disclose all the factories and subcontractors they will use for the manufacturing of BESTSELLER products. If a factory or subcontractor has not been approved and authorised, BESTSELLER has no certainty that conditions at the workplace comply with BESTSELLER's Code of Conduct, therefore, production at unauthorised factories and subcontractors is a critical violation of BESTSELLER policy and prohibited.

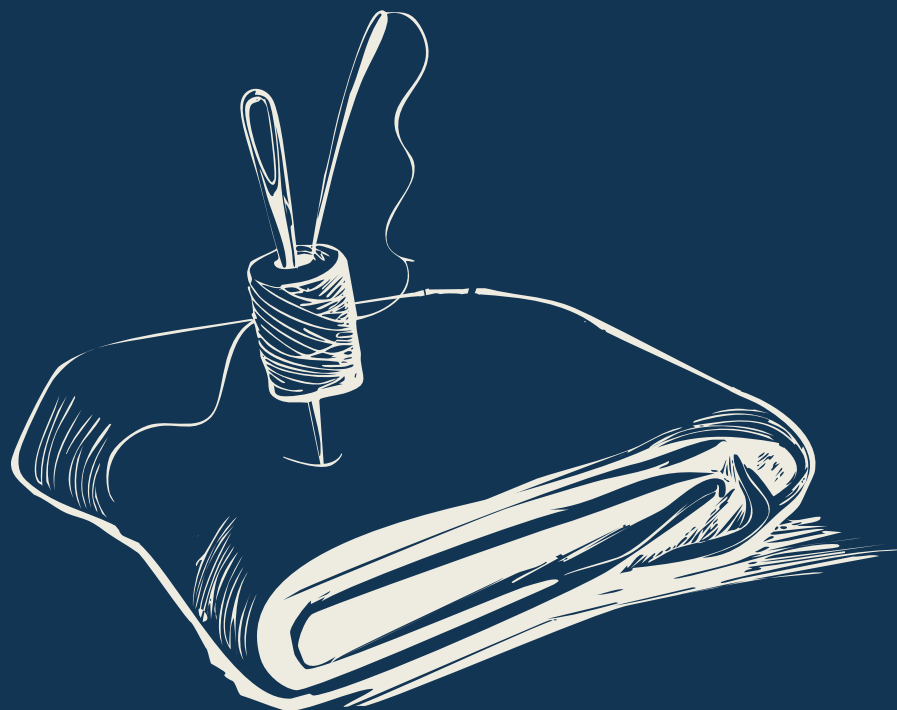
Extreme Heat Guideline — This guideline outlines measures that can be implemented in the workplace to accommodate periods of extreme temperatures. The scope of this guidance is the workplace and places associated with the workplace, such as dormitories and daycare facilities.

RISK IDENTIFICATION³⁰

Risks related to human rights, environmental impact, and product safety are reviewed on a continuous basis through a combination of our factory-level risk monitoring systems and consultation with experts and stakeholders. Any new risks are integrated into our strategies and process updates.

In line with UN/OECD guidance, we identify and pay special attention to risks where BESTSELLER and our partners can have the most severe adverse impacts. Severity of harm is judged on scale, scope, and irremediable character and in collaboration with third-party stakeholders and experts.

Any identified severe risks of harm are communicated to relevant departments and colleagues in BESTSELLER, including, for example, the executive team or brand management teams.³¹



³⁰ OECD 5.1.3, GSCDDA 10.2.2 a, GSCDDA 5.1

³¹ GSCDDA 5.3

HUMAN & LABOUR RIGHTS³²

For human rights risks identification and mapping, we have a continuous review process of six streams of input related to BESTSELLER's tier 0 and tier 1 supply chain partners.

These data streams are:³³

Monitoring developments in global legal human rights regulations — This stream is monitored by BESTSELLER's Sustainability and Responsible Sourcing departments in the head office and covers developments in global legal human rights requirements.

Monitoring developments in local legal human rights regulations — This stream covers developments in local legal labour and human rights requirements that apply in production countries, predominantly to factories. It includes labour acts, factory acts, occupational health & safety laws, minimum wage regulations and other local laws pertaining to human and labour rights. Such legal requirements are monitored by BESTSELLER's local Social & Labour teams and integrated into BESTSELLER protocols and standards in collaboration with BESTSELLER Responsible Sourcing head office.

Annual global and country-specific human rights risk assessments — This stream covers human and labour rights risks that are specific to the garment industry in general, as well as risks that are specific to our main sourcing countries.

³² UNGP RF B.2.1.B, ETI CTF 1.3

³³ UNGP RF B.2.1.C

RISK MANAGEMENT

Supply Chain Policies
Risk Identification
Onboarding
Factory Assessment & Monitoring
Factory & Industry Programmes
Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

Local monitoring of emerging critical human rights risks — This stream is monitored by BESTSELLER's local Social & Labour teams through ongoing engagement with local industry stakeholders and peers. The stream covers critical emerging local human and labour rights risks that require immediate attention in BESTSELLER's sourcing countries. Such risks are acted on an urgent basis through preventive and mitigating procedures, protocols, and initiatives at global and local levels. The stream also covers any areas where BESTSELLER's business and purchasing practices may inadvertently impinge negatively on the ability of factories to protect human and labour rights.³⁴

Global monitoring of emerging critical human rights risks — This stream is monitored by BESTSELLER's Responsible Sourcing head office through ongoing engagement with global industry stakeholders and peers and covers critical emerging human and labour rights risks that require immediate attention. These risks, as well, are dealt with on an urgent basis.³⁵

Monitoring of factories' human and labour rights performance data — This stream is monitored by BESTSELLER's Responsible Sourcing head office and covers risks and actual violations identified through the day-to-day implementation of BESTSELLER's Factory Standards Programme.

Risk identification is informed by consultation with national and international stakeholders, such as national and international trade unions³⁶, multi-stakeholder initiatives, local and regional civil society organisations, employer associations, councils, and other organisations working in the field of labour and human rights in the garment sector. [Please refer to the Stakeholder chapter for an extensive list of the stakeholders we have engaged with regularly and/or in the last 12 months.]³⁷ Stakeholder perspectives are included in

BESTSELLER's risk identification through annual bi-partite, direct stakeholder consultation, as well as through ongoing formal and informal dialogue with our key stakeholders.³⁸

The list and prioritisation of salient human rights risks have been determined by assessing which risks are most severe and likely. BESTSELLER's salient risk identification and prioritisation process also includes an assessment of likelihood. In the case of a potential human risk, severity is given a higher prioritisation than likelihood. Likelihood is the probability of harm occurring within the context of our own supply chain, not the industry at large. When considering likelihood, we assess contextual issues, such as the legal framework, efficacy of the judicial system, systemic discrimination, rates of migrant labour, and level of informality within the sector, which may increase or decrease the probability of that risk occurring.³⁹

For each of these salient and prioritised risks, BESTSELLER continuously reviews its policies, factory-level assessment methodology, supplier and BESTSELLER capacity to address these risks, potential for supplier and worker engagement to mitigate the risks, availability of dispute resolution mechanisms, and potential industry engagement.

³⁴ UNGP RF B.2.1.D

³⁵ UNGP RF B.2.1.D

³⁶ ETI CTF 2.4

³⁷ OECD 5.2

³⁸ UNGP RF B.2.1.C, UNGP RF B.2.2.E

³⁹ GSCDDA 5.2

Results of annual salient human and labour rights risk identification
assessment 24/25:⁴⁰

Risk Area	India	China	Pakistan	Cambodia	Myanmar	Türkiye	Bangladesh
Gender Based Violence & Harassment (GBVH)	High Risk	Moderate Risk	High Risk	High Risk	High Risk	High Risk	Very High Risk
Freedom of Association (FOA) and Collective Bargaining Agreement (CBA) FOA & CBA	High Risk	High Risk	High Risk	High Risk	Very High Risk	High Risk	High Risk
Workplace Dialogue & Grievance Mechanisms	High Risk	High Risk	High Risk	High Risk	Moderate Risk	Moderate Risk	High Risk
Wages & Benefits	High Risk	Moderate Risk	High Risk	Moderate Risk	Very High Risk	Moderate Risk	Very High Risk
Excessive Working Time	High Risk	High Risk	High Risk	High Risk	High Risk	High Risk	Very High Risk
Occupational Health & Safety (OHS)	High Risk	High Risk	High Risk	High Risk	High Risk	Very High Risk	High Risk
Forced Labour	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk	Moderate Risk
Child Labour	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk	Low Risk
Discrimination & Employee Treatment	High Risk	Moderate Risk	High Risk	High Risk	Moderate Risk	Moderate Risk	High Risk
Extreme Temperatures	High Risk	Low Risk	High Risk	High Risk	High Risk	Low Risk	High Risk

40 ETI CTF 1.6, HiggBRM 2024 SWK43 III, GSCDDA 10.2.1, GSCDDA 5.4

BESTSELLER's last country-level environmental impact risk assessment, conducted in 2022, took a context-based approach to assess environmental risk in our key sourcing countries, focusing primarily on the garment manufacturing industry (tiers 1 and 2). Given its closeness and relevance to the current risk profile we see, this risk assessment is an accurate assessment of the risk levels we see in our sourcing countries.

The assessment assessed the country's environmental risks based on:

- Research on national laws and regulations
- Applicable industrial standards and guidelines (such as the Zero Discharge of Hazardous Chemicals (ZDHC), World Wildlife Fund (WWF), United Nations Sustainable Development Goals (SDGs), World Resources Institute (WRI) resources, such as the Aqueduct Water-Risk-Atlas)
- Industry/Environmental NGOs' research and focus areas
- Assessor's knowledge and expertise, including project experiences

Please note, this risk assessment does not assess the risk in light of BESTSELLER's due diligence procedures. This is a picture of the risks posed by the manufacturing industry generally in these countries.

Since 2022, BESTSELLER's regional and head office environment teams have reviewed this risk assessment annually,⁴¹ providing input and feedback based on the evolving legislative landscape in their respective jurisdictions and technological developments.⁴²

The assessment covered four aspects of risk management:⁴³

1. Natural resources
 - Supply and demand in the context of the regional situation
 - Scarcity of principal resources in the country, e.g. water, fuel, and energy.

- Typical source of resources and their supply to the textile industry
- Existing and potential stressed areas.

2. Body of legislation and local regulation
 - Minimum legal and compliance requirements for each impact area and sourcing country.
 - Regulatory approach toward priority environmental impacts such as carbon emissions.
 - Governance trends and latest development, if any.
3. Stakeholders
 - Regional key individual and/or group stakeholder with a high focus on environmental impacts and risks.
4. Industry approach & best practices
 - Typical way to handle such risks in the textile industry
 - Common and/or best practices adopted by the facilities

Each sourcing region has unique exposure to different levels of environmental risks due to:⁴⁴

- Lack of governance and national environmental policy
- Competing/imbalance of natural resources
- Insufficient environmental pollution control and mitigation
- Poor transparency of monitoring and reporting
- Poor and ineffective stakeholders' communication
- Being watched by international NGOs' campaign

⁴¹ GSCDDA 5.4

⁴² GSCDDA 6.5

⁴³ GSCDDA 5.2

⁴⁴ GSCDDA 5.2

RISK MANAGEMENT

Supply Chain Policies
Risk Identification
Onboarding
Factory Assessment & Monitoring
Factory & Industry Programmes
Supplier Sustainability Evaluation

Below is a table of the identified risks based on this assessment:⁴⁵

4	8	12	16	20
No/low; No obvious risk	Reasonable risk	Low risk	Medium risk	High to extreme high risk

Risk Area	India	China	Pakistan	Cambodia	Myanmar	Türkiye	Bangladesh
Energy & Carbon	13	8	15	15	15	12	15
Air emissions	12	12	17	17	16	12	16
Water	14	9	18	16	18	14	18
Chemical & Wastewater	15	13	17	14	16	12	17

ONBOARDING

Before being approved for production, a supplier who wants to work with us must sign our Supplier Agreement, where they agree that all facilities involved in BESTSELLER production comply with our Code of Conduct and applicable supply chain policies, and agree to have their production facilities inspected on a regular basis to verify compliance.⁴⁶

During their onboarding, suppliers are provided with information on our supply chain requirements and given access to our online supplier portal,⁴⁷ which provides updated and detailed guidelines describing, among other things, the onboarding and assessment criteria and our Factory Standards Programme; a comprehensive tool to assess, monitor and address human and labour rights, environment and chemical related risks in BESTSELLER's tier 1 supply chain. Supplier representatives are introduced to BESTSELLER requirements, processes, and systems by local specialist teams, either via in-person meetings or online meetings.

BESTSELLER verifies whether suppliers and their factories meet our basic requirements. All production facilities must pass our onsite assessments, which are conducted by in-country teams, before starting production for BESTSELLER. This applies to countries where we have regional sourcing offices, which account for more than 90 percent of tier 1 factories and over 98 percent of garments sourced at the time of writing.

In countries where BESTSELLER has no local representation (accounting for less than 2 percent of our volumes), onsite assessments are conducted by third-party auditors. In many cases, however, BESTSELLER representatives also participate in assessments in these countries, such as in Egypt, Morocco, Tunisia, Romania, and Bulgaria,⁴⁸ to ensure the assessment and worker interviews' approach aligns with our methodology and to gain insights into common non-compliances in these countries.

As part of BESTSELLER's due diligence and sanctions compliance obligations, we screen all suppliers and tier 1 factories during the onboarding process against relevant sanctions lists from various authorities and jurisdictions. In addition, we apply country-specific onboarding requirements; for example, factories in Bangladesh falling under the Accord/RSC verification scope must have been inspected by Accord/RSC teams for structural, electrical, and fire safety.

Facilities are onboarded only after successfully passing these assessments, along with other onboarding evaluations.

45 GSCDDA 10.2.1

46 HiggBRM 2024 SWK12 VIII, GSCDDA 6.4.4

47 HiggBRM 2024 SWK01 IV

48 ETI CTF 1.4.2

HUMAN & LABOUR RIGHTS ONBOARDING REQUIREMENTS

For human and labour rights related onboarding assessment criteria, factories must fulfil the basic Social & Labour requirements, including any additional national requirements that may apply. Factories must undergo Social & Labour initial assessments. To pass, they must not have any major or critical findings across all the following performance areas:

1. Management Systems & Licences
2. Ethics & Transparency
3. Child Labour
4. Young Workers
5. Forced Labour
6. Discrimination
7. Employment Practices (Hiring, Contracts, etc.)
8. Working Hours
9. Wages & Benefits
10. Employee Treatment (Disciplinary Practices, Harassment & Abuse)
11. Employee Involvement (Freedom of Association & Collective Bargaining, Employee Dialogue)
12. Health & Safety (Management & Training, Electrical safety, Building/ structural safety, Emergency preparedness & Fire safety, Chemical safety & Management, Machine & Equipment safety, PPE (Personal Protective Equipment), First aid, Health checks, Medical facilities, and Dormitories)
13. Basic Environmental Management and Performance
14. Region-specific BESTSELLER requirements (e.g. Accord and regions of heightened due diligence)

Non-compliances identified through BESTSELLER's factory (onboarding and regular) assessments are categorised as minor, major, or critical:

Minor Concerns — Non-systematic issues that do not pose a serious risk of harm to workers, the environment, or the community. Though minor concerns do not prevent onboarding, they count in the performance rating of the factory, and we still require factories to remediate them.

Major Concerns — Issues with moderate risk or where long-term exposure could lead to moderate harm (e.g., non-permanent injury). Major concerns must be remediated as soon as possible and maximum within 6 months.

Critical Concerns — High-risk issues that pose a significant threat to worker safety and well-being, including the risk of permanent injury, severe health impacts, or, in extreme cases, loss of life. These concerns also encompass serious violations of workers' rights. Critical concerns must be remediated immediately, or at the latest, within three months, depending on the nature of the issue.

ENVIRONMENTAL ONBOARDING REQUIREMENTS

Regarding environmental performance, new facilities are required to meet minimum standards to be onboarded into BESTSELLER's supply chain. To qualify, factories must not have any major or critical findings.

The environmental onboarding requirements apply to all production units across the supply chain, while our assessments focus on a range of high risk/ impact production units, including tier 1 and their subcontractors, integrated factories, commercially relevant tier 2 units, and Trims & Accessories (T&A) facilities engaged in the Chemical Test Free Programme.

The requirements reflect international and national legislation, evolving industry standards, and BESTSELLER's own sustainability ambitions. Meeting these minimum requirements is essential for initiating or continuing collaboration, and failure to comply may result in escalation procedures, including the suspension or termination of the onboarding process.

SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION
SCOPE OF REPORT
ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

Supply Chain Policies
Risk Identification
Onboarding
Factory Assessment & Monitoring
Factory & Industry Programmes
Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

Below is a summary table of the minimum environmental onboarding requirements:

Area	Minimum Requirements
Energy	No coal (garments, Trims & Accessories (T&A)); coal phase-out plan required for materials. No fabric or production waste incineration. Wood is allowed only with proof of responsibly sourced phase-out by 2028.
Water Use	Facilities must track water input/output, measure withdrawals, discharge, and reuse. Systems must be in place to ensure accuracy.
Wastewater	No untreated discharge. ETP is required for wet processing. Off-site treatment must be documented. Subject to audit. Regional approach in Bangladesh and Pakistan applies.
Waste Management	Comply with local laws. Track all waste streams. Ensure safe handling, storage, transport, and disposal.
Tanneries	Must be LWG GOLD certified (SILVER accepted until next audit). Full upstream transparency required. Must share LWG report and allow audit observation.

Once onboarded, suppliers are expected to go beyond these minimum standards by aligning with the broader environmental expectations outlined in BESTSELLER’s Environmental Management Requirements- a comprehensive guideline that outlines BESTSELLER's environmental and chemical management requirements for suppliers. These include a more comprehensive roadmap of performance indicators and impact areas, which are evaluated through our Environmental Rating System. This rating is regularly reviewed by our local Chemical & Environment teams in all sourcing regions. Where local, regional, or national legislation imposes stricter requirements than those set out here, the stricter legal requirement shall apply.

FACTORY ASSESSMENT & MONITORING⁴⁹

After passing the onboarding process, factories will be approved for production and enter our standard assessment procedures.

BESTSELLER’s standard assessment verification cycle is 18 months. Key supplier factories are visited at least once per year by our Social & Labour Teams and/ or Chemical & Environment Teams to maintain a strong dialogue about their social and environmental performance. Many are visited more frequently. This can either be as part of Social & Labour or Environment programmes, or if a factory is under increased observation, due to previous shortcomings. We have our own local specialist teams in our main sourcing countries (Türkiye, China, Bangladesh, Pakistan, India, Myanmar, and Cambodia), counting approximately 45 full-time colleagues.⁵⁰

Our supply chain due diligence policies and requirements hold suppliers accountable to our social and labour, environmental, and chemical requirements, international standards such as ILO core labour standards and UN Guiding Principles on Business and Human Rights, as well as national and local labour laws.

All tier 1 production units are subject to regular assessments conducted either by our in-country teams or third-party auditors to ensure compliance with our Code of Conduct and supply chain related requirements. This continuous quality assurance process involves documentation inception, worker interviews, and on-site visits.⁵¹ Factories not meeting minimum standards can be temporarily suspended while they work to address risks, particularly if these pose serious threats to workers, the environment, or the community.⁵²

The resulting data and insights from factory assessments are integrated into our due diligence system and form the basis of our Supplier Sustainability Evaluation. This evaluation is shared with colleagues at brand level to support informed purchasing decisions and promote engagement with socially and environmentally responsible suppliers.

49 GSCDDA 10.2.2 a, GSCDDA 9.3.1, GSCDDA 9.3.2

50 UNGP RF B.1.1.E

51 HiggBRM 2024 SWKD1 IV

52 GSCDDA 7.2.3

Many suppliers are visited by BESTSELLER teams at much more frequent intervals, up to monthly if visits from our commercial and quality teams are included. Factory visits can be announced, semi-announced or unannounced, depending on the risk profile of the factory, and follow clearly defined methodologies, protocols, and performance indicators, which are aligned across BESTSELLER's brands and sourcing offices. For example, if a factory's last assessment found indicators of heightened risks for workers, such as transparency issues or shortcomings in the qualifications of its HR team, it would be visited more frequently than one with a highly qualified and transparent HR team. Additionally, if BESTSELLER receives allegations of misconduct and serious violations of CoC at a factory, then there will be an unannounced site visit to reduce the chance of hiding or destroying evidence of misconduct.

When factory assessments identify risk areas that pose harm or involve policy violations requiring remediation, we employ clearly defined and timed Corrective & Preventive Action Reports (CAPARs), recommendations and, when needed, escalation protocols. Any such remediation actions are mutually agreed upon between the factory management and BESTSELLER's teams.⁵³ Progress on remediation is monitored and verified through follow-ups and unannounced visits. Regional teams maintain close contact and ongoing dialogue with factories to support effective implementation.⁵⁴ If progress is insufficient or critical issues persist, the CAPAR is escalated in line with our established protocols, potentially leading to suspension of new orders or offboarding from our supply chain, as a last resort if all avenues have proven fruitless.⁵⁵

HUMAN & LABOUR RIGHTS RISKS: FACTORY LEVEL ASSESSMENT & MONITORING⁵⁶

BESTSELLER's social and labour factory assessments are designed to assess and monitor indicators of human and labour rights risks at our tier 1 production units. These assessments cover more than 124 graded performance indicators and 25 additional "Above & Beyond" compliance indicators structured under

specific performance areas that correspond to identified salient human rights risks.⁵⁷ [Please refer to page 19 to see the list of performance areas]

In addition to identified risks, we assess other performance areas that are closely related to and may potentially carry risk or provide insights into the factory's ability to manage those risks. For example, a factory's Management System, while it's not an identified risk, it is a critical area to assess a factory's capacity to manage risks effectively and is thus included in our monitoring framework. Likewise, violations of young workers' rights are not categorised as Child labour. Young workers refer to individuals between the legal minimum working age and 18. While they are allowed to work under specific light conditions, their rights are monitored separately, making young workers' rights a distinct performance area.

Additionally, while we have an extensive environmental assessment process for wet units, our social & labour assessments also include a performance area which covers basic environmental management and performance, addressing key environmental aspects, such as holding necessary environmental permits, proper waste disposal, and compliance with legal air emission standards. The inclusion of this performance area in social and labour monitoring ensures that all factories meet minimum environmental requirements, even if they do not have environmentally hazardous processes.

All tier 1 cut-to-pack factories undergo a full social & labour performance assessment covering all the social and labour indicators at least once every 18 months, with high-risk facilities assessed more frequently. Standalone tier 1 wet-processing units are also included in scope, with assessments conducted based on their specific risk profile. As these facilities are generally more capital-intensive and less labour intensive than cut-to-pack units, their social and labour risk profile differs accordingly.

In addition to onsite visits, Social & Labour teams use desktop processes to monitor certain concerns, for example, if a legally required permit has been obtained, that permit can be verified digitally by our teams.

53 UNGP RF B.2.3.E, HiggBRM 2024 SWK16, GSCDDA 7.2.1

54 UNGP RF C.7.D, GSCDDA 7.1

55 OECD 5.1.6, OECD 6.1, UNGP RF A.1.4, UNGP RF C.7.B, GSCDDA 7.3

56 UNGP RF B.1.1.C, UNGP RF B.2.2.B, ETI CTF 1.3

57 HiggBRM 2024 SWK04

Below is a table of social & labour assessment types:

Assessment type	Conducted by	Onsite / Desktop	Description
Initial S&L assessment	BESTSELLER or 3rd party auditor	Onsite	Full S&L Performance Assessment conducted prior to onboarding, for factories in the process of obtaining approval for BESTSELLER production
Routine S&L assessment	BESTSELLER or 3rd party auditor	Onsite	Full S&L Performance Assessment conducted for factories which are already approved for BESTSELLER production. Conducted a minimum every 18 months
Onsite remediation	BESTSELLER or 3rd party auditor	Onsite	Verification of the factory's remediation of concerns identified at initial or routine assessment
Desktop remediation verification	BESTSELLER or 3rd party auditor	Desktop	Verification of the factory's remediation of concerns identified at initial or routine assessment (In cases where the concern relates to documentation, such as missing policies or expired licences)
Follow-up visits and pre-assessment	BESTSELLER	Onsite	Visit to provide training, advice, follow-up on pending issues, projects, or other matters where an onsite visit will support the factory in improving their social & labour performance

Follow-up visits are always conducted onsite and exclusively by BESTSELLER's Social & Labour Team. While assessments and remediation visits are included in the factory's Social & Labour performance rating, follow-up visits are not; they are designed to provide ongoing support, deliver customised training, and collaborate with factories on specific projects. Follow-up visits also include pre-assessments, which provide training prior to formal verification and support factories in adhering to BESTSELLER's Social & Labour requirements.

The table below presents the assessment data for FY24-25, broken down by country for our seven key sourcing countries:

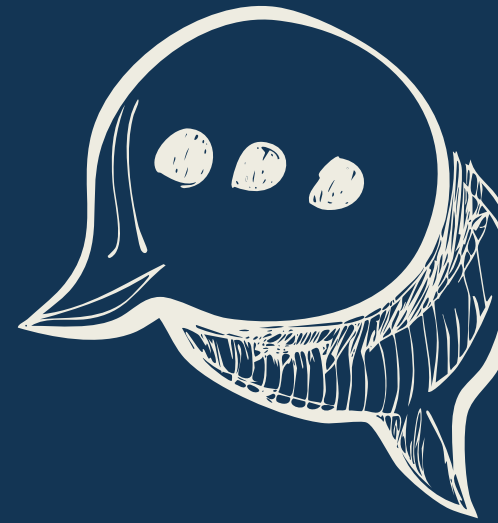
Assessment	Global total	India	China	Pakistan	Cambodia	Myanmar	Türkiye	Bangladesh	Other countries
Initial S&L assessments by BESTSELLER	129	20	41	8	5	3	23	22	7
Initial S&L assessments 3rd party	13	1	3	0	0	0	1	0	8
Routine S&L assessments by BESTSELLER	217	10	51	18	15	15	42	65	1
Routine S&L assessments 3rd party	144	33	81	1	3	0	7	0	19
Onsite remediations by BESTSELLER	103	8	20	2	4	46	12	11	0
Onsite remediations 3rd party	2	0	0	0	0	0	0	0	2
Desktop remediations by BESTSELLER	236	56	97	4	18	35	5	8	13
Desktop remediations 3rd party	1	0	1	0	0	0	0	0	0
Follow-up visits and pre-assessments	359	16	25	30	30	143	19	96	0
Total onsite visits by BESTSELLER	808	54	137	58	54	207	96	194	8
Total onsite visits by 3rd parties	159	34	84	1	3	0	8	0	29
Grand total onsite visits	967	88	221	59	57	207	104	194	37

**Other countries: Bulgaria, Egypt, Italy, Macedonia, Mauritius, Morocco, Portugal, Romania, Serbia, Spain, Sri Lanka, Tunisia, United Arab Emirates, USA, Vietnam*

BESTSELLER

Affected rightsholders are a key voice in the assessment process and are consulted at numerous points in BESTSELLER's supply chain due diligence processes. We ensure that any communication with affected rightholders does not expose them to risks or retaliation, nor disclose any sensitive information.

All factory Social & Labour assessments involve employee interviews. These interviews are conducted on site, without the presence of factory management or a line manager, and information received therein is treated confidentially and in line with relevant legislation. These interactions allow us to gather first-hand accounts of working conditions, worker treatment, and any potential rights violations, ensuring that our assessments are grounded in the lived experience.⁵⁸



SUPPLY CHAIN DUE DILIGENCE REPORT — 2025

INTRODUCTION SCOPE OF REPORT ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

- Supply Chain Policies
- Risk Identification
- Onboarding
- Factory Assessment & Monitoring
- Factory & Industry Programmes
- Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING GRIEVANCE MECHANISMS STAKEHOLDER TRANSPARENCY INDEX



RISK MANAGEMENTSupply Chain Policies
Risk Identification
OnboardingFactory Assessment & Monitoring
Factory & Industry Programmes
Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

WORKER INTERVIEWS⁵⁹

We aim to gather insights from a broad and representative cross-section of the workforce. This includes interviewing workers from different departments, job roles, genders, age groups, nationalities, language groups, religions, and other social or personal backgrounds. Special attention is given to vulnerable groups of workers, such as migrant workers, pregnant workers, workers with disabilities, members of worker committees or unions, etc., ensuring that the voices of such groups are heard.

Interviews are conducted both individually and in groups, always in a location where workers can feel safe, respected, and free to speak openly, away from management or other observers. All information shared is treated with strict confidentiality, and we have procedures to ensure no feedback can be traced back to individual workers.

The number of interviews is based on the total workforce size, using a percentage-based minimum to ensure a representative picture. However, if concerns or inconsistencies arise, the number of interviews will be increased to explore whether these are isolated cases or part of a broader issue.

Worker protection is paramount. If interviews reveal sensitive or serious concerns that could put individuals at risk of retaliation, this information is handled discreetly and never recorded in a way that could compromise anonymity. Instead, it is flagged through secure internal reporting channels so that BESTSELLER can follow up responsibly.

The Head Office Social & Labour team holds quarterly meetings with all local S&L managers, along with monthly one-on-one meetings with each manager. These forums address both the identification of emerging risks and the practical implementation and follow-up of due diligence processes for existing risks, ensuring continuous management and improvement of our overall approach.⁶⁰

Local Social & Labour teams are also in regular contact with worker representatives, such as unions or worker representative committees. Both local teams and head office teams engage with organisations that represent worker perspectives, such as the ILO, International Accord, and ETI.

When assessments identify any shortcomings, violations, or need for improvement, a Social & Labour Concern will be raised. These concerns are classified as either *Performance Concerns*; referring to actual violations of labour or human rights, or *Process Concerns*; referring to gaps in management systems, processes, or procedures. Process concerns do not necessarily entail an actual violation of any labour or human rights, but they always indicate that the factory has gaps in its systems that undermine its ability to prevent such violations from occurring in the future.

Similar to our human rights risk identification process, social and labour concerns are graded according to severity and likelihood.

The severity of a concern is determined by the combined factors of scale, scope, and irremediability:

- *Scale* refers to the gravity of the impact
- *Scope* considers the reach of or how widespread the impact is, such as the number of people who are or could be affected.
- *Irremediability* assesses how difficult it is to restore the affected person(s) to their original situation before the adverse impact.

The likelihood assesses the probability that a risk will materialise into a concrete impact. The higher the likelihood, the more severe the grading.

Concerns are then classified into minor, major and critical. We follow up with factories to ensure that identified concerns are remediated within the maximum deadlines. If non-compliances are not remediated within the deadline or if a factory is insufficiently committed to remediation, we apply escalating consequences, and critical concerns that remain unresolved will automatically trigger the Escalation Protocol.

59 OECD 5.2, UNGP RF B.2.2.E, HiggBRM 2024 SWK02

60 GSCDDA 6.5

ESCALATION PROTOCOL

BESTSELLER’s Escalation Protocol handles potential and actual factory-related environment, labour and human rights violations that are too severe or complex to be managed by the standard verification and remediation procedures through the Factory Standards Programme.⁶¹

The Escalation Protocol is applied either:

- When we receive a complaint about a potential violation from an external party, such as a trade union, labour rights organisation, media, or others, or
- When BESTSELLER’s own teams identify a potential Zero Tolerance violation of our Code of Conduct.

That a case is raised through the Escalation Protocol does not necessarily entail that there is a violation, further investigation then clarifies if a complaint is actual or unfounded. Investigations into escalated cases are conducted onsite by BESTSELLER’s local Social & Labour and Chemical & Environment teams, and when relevant, with assistance from local lawyers, service providers, or stakeholders such as peer brands, employer organisations and others. Investigations will typically involve interviews with workers, worker representatives and management, and with any alleged victims of the violation.

Escalated cases may be complex and can take several months before resolution is achieved. Sometimes uncertainties can occur when a potential violation might not clearly fall within the scope of our Code of Conduct or where the local legislative framework is unclear. In such cases, BESTSELLER’s role is more to facilitate remediation through promoting good faith dialogue, negotiation, and resolution between the parties, i.e., factory management and worker representatives, with the possible involvement of civil society organisations, trade unions, or other key stakeholders and rights holders, where relevant, rather than requiring a specific resolution. If agreement cannot be reached between the parties, it will then be settled through formal judicial processes.⁶²

Other times, the cases may involve clear legal violations or clear violations of BESTSELLER’s Code of Conduct. For such cases, remediation is typically less complex and based on BESTSELLER’s requirements, bringing adequate remedy to the affected parties (e.g. reinstatement of a worker, in case the worker was dismissed on illegal grounds). Once the remediation plan is agreed upon among the parties, BESTELLER teams monitor its implementation and report back to the complainant when and if necessary.

The following outlines the potential outcomes when a case is escalated through the Escalation Protocol:

Escalation stages	Description
Case dismissed	The case is dismissed when the investigation reveals no violation, or the supporting evidence is not sufficient to document a violation.
Notification of concern	Mildest escalation stage. The supplier is issued a NoC and kept under increased observation. This can be considered an early warning for the supplier.
Warning letter	Mid-level escalation stage. The supplier is issued an Official Warning Letter, which negatively impacts the Supplier Sustainability Rating. The supplier Sustainability Rating determines which suppliers are prioritised for business, i.e. low performing suppliers receive fewer orders from BESTSELLER.
Warning letter with financial claim	This is done rarely, as a financial claim may negatively affect the ability of the supplier to remediate, but it can be applied in some cases, such as unauthorised subcontracting.
Offboarding of supplier and or factory	Highest Escalation stage. Offboarding of the supplier and/or factory. This stage is only applied when all other avenues for resolution have been exhausted.

61 OECD 5.1.6, HiggBRM 2024 ECH13, HiggBRM 2024 ECH15, HiggBRM 2024 ECH21

62 UNGP RF A.1.4.C

Below is the data on human and labour rights cases:⁶³

Escalated Cases Status	FY 23-24	FY 24-25
Escalated cases raised	97	170
Escalated cases investigated	97	170
Escalated cases dismissed	60	89
Escalated cases concluded with a notification of concern	22	11
Escalated cases concluded with an official warning letter	7	14
Escalated cases concluded with the offboarding of the supplier or factory	1	2
Escalated cases with other conclusions (e.g. no penalty, but training activities initiated, case handed over to RSC, etc.)	3	1
Escalated cases under investigation or resolution at the time of reporting	4	53

**Some discrepancies may appear in FY23-24 data compared to the previous report, as cases up to 30 August were included in that reporting cycle.*

In FY24-25, two escalated cases were concluded by offboarding the factories in question. One factory was offboarded due to failure to remediate multiple issues, falsification of records, and lack of transparency, while another was offboarded for systemic underpayment of overtime wages. The case was concluded after all outstanding payments had been settled.

Most common types of cases	
FY 23-24	FY 24-25
Employment practices 32%	Wages and benefits 29%
Wages and benefits 26%	Employment practices 15%
Worker unrest 14%	Employee treatment 11%
Working hours 12%	Worker unrest 9%
Employee treatment 9%	Unauthorised subcontracting 8%

Given the relatively high number of wage related cases in FY24-25, we have strengthened wage monitoring during factory assessments in countries where this risk is most pronounced. In addition to reviewing wage documentation such as pay slips and printed wage overviews, our teams now also assess factories’ wage management IT systems where risk assessments indicate the need. This allows our teams to randomly sample direct wage transfers in the IT system and cross-check them against supporting documentation, such as pay slips, to verify that wages are paid as required.

Causes raised via	FY 23-24	FY 24-25
BESTSELLER Factory Standards Programme & colleagues	20%	28%
Media	20%	25%
Accord/RSC	15%	24%
3rd Party Audit Companies	2%	0%
International NGOs	9%	5%
Local NGOs	7%	1%
Local Federation / Trade Union	10%	3%
International Trade Union	0%	0%
Factory Representative	0%	4%
Anonymous Complainant	1%	1%
Other	15%	10%

**Following a review of historical records, an error was identified in the FY23/24 data reported in the Supply Chain Due Diligence Report 2023–24. The figures in this report reflect correct and verified data for that period.*

An example of an escalated case during the reporting period involved one factory where assessments identified systematic underreporting of overtime hours, as well as unreported work performed on Sundays and public holidays. The event occurred in a limited number of months during peak season, when the factory had not done adequate production planning and was suddenly faced with a tight production bottleneck.

RISK MANAGEMENT

- Supply Chain Policies
- Risk Identification
- Onboarding
- Factory Assessment & Monitoring
- Factory & Industry Programmes
- Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

While the factory had reported only one to two hours of overtime per day, onsite verification by BESTSELLER’s local team revealed production continued until 8 PM on many days, with some shifts extending to midnight and including night work. None of this was reflected in the working hours and payroll records, and further reviews confirmed workers were not compensated at the premium overtime rate, affecting their wages, social security, and related benefits. Investigations also showed unrecorded and unpaid work on multiple Sundays and two public holidays.

Following internal discussions and engagement with the supplier and factory management, the factory’s rating was downgraded and blocked for new orders until all outstanding payments were completed. Its affiliated supplier, previously highly rated, was also downgraded and issued an Official Warning Letter. Once full back payments had been made, the factory rating was upgraded only to the level permitting order placement to prevent a reduction in business that could undermine the factory’s ability to sustain jobs and maintain the cash flow needed for salary payments, thereby avoiding negative impacts on workers. However, the rating will remain low in the longer term until the factory demonstrates consistent, responsible business conduct and transparency.⁶⁴

This case illustrates our approach to addressing serious labour rights violations, where we prioritise worker rights by ensuring that all owed payments are completed, while enforcing strict business consequences such as rating downgrades, blocking new orders, and issuing official warnings. We ensure that our responses to these cases are both corrective and preventative. Remediation must first restore what workers lost, but factories are only reinstated to full standing once they demonstrate consistent transparency and responsible practices over time. This reflects our commitment to evidence-based oversight, worker-centred action, and holding suppliers accountable to long-term responsible business conduct.

Environmental and chemical cases are also handled according to the same escalation protocol.

Below is the data on environmental impact escalated cases:

	FY 24-25
Escalated case investigations conducted	6
Escalated cases dismissed	3
Escalated cases under investigation or resolution at the time of reporting	3

Causes raised via	FY 24-25
BESTSELLER Factory Standards Programme	2
Labs	2
Other	2

**ENVIRONMENTAL IMPACT RISKS:
FACTORY LEVEL ASSESSMENT & MONITORING**

Our supply chain is where we have the biggest environmental impact, therefore, strong cooperation and support are required to help suppliers efficiently manage their consumption of water, chemicals, energy, and the production of waste.

To address environmental impact risks in our supply chain, we distinguish high impact from low impact facilities and focus our resources on ensuring high impact facilities are implementing responsible environmental management systems.

We define a *Low Impact* facility as one that meets the following three criteria:

1. The facility has a maximum of 250 employees
2. Uses no more than five chemicals in their production
3. Has a daily industrial wastewater discharge of 15 cubic meters or less

Any facility exceeding one or more of the above thresholds is considered a High Impact facility.

With the exception of CMT (Cut-Make-Trim) facilities, if these facilities have fewer than 250 workers but meet the other two low impact criteria, their classification as either low or high will be at the discretion of the local manager, as these types of facilities generally pose lower environmental risks, even with a larger workforce. Allowing this flexibility ensures that efforts are consolidated and focused where environmental impact is greatest.

BESTSELLER's Environmental Management Requirements outline our expectations for managing chemical use and environmental impacts within our supply chain, and they are available on our website and supplier portal. All suppliers producing for BESTSELLER are expected to comply with these requirements and to ensure their suppliers do the same.

Assessments are tailored according to each supplier's profile and classification as follows:

Low Impact Classification: Assessed through a self-declaration form covering basic commands on environmental impact and our minimum requirements for onboarding. Verified through desktop verification.

High Impact Classification: Subject to full scope environmental assessment, engagement in HIGG FEM, CIL disclosure, wastewater tests reporting and IPE (for China).

**The factories are assessed on the following.
Please note this is not an exhaustive list:**

- Legal compliance
- Transparency and Industry Collaboration
- Environmental Management Systems (EMS)
- Energy Use & GHG (Greenhouse Gas) Emissions
- Wastewater
- Manufacturing Chemicals Management
- Water Use
- Air Emissions

INTRODUCTION

SCOPE OF REPORT

ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

Supply Chain Policies

Risk Identification

Onboarding

Factory Assessment & Monitoring

Factory & Industry Programmes

Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

ADDITIONAL DUE DILIGENCE: TANNERIES

BESTSELLER requires all new tanneries to have Leather Working Group (LWG) GOLD certification. We request each tannery to share its LWG Scorecard via the LWG website and its full LWG audit report upon request. Failing to comply with this requirement will prevent the onboarding of new tanneries or cause offboarding for existing tanneries.

As active LWG members, BESTSELLER is committed to traceability, deforestation prevention, and responsible chemical management in leather sourcing.

BESTSELLER promotes environmental transparency for factories in China by actively participating in the Institute of Public & Environmental Affairs' (IPE) Green Supply Chain Map (GSCM), a public platform that monitors and discloses the environmental performance of suppliers. As part of this initiative, Chinese suppliers identified as having significant environmental impacts are required to publicly report their Pollutant Release and Transfer Register (PRTR) data on an annual basis. This disclosure includes information on energy consumption, wastewater testing outcomes, air emissions, and waste generation and disposal practices. By making this data accessible, the platform provides valuable insights into each facility's environmental footprint and allows stakeholders to track improvements in pollution control and overall sustainability performance over time.



FACTORY & INDUSTRY PROGRAMMES

BESTSELLER invests in a number of trainings and initiatives to further mitigate the risk of causing and contributing to negative impacts in our supply chain.⁶⁵

BESTSELLER TRAININGS

HUMAN & LABOUR RIGHTS TRAINING:⁶⁶

Our local Social and Labour teams offer suppliers training on the management of human and labour rights risks. Training is provided in various ways:

- During onsite visits by local teams in factories, which involve customised training, tailored to any current human and labour rights gaps or areas of improvement in the factory.
- Through topic-oriented training sessions for groups of suppliers, typically in BESTSELLER offices, when relevant.
- Online training sessions by head office S&L staff, which are conducted within certain aspects of adhering to BESTSELLER standards at a high level, especially when introducing new global requirements or topics such as supplier ratings, wage data monitoring, etc.
- During supplier seminars, which are held each year in all sourcing offices.
- Training projects in collaboration with third-party service providers

All trainings are targeted to improve the factory’s Social & Labour performance, which impacts their Social & Labour rating, and consequently contributes to the wider Supplier Sustainability Evaluation.

Moving forward, BESTSELLER plans to increase monitoring of training sessions to enable deeper insights and consequently a stronger decision-making process.

ENVIRONMENTAL & CHEMICAL MANAGEMENT TRAINING:

Suppliers and factories are often encouraged to enrol management or workers in targeted training programmes aimed at addressing specific risks held and organised by BESTSELLER’s local teams. These training sessions are designed to equip factory staff with the knowledge and skills necessary to manage their environmental impact risks.

Training topics are tailored to common issues and areas of improvement spotted by our local Chemical & Environment teams. These trainings can be conducted by BESTSELLER or in collaboration with local and international organisations to provide specialised training. The goal of these trainings is to ensure that factory teams have access to the latest best practices and regulatory requirements, and to foster long-term improvements in factories’ environmental performance.

The table below shows the environmental and chemical trainings that started or were ongoing in our tier 1 factories in 2024-25:⁶⁷

Country	Addressed Topics	Avg. Number of Participating Representatives
India	Environmental impact, environmental tracking and reporting, and environmental ratings	180
Bangladesh	Environmental due diligence, resource data tracking and analysis, energy, SBTi, Higg FEM, and FWD>>ENV	322
China	Environmental and chemical management	115
Pakistan	FWD>>ENV: Energy, Thermal and DFS	72
Türkiye	Environmental and chemical ratings and sustainability targets	240

65 GSCDDA 6.1, GSCDDA 6.3.3, GSCDDA 6.4.3, GSCDDA 9.3.2

66 HiggBRM 2024 SWK12 I

67 HiggBRM 2024 ECL08 II

COLLABORATIVE RISK MITIGATION INITIATIVES⁶⁸

We have a range of Social Improvement Programmes that address human rights and labour risks in the supply chain.

Find below the programmes that were initiated or are ongoing in our tier 1 factories in 2024-25:

INTRODUCTION

SCOPE OF REPORT

ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

Supply Chain Policies

Risk Identification

Onboarding

Factory Assessment & Monitoring

Factory & Industry Programmes

Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

SOCIAL IMPROVEMENT PROGRAMME⁶⁹

Programme	Description	Addressed Risks	Countries	Number of Factories	Number of Workers	Number of Female Workers
MADE	Training programmes for factories to raise awareness and promote responsible business conduct by improving social compliance, workplace communication, and grievance mechanisms through training for workers and management, with a focus on establishing effective Workplace Coordination Committees and fostering social dialogue	General labour rights, occupational safety & health, forced labour, effective dialogue, wages & working hours, social dialogue	Myanmar	6	7,905	7,088
RISE Foundations/ Foundations Digital ⁷⁰	RISE Foundations empowers women garment workers through peer-led training on gender equality, health, financial literacy, and communication. The programme builds confidence and life skills to support women's agency and participation in the workplace	General labour rights, gender-based violence, gender equity, social and effective dialogue	Bangladesh, Cambodia, China, India, Pakistan	15	25,282	10,820
RISE Respect	RISE Respect Programme addresses gender-based violence and harassment in factories by training all staff on respectful behaviour, power dynamics, and grievance mechanisms. It promotes a safe and inclusive work environment	Gender equity, gender-based violence, effective dialogue, and general labour rights	Bangladesh, India	9	14,535	7,402

68 ETI CTF 2.6

69 HiggBRM 2024 SWK11, HiggBRM 2024 SWK12 I

70 HiggBRM 2024 SWK20

BESTSELLER

SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION
SCOPE OF REPORT
ORGANISATIONAL STRUCTURE

RISK MANAGEMENT
Supply Chain Policies
Risk Identification
Onboarding
Factory Assessment & Monitoring
Factory & Industry Programmes
Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING
GRIEVANCE MECHANISMS
STAKEHOLDER
TRANSPARENCY INDEX

Ulula Voice from the heart	A digital tool that enables suppliers to effectively manage grievances raised increasing transparency for the workers	Effective dialogue, general labour rights	Myanmar	6	9,713	8,598
Power⁷¹	ACEV's Power Programme provides training on topics linked to women's personal development and women's rights, and effective communication	Gender equity	Türkiye	2	474	474
RISE Financial Health/BSR's HERFinance⁷²	The programme aims at improving financial resilience and inclusion for workers, especially women, by combining wage digitisation with gender sensitive financial capability training	General labour rights, wages, working hours, and gender equity	Bangladesh, Cambodia	2	2,940	1,415
Phulki⁷³	Phulki specialises in providing needs-based childcare facilities at workplaces and provides related caretaker training	Gender equity	Bangladesh	4	13,761	6,439
QuizzRR	QuizRR offers digital gamified training for workers and middle management in their local language. The courses focus on workers' and employers' rights and responsibilities, and other topics relevant to the factory-level risks and priorities. (While our partnership with QuizRR was discontinued, the programme was concluded in January 2025)	General labour rights, wages, working hours, gender equity, and gender-based violence	Bangladesh	1	1,332	603
BSR's HERHealth	HERhealth programme empowers women in supply chains by improving health knowledge, access to services, and workplace support through peer education and training.	Gender equity	China	1	471	385
BSR's HERproject	HERproject delivers training that improves women's health knowledge, financial inclusion, and workplace equality. (This programme was delivered by the supplier through their own scaling-up initiative)	Gender equity	Bangladesh	1	7,232	2,522

71 HiggBRM 2024 SWK20

72 HiggBRM 2024 SWK20

73 HiggBRM 2024 SWK20

INTRODUCTION

SCOPE OF REPORT

ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

Supply Chain Policies

Risk Identification

Onboarding

Factory Assessment & Monitoring

Factory & Industry Programmes

Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

Some programmes are directly initiated by BESTSELLER, others are developed collaboratively with peer brands, and some are third-party programmes in which BESTSELLER has not played a lead role but has actively invested in their development. The total number of factories reported under these initiatives includes all those working with BESTSELLER across these three categories.

The majority of Social Improvement Initiatives are implemented on a co-funding model, which is one way of increasing the probability of factory "buy-in" and support for a programme. These models are structured where BESTSELLER usually pays around 90% of the cost. In cases of pilot programmes or in cases where the factory does not have the financial resources required, BESTSELLER can and does fully fund these human rights risk-mitigating Social Improvement Initiatives.

WORKERS' VOICE⁷⁴

Early this year, BESTSELLER's Social Impact team piloted the Ulula Worker Voice digital survey to collect direct feedback from factory workers using their phones. The pilot engaged nearly 10,000 workers across factories in Myanmar, Pakistan, and China, marking a significant step forward in terms of first-hand insights into risks at the factory level.

The survey's questions were developed based on the previous year's country-level risk assessment, focusing on the most salient risk areas, in consultation with local unions or worker committees and adapted to each country's context. The survey captured workers' perceptions on 21 questions that included risk areas like discrimination, freedom of association, temperature, union engagement and grievance mechanisms.

The tool integrates gender-responsive and intersectional insights, as the survey results can be disaggregated by various criteria such as gender, age, migration status, or contract type.

With opportunities for expanding the survey to Bangladesh, India, and Cambodia being explored, going forward, the team will collect the resulting data and track the impact of social and labour initiatives over time to ensure they provide real value for workers.

JOINT TRAININGS

BESTSELLER, alongside suppliers and MADE, co-funded a five-day SA8000 training programme in Myanmar in November 2024. The SA8000 is a globally recognised, voluntary social accountability standard created by Social Accountability International (SAI) to ensure fair and decent treatment of workers in organisations and supply chains. It addresses critical labour issues, including child and forced labour, health and safety, freedom of association, discrimination, and working hours. The joint training engaged BESTSELLER's Social & Labour teams, BESTSELLER's suppliers, MADE staff, as well as other local labour rights professionals.⁷⁵

On the environment and chemicals side, BESTSELLER also collaborates with a range of stakeholders to facilitate management systems and address risks.

Environmental & Chemical Collaborative Efforts

<i>Initiative/ Programme Name</i>	<i>Description</i>	<i>Addressed Risks</i>	<i>Countries</i>
FWD>>ENV⁷⁶	A programme that provides tailored training and solutions to factories with time-bound recommendations and close monitoring. Through the programme, BESTSELLER funded ERI to develop a Resource Tracking Information System (RTIS) for real-time data tracking.	Chemical management, water use, waste-water management, energy use, GHG emissions, waste, and environmental management systems	Bangladesh, India, Pakistan
BHive⁷⁷	A chemical tracking app designed for the textile and garment sector. Used to manage chemical inventories and ensure compliance with sustainability standards such as ZDHC	Chemical management	Bangladesh, China, India, Pakistan, Türkiye
Cascale/Worldy's Higg FEM⁷⁸	Higg Facility Environmental Module is a standardised tool used to assess and evaluate facilities' environmental performance. BESTSELLER suppliers are encouraged to complete and post one Higg FEM per year	Environmental management system, energy, greenhouse gas emissions, water, waste, wastewater, air emissions, and chemicals management	Global
Greener Garment Initiative (GGI)/ SOLShare	A partnership between HEARTLAND and SOLShare to provide financing to equip factories with a solar power system. ⁷⁹	Energy and greenhouse gas emissions	Bangladesh
MADE Environmental Programme	A programme where factories are subject to a full resource audit and given costed recommendations and training on how to reduce energy usage. ⁸⁰	Energy	Myanmar
IPE	In China, BESTSELLER cooperates with the Institute of Public & Environmental Affairs (IPE), a non-profit environmental research organisation based in Beijing that monitors many aspects of environmental supply chain management and records suppliers' performance on a public database.	Water, pollution, GHG emissions, energy, air emissions	China

76 HiggBRM 2024 ECL21, HiggBRM 2024 ECL22, HiggBRM 2024 EWT15, HiggBRM 2024 EWT16, HiggBRM 2024 EWS26, HiggBRM 2024 ECH24

77 HiggBRM 2024 ECH32

78 HiggBRM 2024 ECH24

79 HiggBRM 2024 ECL21

80 HiggBRM 2024 ECL21

SUPPLIER SUSTAINABILITY EVALUATION

The Supplier Sustainability Evaluation is a cornerstone of our efforts to improve social and environmental performance in our direct and near direct supply chain. It integrates factory-level data on human rights, social, labour, and environmental performance and supplier-level data on responsible supply chain management, ethics, transparency, and commitment. The rating system is designed not only to measure progress, but to support and encourage it too.

To incentivise our suppliers, we had set a goal by 2025 to reach 75 percent of product orders to be placed with highly rated suppliers. To achieve a high rating, suppliers must show continued and strong commitment and performance on Responsible Business Conduct, including strong management of labour and human rights risks and environmental management, and proactive reduction of any negative impacts. This includes contributing to improvements in the industry and to communities. To be 'highly rated' reflects strong internal systems, commitment from leadership, and measurable improvements across key environmental and social areas.⁸¹

Recognising the critical role of suppliers, BESTSELLER introduced further incentives in 2022-23 to encourage progress. Suppliers achieving high ratings in both the general Supplier Evaluation (covering product delivery and quality) and the Supplier Sustainability Evaluation receive more favourable financing options.⁸² This rewards their commitment to operational excellence and sustainability practices.

This assessment is an important part of our wider partnership approach. It helps us identify leaders, offer targeted support to those who need it, and guide the sourcing decisions of our brands. It is our strategic goal to expand our business with highly rated suppliers or those committed to making progress and reaching higher standards.⁸³



⁸¹ HiggBRM 2024 ECH27

⁸² HiggBRM 2024 SWK12 VI

⁸³ HiggBRM 2024 SWK31

INTRODUCTION

SCOPE OF REPORT

ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

Supply Chain Policies

Risk Identification

Onboarding

Factory Assessment & Monitoring

Factory & Industry Programmes

Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

Social & Labour Performance Rating:

Breakdown of Supplier Sustainability Rating:
The Human Rights Half ⁸⁴

- *Assesses the supplier's procedures and ability to manage human rights risks and prevent violations at their manufacturing sites.*
- *Evaluates the supplier's transparency, commitment, and engagement to working in partnership with BESTSELLER around labour and human rights improvements.*
- *Measures the average performance of all factories under the supplier, based on BESTSELLER's factory assessments.*
- *To be rated A, suppliers must also engage in national or global sustainability forums, local impact activities, or factory-level community initiatives.*



Breakdown of Supplier Sustainability Rating:
The Environmental Half ⁸⁵

SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION

SCOPE OF REPORT

ORGANISATIONAL STRUCTURE

RISK MANAGEMENT

- Supply Chain Policies
- Risk Identification
- Onboarding
- Factory Assessment & Monitoring
- Factory & Industry Programmes
- Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

●	Supplier Performance Score:
	Participation in BESTSELLER training
	Competency of the Environmental Management System's (EMS) team
	Engagement and investment of management
●	Associated Factory Performance:
	Average factory score in BESTSELLER assessment
	Strong factory environmental management system
	Energy use & GHG emissions
	Water use & wastewater treatment
	Solid waste handling
	Chemical management practices



RISK MANAGEMENT

- Supply Chain Policies
- Risk Identification
- Onboarding
- Factory Assessment & Monitoring
- Factory & Industry Programmes
- Supplier Sustainability Evaluation

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

Over the past couple of years, we have seen clear signs that our partnership approach is working. More suppliers and factories are engaging with our expectations of strong performance and risk management and embedding them into daily operations.

Progress on our goal of placing 75% of product orders with highly rated suppliers:

Percentage of product orders placed at highly rated suppliers in our Supplier Sustainability Evaluation

FY 24-25	86%
FY 23-24	78%
FY 22-23	48%

Our brands are increasingly using the Supplier Sustainability Evaluation as a guide for making informed sourcing decisions, rewarding suppliers who invest in long-term improvement. This positive feedback loop, where data, support and sourcing choices are aligned, is key to accelerating change across our supply chain.

As we achieved our target of 75% of product orders being placed with highly rated suppliers⁸⁶, we are adjusting and strengthening the requirements and ambitions for our Supplier Sustainability Evaluation. This involves demanding more from our suppliers to attain the status of being highly rated, ensuring they invest in long-term improvements and align with our sustainability goals. By raising the bar, we aim to create a more robust and responsible supply chain that drives continuous improvement and transparency.

RISK-SPECIFIC REPORTING⁸⁷

This section outlines BESTSELLER's risk-based approach to due diligence in the most significant risk areas identified, grouped under Human & Labour Rights, Environment, and Product Safety.

For each of the identified risks, we outline the policies, guidelines, and strategic frameworks guiding our approach,⁸⁸ how risks are assessed within our supply chain,⁸⁹ and how the measures are taken to cease, prevent, and mitigate them.⁹⁰ For human and labour rights risks, we also provide illustrative examples, drawn from both our supply chain and the wider industry, to further demonstrate how different cases are addressed.⁹¹

HUMAN & LABOUR RIGHTS⁹²

1. GENDER BASED VIOLENCE AND HARASSMENT (GBVH)

The human rights risk associated with Gender-Based Violence and Harassment (GBVH) refers to the potential for physical, psychological, or sexual violence and harassment that disproportionately affects individuals based on their gender identity, not only in the workplace, but also in related environments

such as dormitories, during commutes, or in any other work-related setting or activity. This includes unwelcome behaviours, acts, or threats that create hostile or unsafe working environments, violate workers' rights to dignity, and hinder their full participation in the workforce.

1.1 POLICY & STRATEGY

BESTSELLER has a comprehensive policy to mitigate and address gender-based violence and harassment (GBVH) across its supply chain, grounded in international standards such as the ILO Convention No. 190 and Recommendation No. 206.

The policy, as with all our supply chain policies, applies to all tier 0 suppliers and their subcontractors manufacturing products for BESTSELLER, including labour recruiters and service providers, and extends beyond the workplace to encompass areas such as transport to work, employer-provided accommodation, and digital communications. In this policy, we define a wide range of unacceptable behaviours, including physical, verbal, psychological, and sexual abuse, as well as harassment through digital platforms. We also address failure to provide adequate amenities and establish clear expectations for identifying, preventing, and responding to any form of GBVH.

To operationalise these commitments, we ensure policy communication with suppliers, train relevant staff, and support with capacity building to develop robust risk management systems. We also engage local and international stakeholders to drive systemic improvements in the garment and footwear industry. Furthermore, we require suppliers to implement their own anti-harassment policies, provide worker training, and establish accessible grievance mechanisms. All measures must be aligned with both national legislation and international best practices.

⁸⁷ OECD GI 29, GSCDDA 10.2.2 a, GSCDDA 6.1, GSCDDA 6.4.1

⁸⁸ ETI CTF 2.1

⁸⁹ OECD 5.1.10, UNGP RF B.2.2.B

⁹⁰ OECD 5.1.4, OECD 5.1.11, UNGP RF B.2.3.B, UNGP RF C.7.A, UNGP RF C.7.B, GSCDDA 6.3.1, GSCDDA 9.3.3

⁹¹ UNGP RF B.2.3.C, ETI CTF 2.3

⁹² ETI CTF 1.6, ETI CTF 2.5, HiggBRM 2024 SWK01 I, HiggBRM 2024 SWK44, GSCDDA 6.3.1

1.2 ASSESSMENT

BESTSELLER social and labour teams conduct ongoing assessments to evaluate the risk and prevalence of gender-based violence and harassment across our supply chain’s tier 1. These assessments focus not only on identifying incidents but also on evaluating the effectiveness of supplier management systems in preventing and addressing such risks.

Risks of GBVH are most acute in contexts with limited worker protections, weak social dialogue mechanisms, or power imbalances within the workplace, hence, BESTSELLER’s local and headquarters teams work closely with suppliers to review documentation, assess factory procedures, and engage with affected individuals when incidents are suspected or reported.

We use our assessments’ findings to guide further capacity building and strengthening of grievance mechanisms, with a focus on fostering environments where workers feel safe and supported in raising concerns. Where supplier collaboration is inadequate, escalation protocols are triggered to protect workers and uphold BESTSELLER’s expectations.

GBVH risk levels in our key sourcing countries for FY24-25 are shown below:

Countries	Risk Level
Bangladesh	Very High
Pakistan	High
China	Moderate
India	High
Türkiye	High
Myanmar	High
Cambodia	High

1.3 CEASE, PREVENT & MITIGATE

To mitigate the risk of gender-based violence and harassment in our supply chain, we monitor the signs and conditions that may contribute to or reflect this risk through our Factory Standards Programme in tier 1 factories.

We assess the risk of GBVH as part of our Employee Treatment risk area, which includes disciplinary practices and various forms of abuse or mistreatment against employees. While our assessments did not identify any concerns related to GBVH within the reporting period, such cases are also detected through other escalation protocols and grievance channels beyond the assessment process.⁹³

If identified, any kind of physical harassment, abuse or violence, including gender-based cases, will be treated as a critical concern. Such cases are addressed individually, with full regard for the victim’s well-being and wishes, and are followed up closely and discreetly. In these cases, we most likely engage external experts and legal advisors to ensure the correct course of action, including adequate remediation and compensation for the victim, and to prevent any stigmatisation or further negative consequences. If relevant, we also support legal action against the perpetrator. Equally important is addressing the root cause in collaboration with the factory, whether it stems from individual misconduct or broader workplace culture issues that must be resolved.⁹⁴

BESTSELLER collaborates with BSR on the RISE initiative to implement the Respect and Foundations programmes in tier 1 factories. These programmes work to address the underlying causes and workplace dynamics that enable gender-based violence and harassment (GBVH). The Respect programme tackles gender-based violence and harassment by promoting a safe and inclusive workplace culture through awareness-raising, behavioural training, and structured dialogue between workers and management. While Foundations focuses on building workers’ foundational life skills such as communication, confidence, and problem-solving, it also plays a critical role in shifting gender norms and empowering women to speak up and assert their rights.⁹⁵

93 UNGP RF B.2.2.C, HiggBRM 2024 SWK43 I, HiggBRM 2024 SWKD7
94 ETI CTF 2.7
95 ETI CTF 2.6

RISK-SPECIFIC REPORTINGHuman & Labour Rights
Environment
Product Safety Risks

Furthermore, we are piloting GRACE (Gender Responsive Action Community), an initiative under the Ethical Trading Initiative (ETI) designed to address gender-based violence and harassment in supply chains. It combines workshops, peer learning, and one-to-one guidance to build practical gender-responsive human rights due diligence approaches.

2. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING⁹⁶

The suppression of Freedom of Association (FOA) and the absence of Collective Bargaining Agreements (CBAs) in workplaces pose significant human rights risks, such as workers being denied their fundamental right to organise and advocate for their interests, leaving workers without a structured mechanism to negotiate fair wages and working conditions.

2.1 POLICY & STRATEGY⁹⁷

BESTSELLER upholds the fundamental rights to freedom of association and collective bargaining as articulated in our Code of Conduct, and we expect all suppliers to do the same. Our commitments include key International conventions and guidelines, including:

- ILO Convention No. 87 – Freedom of Association and Protection of the Right to Organise (1948)
- ILO Convention No. 98 – Right to Organise and Collective Bargaining (1949)
- ILO Convention No. 135 – Workers’ Representatives Convention (1971)
- ILO Convention No. 154 – Collective Bargaining Convention (1981)
- The International Covenant on Civil and Political Rights – Articles 21 and 22
- The International Covenant on Economic, Social and Cultural Rights – Article 8
- The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- The United Nations Guiding Principles on Business and Human Rights.

We expect all suppliers to recognise and respect workers' rights to freely associate, express opinions, join or form unions of their own choosing, and engage in collective bargaining agreements without fear of reprisal or discrimination.

Supplier management must not interfere in union activities or obstruct workers’ participation in unions or workers' committees. Equally, no worker shall face adverse treatment based on union membership or participation in representative functions.

Worker representatives must be granted access to the workplace and the ability to carry out their duties effectively and without obstruction. In contexts where national law restricts or prohibits Freedom of Association or Collective Bargaining, we still require suppliers to enable alternative forms of independent and democratic worker representation, in line with international standards.

2.2 ASSESSMENT

BESTSELLER views the obstruction of freedom of association and collective bargaining as a Zero Tolerance issue, and we continuously assess supplier compliance with these fundamental labour rights.

Our factory assessments focus on identifying barriers to worker representation, such as management resistance to union activity, discrimination against union members, or the absence of effective parallel structures in countries where legal restrictions apply.

96 ETI CTF 1.5

97 HiggBRM 2024 SWK18

Below is a table identifying the risk levels related to freedom of association and collective bargaining in our key sourcing countries for FY24-25:

Countries	Risk Level
Bangladesh	High
Pakistan	High
China	High
India	High
Türkiye	High
Myanmar	Very High
Cambodia	High

2.3 CEASE, PREVENT & MITIGATE

Concerns related to freedom of association and collective bargaining fall under our Employee Involvement risk category, which also covers complaint and grievance handling, worker dialogue, and other means of engaging and involving workers.

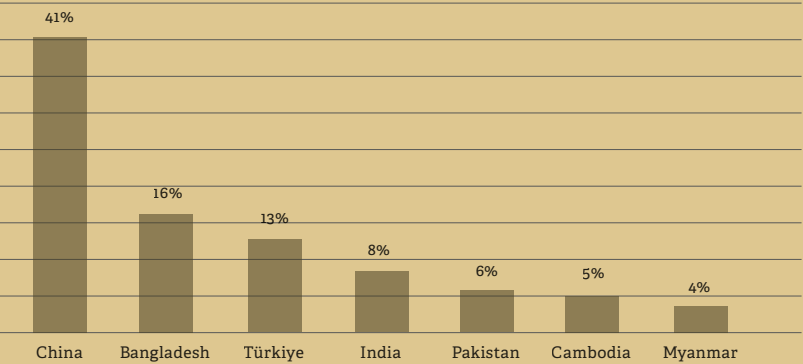
Minor concerns within this risk category would be such as inadequately formulated policies on the topic of employee involvement, while actual employee involvement in practice is adequate and adheres to legal requirements. In this case, remediation would require the factory to update the policies to ensure they reflect the processes already implemented.

Major concerns are identified, for example, when workplace committee representatives are appointed by management rather than democratically elected by workers. In such cases, we would require the factory to establish proper processes for democratic elections and to hold a new election as soon as possible. Remediation typically will also include management training on how to effectively support social dialogue and uphold freedom of association within the factory.

If we find evidence of trade unions being systematically prevented from operating (e.g. in the form of termination of workers based on union activity, or other means of directly undermining trade unions from operating in the factory), this will be considered a critical concern, where we will require the immediate reinstatement of wrongfully terminated workers, compensation for lost income during their absence, and the implementation of procedures to prevent recurrence and actively promote freedom of association going forward.⁹⁸

The following charts show the percentage of factories with active trade unions and those covered by collective bargaining agreements across our key sourcing countries:⁹⁹

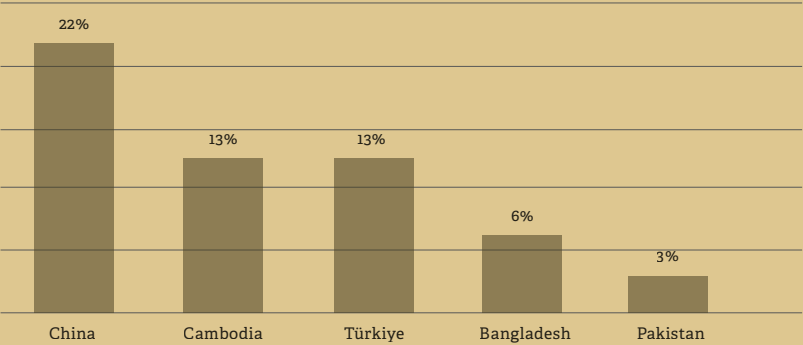
Factories with Trade Union



98 ETI CTF 2.7

99 ETI CTF 2.4, HiggBRM 2024 SWKD2

Factories with Collective Bargaining Agreement



While freedom of association and collective bargaining are internationally recognised as fundamental and enabling human rights, their realisation is among the most complex and challenging areas of human rights due diligence. The maturity of these rights in terms of legislation, enforcement, and promotion varies widely across countries and contexts.

In some countries, the law recognises these freedoms, but enforcement falls short of creating an enabling environment. In others, restrictive thresholds for union registration make it difficult for workers to form or join organisations of their choice. In certain contexts, industrial relations between employers and unions have been fractured for decades, eroding trust and limiting meaningful dialogue. Still, in other countries, only state-affiliated worker federations are permitted, which constrains workers’ ability to freely organise and engage in genuine collective bargaining.

These challenges illustrate that while the rights themselves are universal, the conditions for exercising them are shaped by complex national, political, and historical factors. As such, advancing freedom of association and collective bargaining requires sustained effort, nuanced engagement, and long-term collaboration with a wide range of stakeholders.

During FY24-25, our factory assessments identified one major case directly related to freedom of association or collective bargaining, three minors and none in the critical category, while we identified other cases within the overall Employee Involvement area as follows:¹⁰⁰

	Critical	Major	Minor
Number of concerns	0	10	62

The identified major concern related to FoA and CB was remediated during the reporting period, while the three minor concerns are still in the process of remediation. As for the rest of the identified concerns within Employee Involvement, the remediation status is as follows:¹⁰¹

	Critical	Major	Minor <i>(no deadline for minor issues)</i>
Concerns remediated	0	8	47
Concerns in progress of remediation (within deadline, except minor)	0	2	15
Percentage of remediation (within deadline, except minor)	0	100%	72%

BESTSELLER collaborates with IndustriALL Global Union to support the right of workers to freedom of association and collective bargaining in Cambodia. This agreement aims to support collectively bargained wages, and as a signatory, we recognise that fair wages in the global garment sector can only be assured through a transformative approach in collaboration with employers, workers and their unions in this industry.¹⁰²

100 UNGP RF B.2.2.C
101 HiggBRM 2024 SWK43 I, HiggBRM 2024 SWKD7
102 ETI CTF 2.6, HiggBRM 2024 SWK45

3. WAGES AND BENEFITS

Wage related risks represent the potential threats or challenges faced by workers concerning their earnings. This includes risks associated with insufficient or unfair wages, non-payment or delayed payment of wages, wage discrimination, and violations of agreed upon wage standards and working conditions.

3.1 POLICY & STRATEGY

BESTSELLER recognises that payment of fair wages is a cornerstone of decent work and sustainable supply chains. Aligned with ILO Convention No. 100 (Equal Remuneration) and ILO Convention No. 131 (Minimum Wage Fixing).

As per our Code of Conduct, we require all suppliers to comply with applicable labour laws regarding wages and benefits. We also give special attention to vulnerable worker groups, including agencies, migrant, and probationary workers, to ensure they receive lawful compensation.

3.2 ASSESSMENT

Our Factory Standards Programme assessments of wage practices in tier 1 factories focus on ensuring compliance with legal minimum wage provisions, overtime compensation, and statutory benefits such as paid leave, social security, and insurance coverage.

Below is a table identifying the risk levels related to wages in our key sourcing countries for FY24-25:¹⁰³

Countries	Risk Level
Bangladesh	Very High
Pakistan	High
China	Moderate
India	High
Türkiye	Moderate
Myanmar	Very High
Cambodia	Moderate

3.3 CEASE, PREVENT & MITIGATE

Minor concerns related to wages and benefits can take the form of a single occurrence of delayed wage payment within the last 12 months of up to one week from payday, when the factory has a reasonable explanation and provided that it is not systematic. These are addressed by ensuring the factory arranges adequate procedures to always pay wages on time. An example of a major concern would be when wages are set through a collective bargaining agreement, but actual payments fall below the agreed amount. While not a typical case, in such instances, remediation involves paying workers the wages they are entitled to and ensuring future compliance with the agreement.

Cases of minimum wage violation, disregarding whether it is systematic or unsystematic, are considered Zero Tolerance by BESTSELLER. Affected workers must be back-paid the wages owed, and the factory must ensure full compliance with minimum wage requirements.¹⁰⁴

Our factory assessments identified the following number of wage related concerns in FY24-25:¹⁰⁵

	Critical	Major	Minor
Number of concerns	15	58	176

103 HiggBRM 2024 SWK17 III

104 ETI CTF 2.7

105 UNGP RF B.2.2.C

The remediation of these concerns was as follows:¹⁰⁶

	Critical	Major	Minor (no deadline for minor issues)
Concerns remediated	12	38	168
Concerns in progress of remediation (within deadline, except minor)	3	20	8
Percentage of remedi- ation (within deadline, except minor)	100%	100%	5%

As part of our efforts to raise awareness on wages in tier 1 factories, we implement RISE's Financial Health programme, which focuses on the financial resilience of garment workers, particularly women, by improving their access to responsible wage digitisation, formal financial services, and financial literacy. This programme provides workers with training on budgeting, saving, and managing their income.¹⁰⁷

We continue to support our suppliers in implementing digital payment of wages. For countries where the anticipated benefits outweigh potential disadvantages, we have set targets to fully digitise monthly payroll and overtime payments. We started focusing on our main tier 1 and vertically integrated factories in India, Bangladesh and Pakistan.¹⁰⁸

India and Bangladesh have now achieved 100 percent digitalisation, with all monthly wages and overtime premiums paid digitally. In Pakistan, progress has reached 70–75 percent, and we will maintain our support until full digitalisation is achieved.¹⁰⁹ Looking ahead, we plan to explore expanding this strategy to other production units and to additional payment types, such as bonuses.¹¹⁰

Furthermore, playing our part in public advocacy, BESTSELLER is publicly supporting wage increases in Myanmar. In January 2025, at the MADE Buyers Forum, we advocated for an updated minimum wage that restores the purchasing power of the 2018 wage level (when the minimum wage was last officially negotiated). In May 2025, we publicly supported the European Chamber of Commerce Myanmar's call for an increased minimum wage. We remain committed to continuing this engagement and will support future industry efforts to promote that the minimum wage setting in Myanmar aligns with workers' living costs and international labour standards.¹¹¹

106 HiggBRM 2024 SWK43 I

107 ETI CTF 2.6

108 ETI CTF 2.6, HiggBRM 2024 SWK04

109 HiggBRM 2024 SWK43 I

110 ETI CTF 2.9

111 OECD 5.1.5, ETI CTF 2.8, ETI CTF 2.9, HiggBRM 2024 SWK48

4. OCCUPATIONAL HEALTH AND SAFETY (OHS)

The human rights risk associated with Occupational Health and Safety (OHS) relates to the provision of a healthy and safe workplace, including avoidance of potential harm to workers' mental or physical health, which may occur from work related accidents or exposure to harmful conditions. OSH is included as one of the Fundamental Rights at Work as defined by the ILO. Occupational health and safety rights entail employers' responsibility to identify and mitigate workplace risks, provide necessary training and protective equipment, and establish procedures for reporting and addressing hazards.

4.1 POLICY & STRATEGY

BESTSELLER requires all suppliers to provide a safe, healthy, and legally compliant working and living environment for workers, which is outlined in our Code of Conduct and supported by international labour standards including ILO Convention No. 155. This includes maintaining safe facilities, safe machinery, proper ventilation and lighting, potable drinking water, and accessible, gender-separated sanitation.

We require that health and safety responsibilities in factories must be led by a qualified and empowered OHS manager. Our suppliers must conduct comprehensive risk assessments and implement preventive measures to eliminate or mitigate hazards. Legally required training must be provided to employees based on job-specific risks, including chemical handling, emergency response, and safe equipment use. Furthermore, functional health and safety committees must be established in line with legal obligations.

Suppliers must also ensure that chemical use is controlled through proper storage, labelling, and documentation. We provide detailed Health & Safety guidelines and work closely with suppliers by offering training and capacity-building support to help ensure lasting compliance and drive ongoing improvements.

4.2 ASSESSMENT

BESTSELLER's Factory Standards Programme places strong emphasis on Occupational Health and Safety (OHS), recognising it as an essential right for worker wellbeing and operational integrity.

Within the Occupational Health and Safety area, we assess the following:

- Management & Training
- General working environment
- Electrical safety
- Building / structural safety
- Emergency preparedness & Fire safety
- Chemical safety & Management
- Machine & Equipment safety, PPE
- First aid, Health checks, & Medical facilities
- Dormitories

Our inspections routinely review compliance with legal requirements, maintenance of required certificates and permits, the condition of equipment, structural integrity of buildings, and the presence of clear emergency protocols. We also monitor whether first aid and medical facilities are available and properly equipped, and whether personal protective equipment (PPE) is both provided and used effectively. For factories that include dormitories, living conditions, kitchens, and dining areas are all assessed to ensure that safety and hygiene standards are met.

We ensure that factories conduct regular training for workers, and the establishment of active health and safety committees is further assessed to ensure a functioning OHS culture at the factory level. Any evidence of unsafe practices, structural risk, or inadequate emergency readiness may trigger immediate corrective action requirements.

Below is a table identifying the risk levels of OHS risks in our key sourcing countries in FY24-25:

Countries	Risk Level
Bangladesh	High
Pakistan	High
China	High
India	High
Türkiye	Very High
Myanmar	High
Cambodia	High

4.3 CEASE, PREVENT & MITIGATE

If unsystematic occurrences of missing protective devices for low-risk machinery (e.g. 5 percent of sewing machines missing needle guards) are identified they will be considered minor issues within the occupational health and safety risk category, remediation of these concerns will entail the factory to implement procedures for consistently equipping machines with the necessary protective devices and to train workers on the importance of these safety features.

If operators of high-risk equipment (boilers, pressure vessels, laser or radiation equipment, etc.) are found to be not adequately qualified or certified in accordance with local law, this would be considered a major concern. The same applies where factories lack dedicated employees responsible for health and safety management or do not have a functional health and safety committee in cases where such a committee is legally required. These cases are resolved by ensuring factories hire qualified employees.

Any identified hazard involving risk for permanent injury or death, such as locked emergency exit doors, pressure vessels inappropriately maintained, and open elevator shafts, will be treated as a critical concern and must be immediately addressed and rectified, ensuring that the corresponding risk is continuously well-managed so recurrence will not occur.¹¹²

The following table shows the identified OHS concerns within tier 1 factories in FY24-25:¹¹³

	Critical	Major	Minor
Number of concerns	5	323	839

The identified concerns were remediated according to the following:¹¹⁴

	Critical	Major	Minor (no deadline for minor issues)
Concerns remediated	4	281	393
Concerns in progress of remediation (within deadline, except minor)	1	42	446
Percentage of remediation (within deadline, except minor)	100%	100%	46%

BESTSELLER supports factories in Bangladesh and Pakistan through the International Accord for Health and Safety in the Textile and Garment Industry agreement. All factories and their employees are subject to the terms and protections offered by this agreement. This means all factories receive regular inspections from engineers. When concerns are identified, the RMG Sustainability Council (RSC) in Bangladesh and the Pakistan Accord develop reports and Corrective Action Plans (CAPs) for remediation. Once the factory has completed implementation, it notifies the Accord, which then verifies the remediation.¹¹⁵

112 ETI CTF 2.7

113 UNGP RF B.2.2.C

114 HiggBRM 2024 SWK43 I, HiggBRM 2024 SWKD7

115 ETI CTF 2.6, HiggBRM 2024 SWK12 IV, HiggBRM 2024 SWK46, HiggBRM 2024 SWK47, HiggBRM 2024 SWK48

International Accord further introduced Financing Remediation Protocols, whereby factories and all responsible brands agree on a CAP Finance Plan with financing and remediation schedules, to address factories' capacity to pay for outstanding remediation costs if support is requested by the factory, incorporating the UNGP's Principle of Proportionality.¹¹⁶

BESTSELLER is also supporting the ILO's Employment Injury Scheme (EIS) in Bangladesh, launched in June 2022, whereby all workers engaged in Bangladesh's export readymade garment sector (RMG) have social protection based on two contingencies; one being workplace death and the second being permanent disability arising out of workplace or commuting accidents. This social protection scheme enables the dependents of a worker who dies or a worker who has an accident and is permanently disabled to receive financial support, in the form of periodical payments or pensions as top-ups to the lump-sum payments of the Central Fund. The aim is that by June 2027, a national Employment Injury Insurance (EII) scheme will be adopted, allowing workers to receive compensation payments with benefits compatible with international standards (ILO Convention No. 121).

Beyond paying the annual voluntary financial contribution -equivalent to 0.019 percent of our yearly orders from Bangladesh, BESTSELLER participates in EIS brand working groups on supply chain mapping and institutionalisation to help ensure the scheme's long-term sustainability and actively promotes it to other international brands in the garment industry.¹¹⁷

In the case of Türkiye, as it lies in a first-degree earthquake zone, we recognise that ensuring factory structural safety is critical. In response, BESTSELLER has developed an internal SOP for this OHS risk and collaborates with other brands to promote earthquake preparedness. We also encourage manufacturers to obtain earthquake performance reports from institutions approved by the Chamber of Civil Engineers.¹¹⁸

5. WORKING HOURS

The human rights risk associated with working hours concerns the potential for workers to experience violations of their labour rights due to excessive working hours. This encompasses risks related to inadequate rest periods, overtime abuses, and violations of legally established limits on working hours. In extreme cases, excessive overtime may be severe to a degree where it may be considered forced labour.

5.1 POLICY & STRATEGY

At BESTSELLER, our strategy is to support suppliers in strengthening internal controls and systems to ensure long-term adherence to working hours requirements.

We require suppliers to implement a single, consistent timekeeping system, manual, electronic, or biometric, that accurately captures all hours worked. Where manual systems are used, records must be regularly verified by worker signatures. It is important that all procedures are in place to ensure overtime is controlled within reasonable limits, is always voluntary, and does not compromise worker welfare. All workers must be guaranteed legally mandated breaks and uninterrupted rest periods between shifts.

5.2 ASSESSMENT

As working hours violations are recognised as a widespread risk in the garment sector, identifying this issue is a complex task that depends on collaboration between brands, factory management and workers themselves. Aware of this fact, at BESTSELLER, we have an approach that encourages transparent communication with clear minimum requirements to avoid any exploitation or extreme cases.

¹¹⁶ HiggBRM 2024 SWK12 III

¹¹⁷ OECD 5.1.5, ETI CTF 2.6, ETI CTF 2.9, HiggBRM 2024 SWK12 IV, HiggBRM 2024 SWK45

¹¹⁸ ETI CTF 2.6

Below is a table identifying the risk levels related to working hours in our key sourcing countries for FY24-25:

Countries	Risk Level
Bangladesh	Very High
Pakistan	High
China	High
India	High
Türkiye	High
Myanmar	High
Cambodia	High

5.3 CEASE, PREVENT & MITIGATE¹¹⁹

ILO sets the standard limit at 48 regular working hours plus 12 overtime hours, totalling a maximum of 60 hours per week. If this limit is exceeded by a few hours for up to two months within the past 12 months, for example, due to peak season, this will be considered a minor concern, provided that all overtime is voluntary, and all requirements for daily and shift breaks are fully respected. In such cases we require the factory to reduce overtime to compliant levels.

Due to the structural nature of working-hours challenges, and in order to maintain an open and constructive dialogue with factories so that practical solutions can be developed jointly, BESTSELLER acknowledges that 100 per-cent compliance on working hours may not always be immediately achievable.

If instances are identified where workers are not provided with daily and meal breaks according to legal requirements, these will be regarded as major concerns. Factories will be required to establish proper procedures to guarantee that all workers receive the breaks they are entitled to. If we identify any instances of mandatory overtime that exceed legal limits, which may indicate forced labour, these will be treated as critical concerns. In these situations, the

factory must immediately update its procedures to ensure that all overtime is voluntary, which may include improved capacity planning and recruitment of additional workers during peak seasons.

We identified the following working hours concerns through our assessments within tier 1 factories in FY24-25:¹²⁰

	Critical	Major	Minor
Number of concerns	2	16	361

The identified concerns were remediated according to the following:¹²¹

	Critical	Major	Minor (no deadline for minor issues)
Concerns remediated	2	11	9
Concerns in progress of remediation (within deadline, except minor)	0	5	352
Percentage of remedi-ation (within deadline, except minor)	100%	100%	2%

119 ETI CTF 2.7

120 UNGP RF B.2.2.C

121 HiggBRM 2024 SWK43 I, HiggBRM 2024 SWKD7

6. FORCED LABOUR

Forced labour is all work which is done under coercion or penalty and for which the worker has not offered voluntarily. Elements of coercion may include threats or violence against workers, restrictions on their movement, debt bondage or manipulation of debt, withholding of wages or other promised benefits, or withholding of valuable documents (such as identity documents or residence permits).

6.1 POLICY & STRATEGY¹²²

BESTSELLER applies a zero-tolerance policy on forced labour and requires all suppliers to proactively identify, prevent, and remediate any related risks. This commitment is grounded in international frameworks and includes the expectation that suppliers establish effective management systems capable of detecting and addressing forced labour. All workers must be provided with clear, legal contracts in a language they understand and must be fully informed of their rights, including the right to refuse work.

We expect suppliers to train relevant personnel on forced labour policies and procedures and ensure the availability of accessible, well-communicated grievance mechanisms, free from retaliation or discrimination.

6.2 ASSESSMENT

BESTSELLER supports suppliers through ongoing risk assessments and training initiatives, and engages with local and international stakeholders to strengthen systemic responses to forced labour risks.

We assess suppliers to ensure that all work, including overtime, is performed voluntarily and without coercion. Workers must be free to terminate their employment at any time without facing penalties, and their freedom of movement must not be restricted. Forced labour related assessment also includes the prohibition of prison labour and the requirement that access to essential needs such as food, drinking water, toilets, and medical facilities is never obstructed.

In suspected cases, BESTSELLER prioritises the safety and well-being of the worker and mandates full supplier cooperation. We may also escalate matters according to our escalation protocols if collaboration or remediation efforts are insufficient.

Below is a table identifying the risk levels of forced labour in our key sourcing countries in FY24-25:

Countries	Risk Level
Bangladesh	Moderate
Pakistan	Moderate
China	Moderate
India	Moderate
Türkiye	Moderate
Myanmar	Moderate
Cambodia	Moderate

6.3 CEASE, PREVENT & MITIGATE

An example of a major concern related to forced labour would be that employees are not permitted to take leave on specific workdays despite being legally entitled to do so. This practice can be implemented by factory management due to heavy workloads. To remediate such an issue, the factory will be required to immediately end the policy and train management on employee treatment practices. On the other hand, a critical case can be identified in which employees are financially penalised by losing their attendance bonus if they refuse overtime, including beyond the legally defined maximum limits. When this violation is systematic, it constitutes a clear Zero Tolerance breach of BESTSELLER's standards, where we will instruct the factory to immediately end the practice and implement a policy, along with management training, to prevent its recurrence.¹²³

Our factory assessments did not find any critical or major concerns related to forced labour in FY24-25, but we identified three minor issues; one was remediated, and two are still in progress.¹²⁴

In relation to forced labour as well, BESTSELLER publishes an [annual statement on Modern Slavery](#) in accordance with the reporting requirements under the Modern Slavery Act (UK) and the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada). This report outlines our assessments, actions, and yearly progress in addressing the risks of forced labour and child labour across all levels of our operations, including the supply chain.

7. CHILD LABOUR

The human rights risk of child labour refers to the violation of children’s fundamental rights when they are engaged in work that is detrimental to their physical, mental, and emotional well-being. This risk is internationally recognised and addressed through conventions such as ILO Convention No. 182 (Worst Forms of Child Labour Convention) and ILO Convention No. 138 (Minimum Age Convention), which aim to eliminate child labour in all its forms and protect the rights and dignity of children.

7.1 POLICY & STRATEGY¹²⁵

BESTSELLER maintains a strict Zero Tolerance approach to child labour. Our Code of Conduct articulates that no children under the age of 15 can be employed in factories producing for us, or older if required by national law. For young workers under the age of 18, we require that they may only carry out legally defined light work, and their rights must be fully protected.

As per our [Child Labour policy](#), we require suppliers to adopt hiring policies with clear age requirements and implement effective age verification systems, maintaining accurate records to prevent the employment of underage workers. Children must never be present in production areas, and childcare facilities must be clearly separated from workspaces.

BESTSELLER requires all suppliers to uphold our child labour standards, support them in addressing any gaps we identify, and not engage with partners who violate these standards or fail to maintain adequate safeguards.

7.2 ASSESSMENT

We ensure that all suppliers are informed of our child labour policy and requirements, and supplier prevention systems are regularly assessed against it.

In the event that child labour is identified, interventions will always prioritise the child’s best interest, including removal from the workplace, continued wage support, educational placement, and employment opportunities for a responsible adult family member. We commit to working closely with suppliers and local stakeholders to implement remediation and reserve the right to cancel orders or terminate business relationships where necessary.¹²⁶

Below is a table identifying the risk levels of child labour risks in our key sourcing countries for FY24-25:

Countries	Risk Level
Bangladesh	Low
Pakistan	Low
China	Low
India	Low
Türkiye	Low
Myanmar	Low
Cambodia	Low

124 UNGP RF B.2.2.C, HiggBRM 2024 SWK43 I, HiggBRM 2024 SWKD7

125 HiggBRM 2024 SWK21

126 HiggBRM 2024 SWK21

7.3 CEASE, PREVENT & MITIGATE

Our country assessment shows child labour risk at a low level for tier 1 facilities in our key sourcing countries, and actual cases of child labour are something we see very rarely.

Minor concerns related to child labour may involve shortcomings in a factory's written child labour policy or unclear policy language, even when management procedures meet BESTSELLER's required standards. Such cases can be resolved by correcting the policy. However, if no child labour policy is in place, this will then be regarded as a major concern, requiring the development and implementation of an adequate prevention policy.

A critical concern regarding child labour can arise when an underage worker is found. While such incidents are extremely rare, they may typically involve a child one year below the legal working age accompanying a parent to work during school holidays, going unnoticed by factory management.

Any case involving child labour is remediated in accordance with BESTSELLER's Child Labour Policy as follows:

- a. Requiring the factory to collaborate in the remediation process, with the child immediately ceasing work at the factory.
- b. Committing the factory to cover the child's school fees until they reach the legal minimum working age.
- c. Compensating the child's household with an amount equal to the child's previous earnings until the child reaches the legal minimum working age.
- d. Once the child reaches the legal minimum working age, they are to be offered a permanent position at the factory.
- e. Instructing the factory to strengthen its child labour prevention management systems to avoid recurrence.¹²⁷

In FY24-25, we identified the following child labour concerns through our assessments within tier 1 factories:¹²⁸

	Critical	Major	Minor
Number of concerns	0	4	6

The identified concerns were remediated according to the following:¹²⁹

	Critical	Major	Minor (no deadline for minor issues)
Concerns remediated	0	4	1
Concerns in progress of remediation (within deadline, except minor)	0	0	5
Percentage of remediation (within deadline, except minor)	0	100%	17%

In terms of young workers, we identify minor concerns if these workers are found to be not fully aware of the special requirements applying to their work, but with no actual violations happening, then we work on implementing stronger awareness raising and training procedures for young workers in the concerned factory.

A major concern would be less hazardous and unsystematic young worker violations identified such as a few hours of overtime, inadequate training and supervision of young workers. We would remediate these issues through sufficient policies, standard operating procedures, and training of management and young workers to ensure systematic adherence to all young worker requirements.

127 ETI CTF 2.7

128 UNGP RF B.2.2.C

129 HiggBRM 2024 SWK43 I

If cases of young workers engaged in night shifts, operating hazardous machinery, or systematically working overtime are identified, we require the factory to immediately discontinue all young worker violations and consider whether the employment of young workers is suitable at all for the production processes they run. If not, employment of young workers must be discontinued with all required policies, procedures and legal requirements for compliant and responsible termination adhered to.

In FY24-25, our assessments did not identify any concerns related to young workers.

8. DISCRIMINATION & EMPLOYEE TREATMENT

Discrimination related risks include discrimination behaviours in hiring, access to training, promotion, compensation, benefits, etc. It could be based on race, religion, tribe, cast, gender, sexual or political orientation, national/ethnic/social origin, or union membership.

Employee treatment risks refer to the potential for workers to be subjected to unfair treatment or inadequate employment conditions that violate legal and ethical labour standards. These may involve the absence of legally valid contracts, unclear or exploitative terms of employment, unlawful termination practices, or the employment of workers without proper legal authorisation. It also covers the improper classification of workers, such as labelling them as apprentices or trainees to avoid minimum wage obligations.

8.1 POLICY & STRATEGY

BESTSELLER's discrimination and employee treatment policies are designed to ensure a workplace free from discrimination and unfair treatment across our supply chain. Additionally, we have Migrant Labour and Homeworking policies to protect and support the rights of these specific groups of workers.

We require suppliers to implement non-discriminatory practices throughout all employment stages, including hiring, training, promotion, compensation, and termination. And uphold the rights of all workers regardless of personal or social background, and ensure that protective measures are in place for pregnant women.

Suppliers are expected to maintain transparent and legally compliant employment practices, including the provision of valid employment contracts, proper use of probation periods, and fair classification of workers. All workers must have legal permission to work, including valid permits for migrant labour where applicable.

8.2 ASSESSMENT

Our Factory Standards Programme assesses factories to ensure that all workers are treated fairly and equally throughout the employment relationship, from recruitment to termination. We strictly assess and monitor the prohibition of discrimination in any form.

In our assessment of employee treatment, we ensure that rules are in place to safeguard vulnerable groups, including pregnant women, who are entitled to maternity leave and must be protected from physically demanding or hazardous tasks. We also assess that all workers hold valid employment contracts that clearly outline their rights and responsibilities.

Below is a table identifying the risk levels of discrimination and employee treatment-related risks in our key sourcing countries for FY24-25:

Countries	Risk Level
Bangladesh	High
Pakistan	High
China	Moderate
India	High
Türkiye	Moderate
Myanmar	Moderate
Cambodia	High

8.3 CEASE, PREVENT & MITIGATE

Oftentimes, discrimination can be difficult to identify and goes undiscovered. Typical cases of discrimination relate to discrimination based on gender and labour union activity. For example, discriminatory practices can include testing female job applicants for pregnancy as a condition of hiring, with the intent of avoiding the employment of pregnant women. This would be treated as a major concern under BESTSELLER's standards and remediated by requiring the immediate termination of both the policy and the practice.

Workers may face retaliation for their participation in trade unions, such as dismissal or other forms of adverse treatment. These practices constitute a Zero Tolerance violation of both BESTSELLER’s discrimination standards and freedom of association standards. Remediation would include reinstating the workers in positions comparable to their previous roles and receiving back pay for the wages lost during their termination period.¹³⁰

Discrimination against migrant workers is also well known in the garment sector, but less likely to occur in our supply chain due to a strong focus on the factory having in place adequate employment procedures.

In October 2024, we concluded the Migrant Workforce Wellbeing project, supported by BESTSELLER and implemented by Upfront, aimed to improve the inclusion and welfare of migrant workers across five garment factories in India. Through a three-phased framework (research, programme design, and implementation), the project addressed key barriers such as limited access to social protection, language barriers, and inadequate grievance systems. The initiative resulted in the establishment of multilingual help desks, policy translations, inclusive committee reforms, and capacity-building sessions on gender equality and workplace rights. Over 230 workforce champions were trained, reaching thousands of workers and significantly improving awareness around social security and sexual harassment prevention. The project fostered stronger systems, more inclusive workplace practices, and a deeper understanding of the unique needs of migrant workers.¹³¹

As for the current reporting period, our assessments have identified one minor related to discrimination, which is still in the process of remediation.¹³²

Concerns related to employee treatment may include cases where legally compliant disciplinary practices exist in a factory but are not sufficiently communicated to workers. Such cases are treated as minor concerns and remediated by ensuring that disciplinary practices and other HR policies and procedures are clearly communicated to all employees. However, if these practices and procedures are not standardised in line with legal requirements, the issue is considered a major concern. In such cases, the factory is required to establish clear disciplinary practices that comply with the law and ensure they are effectively communicated to workers.¹³³

130 ETI CTF 2.7

131 ETI CTF 2.6, ETI CTF 3.3

132 UNGP RF B.2.2.C, HiggBRM 2024 SWK43 I, HiggBRM 2024 SWKD7

133 OECD 5.1.11

Below is the data on identified concerns in tier 1 supply chain related to the Employee Treatment risk category during FY24-25:¹³⁴

	Critical	Major	Minor
Number of concerns	1	1	2

All identified critical and major concerns were remediated during the reporting period, while from the minor concerns, one case is still in progress of remediation.¹³⁵

GENDER EQUITY:

As part of our efforts to prevent and mitigate risks related to discrimination and employee treatment, we work on supporting gender equality and women’s empowerment in our supply chain.

Reaching more than 45,500 women during the reporting period, we completed our 2025 goal of providing all women employed with our strategic suppliers with resources to make informed decisions on health and professional development.¹³⁶

In addition, in an aim to provide a better working environment for female workers, we partnered with Phulki in Bangladesh to establish Early Childhood Development (ECD) based daycare centres. These centres create safe, playful, and learning-friendly spaces near workplaces, enabling women to remain employed while ensuring their children’s growth and well-being. Their model involves an initial consultancy setup, followed by phased handover to factory management and parent participation.¹³⁷

9. EXTREME TEMPERATURES

The risk of extreme temperatures refers to the threat posed by prolonged exposure to abnormally high or low temperatures, especially heat stress. Excessive heat exposure is a significant occupational hazard linked to immediate illnesses such as heat exhaustion and heatstroke, as well as chronic conditions like kidney and cardiovascular diseases. This risk can lead to increased workplace injuries, reduced productivity, and disruptions in business continuity. Additionally, with climate change driving a rise in the number of days with extreme heat, this has become a growing risk that demands heightened attention.

9.1 POLICY & STRATEGY

BESTSELLER is committed to upholding the human right to a safe and healthy working environment, including appropriate temperature conditions.

According to our [Extreme Heat Guideline](#), which articulates steps and recommendations to manage risks related to extreme heat, we expect suppliers to regularly monitor workplace temperature, conduct risk assessments, and ensure the implementation of effective ventilation systems. Workers must have access to adequate drinking water, shaded rest areas, and proper ventilation systems.

During periods of extreme heat, employers should provide additional hydration options such as electrolyte drinks and allow for more frequent breaks or schedule rotations. PPE appropriate for high-temperature conditions must also be provided, while unnecessary equipment that may contribute to heat stress should be avoided. We expect suppliers to arrange regular health checks, with increased frequency for vulnerable groups.

Suppliers are also encouraged to engage in continuous dialogue with workers and worker representatives to understand their comfort needs. And they must deliver training on recognising and responding to heat-related illnesses and provide medical care without delay in case of emergencies.

134 UNGP RF B.2.2.C
135 HiggBRM 2024 SWK43 I, HiggBRM 2024 SWKD7
136 HiggBRM 2024 SWK03, HiggBRM 2024 SWK15, HiggBRM 2024 SWK25
137 ETI CTF 2.6, ETI CTF 3.3

9.2 ASSESSMENT

To ensure that workers in our supply chain are protected from extreme temperatures and heat risks, we assess and monitor workplace temperature, identify high-risk areas, and ensure the presence of adequate measures to mitigate heat exposure. These assessments include all facility-related spaces, including dormitories and childcare areas.

Below is a table identifying the risk levels of extreme temperatures related risks in our key sourcing countries in FY24-25:

Countries	Risk Level
Bangladesh	High
Pakistan	High
China	Low
India	High
Türkiye	Low
Myanmar	High
Cambodia	High

9.3 CEASE, PREVENT & MITIGATE

As we launched our Extreme Heat Guideline in November 2024, it prompted an update to our monitoring and requirements for extreme heat. Hence, we currently do not have a full 12-month dataset on extreme heat performance across our supply chain.

We assess extreme temperatures related risks as part of our health and safety assessment. Our grading of extreme heat concerns focuses on legal requirements and whether adequate preventive measures are implemented during extreme heat days.

Find below the identified concerns related to extreme temperatures within our tier 1 factories in FY24-25:¹³⁸

	Critical	Major	Minor
Numbers og concerns	0	5	26

The identified concerns were remediated according to the following:¹³⁹

	Critical	Major	Minor (no deadline for minor issues)
Concerns remediated	0	3	5
Concerns in progress of remediation (within deadline, except minor)	0	2	21
Percentage of remediation (within deadline, except minor)	0	100%	19%

BESTSELLER is in the initial stages of registering concerns related to extreme temperatures. We are actively working to refine our specific extreme heat requirements and develop a clearer system for grading concerns. This process is conducted in close consultation with relevant industry partners and stakeholders.¹⁴⁰

138 UNGP RF B.2.2.C

139 HiggBRM 2024 SWK43 I, HiggBRM 2024 SWKD7

140 ETI CTF 2.6, ETI CTF 2.9

RISK-SPECIFIC REPORTINGHuman & Labour Rights
Environment
Product Safety Risks**ENVIRONMENT**

BESTSELLER's Chemical & Environment teams assess and monitor suppliers' performance against clear environmental and chemical management standards and requirements. When non-compliances are identified, the regional teams set tailored and time-bound CAPARs and track progress through follow-ups and ongoing communication until remediation is completed.¹⁴¹

1. CLIMATE

The risk of Energy use and Greenhouse gas (GHG) emissions in the supply chain refers to the environmental and climate-related impacts associated with the consumption of fossil-based energy sources across production processes, particularly in energy-intensive manufacturing stages. These emissions contribute to global climate change and can exacerbate environmental degradation.

To address our impact on climate change, BESTSELLER sets clear requirements on greenhouse gas emissions and energy efficiency to drive measurable progress toward a low-carbon and energy-efficient supply chain.

As per BESTSELLER's Environmental Management Requirements, factories must identify and track all sources of energy that are used and set a normalised baseline for energy use, targets and an action plan with specific actions and strategies for energy reduction.

Suppliers are also required to identify equipment and processes that use significant energy (e.g. boilers, dyeing equipment, washing processes, etc.) and identify equipment, processes, fuel sources, and substances that produce significant GHG emissions. By doing this, suppliers can identify energy inefficient processes or equipment, such as old boilers or leaking compressed air systems. Once identified, they should be replaced or eliminated by the use of best available technology (BATs (Best Available Techniques)) for energy reduction.¹⁴²

In China, we require suppliers to publish PRTR (Pollutant Release and Transfer Register) data on the IPE platform yearly to enable greater transparency and accountability for our supply chain impacts and risks. Facilities submit annual environmental data such as energy consumption and air emissions.

BESTSELLER is committed to minimising its climate impact across its entire value chain. Suppliers are part of Scope 3 emissions, which hold the biggest place in our climate footprint, hence, we work closely with our suppliers to decrease their emissions and achieve our climate action goals.

We assess our tier 1 and integrated suppliers on their emissions, energy efficiency, and renewable energy strategies.

BESTSELLER regularly monitors the progress of suppliers' phase-out plans. If progress stalls or deviations occur, we will engage in corrective actions and reassess their eligibility. BESTSELLER's Chemical & Environment teams work together with suppliers to achieve year-on-year improvement targets and support efforts to achieve these targets through training programmes run by in-country BESTSELLER colleagues or third parties.¹⁴³

Our suppliers are required first to reduce energy use through efficiency measures and to power their operations with renewable sources. Only when residual emissions cannot be abated directly, we then accept, as a last resort, to procure renewable energy certificates (RECs) or carbon offsets.

One way that BESTSELLER supports the adoption of GHG-reducing technologies is the Greener Garment Initiatives (GGI) in collaboration with SOLShare, through which BESTSELLER's parent company, HEARTLAND finances the purchase and installation of solar power generation systems on the roofs of factories in Bangladesh.¹⁴⁴

By the time of reporting, six factories have been equipped with solar power systems through GGI, generating 2,465,244 kWh of energy and reducing carbon emissions by 1,597 mtCO₂. Installation is underway at an additional six factories.¹⁴⁵

¹⁴¹ HiggBRM 2024 ECH11

¹⁴² HiggBRM 2024 ECL08 I

¹⁴³ HiggBRM 2024 ECL08 I

¹⁴⁴ HiggBRM 2024 ECL08 IV, HiggBRM 2024 ECL22

¹⁴⁵ HiggBRM 2024 ECL09 III

FWD>>ENV PROGRAMME

The FWD>>ENV programme is a comprehensive two-year initiative designed to significantly reduce the environmental impact of our suppliers. The programme focuses on improving chemical management, water use, wastewater management, energy use, GHG emissions, waste, and environmental management systems.

It begins with a detailed assessment of each supplier's factories by a team of engineers, who identify opportunities for improving resource efficiency. Based on this assessment, each factory receives a tailored, cost-effective improvement plan.

In addition to these technical assessments, factory teams undergo regular training, covering both technical and soft skills. This training is designed to develop a new generation of environmental experts at the factory level, enabling them to address specific environmental challenges effectively. Participants in the programme are encouraged to develop and present action plans, promoting collective learning and the exchange of innovative solutions.¹⁴⁶

Following its success in Bangladesh, the programme was expanded to Pakistan and India.

The table below presents key performance indicators (KPIs) from the FWD>>ENV programme related to energy use and greenhouse gas (GHG) emissions reduction across the three countries:¹⁴⁷

KPIs	Bangladesh	Pakistan	India
Coverage of suppliers enrolled in FWD>>ENV	69%	78%	34%
Number of factories enrolled	50	14	9

Energy use reduction data	465,021,000 MJ = 9.3% of baseline	33,198,976 MJ = 1.21% of baseline*	1,551,646 MJ = 4.39% of baseline
GHG emissions reduction data	50,000 tCO2e = 13.1% of baseline	1,261 tCO2e = 0.96% of baseline*	118.6 tCO2e = 2.39% of baseline

**While the data from Bangladesh and India covers 12 months, the data from Pakistan covers 16 months due to a different programme roadmap.*

The following case studies illustrate how the FWD>>ENV programme has been implemented in practice, highlighting specific examples of energy efficiency and GHG emission reduction initiatives across participating factories:

INSTALLATION OF WASTE HEAT RECOVERY BOILER (EGB)

One factory part of the FWD>>ENV programme successfully implemented a Waste Heat Recovery Boiler (EGB) to capture exhaust heat from its natural gas generators and convert it into steam, reducing both fuel use and emissions. Previously, significant energy was wasted, but with the new system in place, three generators (1,600 kW each) now operate almost continuously while efficiently utilising waste heat.

The project required major structural adjustments and an investment of USD 140,000, yet delivered savings of approximately USD 212,547 over the implementation period (Oct 2023 – Mar 2025).

146 HiggBRM 2024 ECL08 II

147 HiggBRM 2024 ECL09 II

RISK-SPECIFIC REPORTING**Benefits included:**

- Gas savings of 1,162,881 m³
- Steam generation of 21,846 tons
- Thermal energy savings of 44,488,338 MJ
- Reduction of 2,240 tons CO₂e.

Additionally, the ironing section, which had faced operational challenges, now runs smoothly.

This initiative demonstrates how waste heat recovery can simultaneously improve energy efficiency, cut greenhouse gas emissions, stabilise operations, and generate substantial financial returns, underscoring its value as a key sustainability measure in industrial production.

TUBE LIGHT HEIGHT REDUCTION FOR ENERGY EFFICIENCY

Another enrolled factory implemented a low-cost lighting optimisation project by reducing the installation height of tube lights in sewing lines from 8.0 feet to 6.6 feet. This adjustment improved light distribution, enabling the removal of 1,008 redundant 22-watt tube lights without compromising illumination quality. The initiative required only USD 515 in investment and generated savings of USD 21,355 in 2024, achieving a payback period of less than a month. Environmental benefits included annual electricity savings of 275,260 kWh, gas savings of 68,510 m³, and a greenhouse gas reduction of 133 tCO₂e—equivalent to nearly 1% of the factory's total emissions for the year.

This case highlights how simple, low-investment infrastructure adjustments can deliver measurable sustainability gains. Through strategic planning, technical assessment, and worker engagement, the factory successfully improved efficiency and reduced emissions while maintaining productivity.

The FWD>>ENV programme plays a supportive role by conducting in-depth analyses of factory operations and providing tailored recommendations and trainings to reduce environmental impact. These insights serve as a roadmap for improvement, but it is ultimately the factories themselves that drive the change. Their commitment, willingness to collaborate, and proactive implementation of the recommendations are what translate analysis into real progress. This partnership demonstrates how such programmes, combined with factory ownership and ambition, translate into meaningful and practical sustainability improvements.

We have also explored a pilot with one factory in Myanmar on a programme, similar to the FWD>>ENV programme's model, where the factory was subject to a full resource audit. They were given costed recommendations and training on how to reduce energy usage, delivered in partnership with MADE. After a six-month period, while the pilot factory increased its monthly production output by 41 percent, the factory managed a 20 percent decrease in electricity consumption. Based on the strong results and engagement we experienced, the pilot will be expanded next year to cover more of our production in the country.

At BESTSELLER, we believe that real progress on decarbonisation and climate action in sourcing countries requires ambitious national action plans. If embedded in regional frameworks, this roadmap can then be developed and supported by all stakeholders, including manufacturers, brands, MSI's and local government. The Apparel and Textile Transformation Initiative (ATTI) is a manufacturer-led initiative with the aim of securing regional roadmaps which consider local context and involve all needed local stakeholders to address key sustainability issues such as energy efficiency, water use, emissions, and other environmental impacts across the supply chain.

2. POLLUTION

We identify air emissions, waste, and the use of chemicals in manufacturing as the primary pollution-related risks within our supply chain due to their potential to harm human health, degrade ecosystems, and contaminate air, soil, and water resources. These risks are increasingly scrutinised by regulators, communities, and industry stakeholders, highlighting the need for proactive pollution prevention, safe handling practices, and the transition toward more sustainable production systems.

To effectively manage pollution risks across our supply chain partners, we assess factories against our Environmental Management Requirements to monitor risks related to air emissions, waste management, and chemical management.¹⁴⁸

AIR EMISSIONS

Air emissions risk refers to the potential harm caused by the release of pollutants such as volatile organic compounds (VOCs), particulate matter, nitrogen and sulphur oxides (NO_x and SO_x), and other harmful emissions from production processes. These emissions can contribute to climate change, air pollution, and respiratory health problems for workers and local populations.

For air emissions, we identify and evaluate sources such as boilers, generators, industrial ovens, and cooling systems, as well as production processes involving solvents or adhesives. This understanding allows us to support suppliers in recognising their emissions and developing suitable mitigation measures.

To help suppliers minimise risks linked to air emissions, identifying and managing significant emission sources is a minimum requirement, along with compliance with applicable local and national air emissions regulations, including maintenance of valid permits, which is mandatory. We also encourage factories to adopt best practices of regular equipment maintenance, effective ventilation, and the use of low-VOC materials.

High-impact facilities are expected to go further by quantifying emissions from fuel combustion, cooling systems, and chemical finishing processes, and by maintaining an up-to-date inventory of emissions control equipment. These facilities must set measurable reduction targets and develop action plans to achieve them.

We encourage suppliers to participate and improve their scores in the Higg Facility Environmental Module (FEM), along with aligning to ZDHC Air Emissions guidance and aspirational measures like reducing NO_x, SO_x, and PM, modernising equipment, and joining relevant industry initiatives.

WASTE MANAGEMENT

The risk of improper handling, storage, or disposal of industrial waste, including textile scraps, packaging, hazardous chemicals, and general operational waste, can lead to environmental degradation, legal non-compliance, and negative impacts on surrounding communities. Inadequate waste management practices may contribute to soil and water contamination, pose health and safety risks to workers, and reflect poor operational efficiency.

All factories are required to identify the types and volumes of waste generated, categorise it as hazardous or non-hazardous, and ensure assessments are aligned with local environmental regulations. This enables safer handling, targeted minimisation strategies, and performance monitoring.¹⁴⁹

Waste must be properly segregated and safely stored, and relevant workers must be trained for the correct handling of waste.¹⁵⁰ Furthermore, waste streams and disposal methods must be tracked and recorded.

We also require factories to apply proper segregation, labelling, secure storage, and implement worker training. Practices such as open burning or illegal dumping are strictly prohibited.¹⁵¹

¹⁴⁸ HiggBRM 2024 ECH10

¹⁴⁹ HiggBRM 2024 ECH05

¹⁵⁰ HiggBRM 2024 ECH05

¹⁵¹ HiggBRM 2024 ECH05

RISK-SPECIFIC REPORTING

High-impact facilities must implement performance-driven waste strategies with measurable reduction and diversion targets. These should be supported by action plans focused on prioritised waste streams, progress tracking, and year-on-year performance improvement.¹⁵²

Circularity measures are strongly encouraged at the factory level, including product recyclability design, take-back schemes, and collaboration with recycling partners. As part of environmental requirements, factories are expected to pursue innovative solutions such as landfill diversion targets (90%+), upcycling technologies, closed-loop systems, and demand-aligned production planning to reduce waste at the source.

BESTSELLER is part of the SWITCH2CE pilot which runs until December 2025. The aim is to scale textile recycling in Bangladesh - reducing virgin material use and boosting recycled availability.

MANUFACTURING CHEMICALS MANAGEMENT¹⁵³

Risks related to manufacturing chemicals arise when chemicals are not used, stored, or disposed of properly during production. This can lead to serious consequences, including pollution, health risks for workers, and safety issues for the end consumer. Managing chemicals responsibly is crucial to protect people and the environment, while also ensuring compliance with global standards like the ZDHC (Zero Discharge of Hazardous Chemicals) framework.

Our approach to assessing manufacturing chemical management is aligned with leading industry frameworks such as the ZDHC Foundation. Factory-level assessments are used to evaluate chemical input transparency, inventory management, and compliance with industry standards.

We adopt the Manufacturing Restricted Substances List (MRSL) developed by ZDHC Group, and accept all well-known industry standards and certifications as approved chemicals, such as Bluesign, GOTS and Oeko-Tex Eco Passport.¹⁵⁴

We require full transparency from our suppliers regarding the chemicals used in production and encourage them to replace unverified substances with approved alternatives.¹⁵⁵ All manufacturing partners must implement and maintain effective chemical management systems that reflect these commitments.

During pre-onboarding assessments, we ensure that only factories capable of meeting BESTSELLER's Manufacturing Restricted Substances List (MRSL) are approved.¹⁵⁶

Suppliers receive regular training on our chemical management requirements, which are reinforced and updated annually by our chemical and environment teams.

To ensure safe chemical use in manufacturing, BESTSELLER enforces baseline chemical management expectations across all factories.¹⁵⁷

Low-impact facilities must maintain an annually reviewed chemical inventory, a written emergency response plan, and clear policies for handling, storing, and transporting chemicals. Preference must be given to verified safer alternatives compliant with ZDHC MRSL, Bluesign, GOTS, or Eco Passport. Chemical purchases must be traceable, and incoming chemicals must be checked against specifications.¹⁵⁸

High-impact facilities are held to advanced standards, including detailed inventories and digital reporting through platforms like BHive. Facilities must have secure storage, secondary containment systems, PPE protocols, and inspection routines. These should be embedded in a formal Chemical Management System (CMS), with new chemicals reviewed and hazardous ones phased out.

¹⁵² HiggBRM 2024 ECH05

¹⁵³ HiggBRM 2024 ECH28

¹⁵⁴ HiggBRM 2024 ECH02, HiggBRM 2024 ECH29

¹⁵⁵ HiggBRM 2024 ECH14, HiggBRM 2024 ECH25

¹⁵⁶ HiggBRM 2024 ECH16

¹⁵⁷ HiggBRM 2024 ECH09

¹⁵⁸ HiggBRM 2024 ECH17

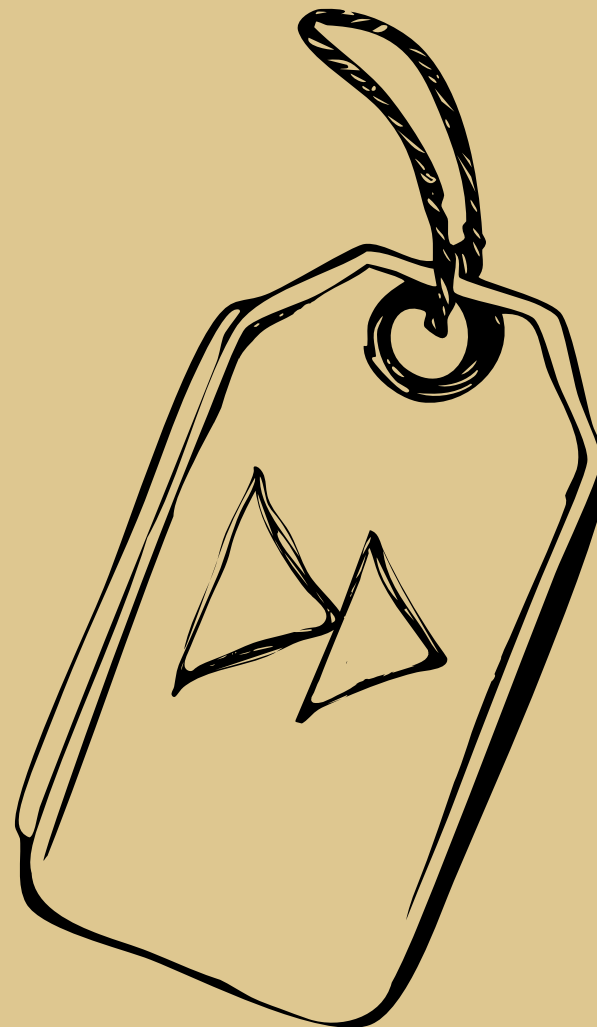
Suppliers must proactively collect and maintain material data sheets and chemical information from all parts of their supply chain, ensuring continuous education and compliance with BESTSELLER's chemical safety requirements.

We require factories to have a chemical inventory management system, and request ZDHC compliance data from suppliers on a quarterly basis.¹⁵⁹

Facilities that use BHive; an app that helps factories track compliance in real-time and identify areas for improvement, automatically cross-checks the CIL with BESTSELLER's MRSL, and provides both the factory and BESTSELLER with detailed information about the CIL compliance level at that production site in real-time.

Maintaining a CIL is an important part of good record-keeping and confirms a facility's understanding of which chemical products are used on-site. Inventories are also important to identify the source of a product failure in the case of a non-compliance. As per our Environmental Management Requirements, data on suppliers' compliance with our MRSL is rated and incorporated into our quarterly-updated Supplier Sustainability Evaluation.

We support chemical management capacity building through regular factory training and initiatives such as the FWD>>ENV programme.



RISK-SPECIFIC REPORTING

3. WATER

We identify water usage and wastewater as the primary water-related risks within our supply chain.

WATER USAGE

Water usage related risks refer to the potential negative impacts that water availability, quality, and regulatory changes can have on factory operations or the surrounding environment.

These risks include

- Water scarcity, which may limit access to sufficient water for production processes
- Poor water quality, affecting process efficiency and product outcomes
- Regulatory non-compliance, leading to fines, shutdowns, or loss of licenses
- Operational disruptions, stemming from competition over water resources or climate-related changes in water supply

BESTSELLER works with its suppliers to achieve effective water management that helps in mitigating these risks by ensuring responsible use and long-term resource sustainability.

Our policy to water usage management at production sites places a particular focus on facilities with wet processing, given their high-water consumption, with basic, advanced and aspirational requirements according to impact levels.

When assessing factories in water usage management, we monitor records of their water withdrawals and normalised baselines for usage. To support targeted efficiency measures, suppliers must identify the processes, machines, or operations that are the most water intensive.

To mitigate environmental impacts and promote long-term resource sustainability, all factories are required to implement sound water management practices. This includes accurate tracking of water withdrawals, compliance with relevant legal and permitting requirements, and a demonstrated commitment to reducing water consumption over time.

In addition to basic requirements which apply to all facilities regardless of their impact, for high-impact factories, BESTSELLER expects a more advanced and strategic approach. These facilities must establish a verified baseline for water consumption, typically assessed through the Higg Facility Environmental Module (FEM). Water usage should be monitored at the process or machine level to identify inefficiencies, enabling targeted improvements.

High-impact sites must also set measurable water reduction targets and integrate treated wastewater into operations, demonstrating increased recycling rates over time.¹⁶⁰

Across the broader supply chain, all factories are encouraged and incentivised to pursue continuously stronger and more ambitious water stewardship practices. These include installing Zero Liquid Discharge (ZLD) systems capable of recycling more than 80 percent of wastewater, collecting and reusing condensate or rinse water (with a recommended reuse rate of 30 percent), replacing continuous washing systems with batch rinsing technologies, and introducing automated chemical dosing systems to minimise both chemical and water waste. Additional requirements may be applied by BESTSELLER's regional teams based on site-specific conditions such as local water scarcity or water-intensive production processes.

We support factories with regular trainings and initiatives like the FWD>>ENV programme, which sets and monitors water saving targets and recommendations for participating factories.

The table below presents water use reduction data from the FWD>>ENV programme across the three participating countries:¹⁶¹

	Water use reduction data
Bangladesh	2,450,000 m³ = 14.5% of baseline
Pakistan	18,519 m³ = 0.3% of baseline*
India	5060 m³ = 6.57% of baseline

**While the data from Bangladesh and India covers 12 months, the data from Pakistan covers 16 months due to a different programme roadmap.*

WASTEWATER¹⁶²

Wastewater risks refer to the potential environmental impacts associated with the discharge of untreated or inadequately treated wastewater from manufacturing processes. Such as the release of hazardous chemicals, dyes, heavy metals, and organic matter into local water bodies, which can lead to water pollution and risks to the health of surrounding communities.

BESTSELLER’s wastewater management strategy centres on compliance, transparency, and continuous improvement, underpinned by alignment with the ZDHC Wastewater Guidelines and all relevant national regulations.

To ensure effective wastewater management, BESTSELLER prioritises regions and production sites where environmental risk is elevated or concerns exist regarding effluent treatment performance and chemical input. These facilities are assessed on the implementation of appropriate physical, chemical, and biological processes, either onsite or through certified third-party facilities.

For wastewater requirements for suppliers, there is no distinction between Low and High Impact classifications. All suppliers must meet the same global minimum. Wastewater mismanagement is considered a zero-tolerance issue and may lead to immediate corrective measures, including order blocks.¹⁶³

All factories are required to treat industrial wastewater onsite or send it to an authorised offsite treatment facility. These treatment systems must employ a

combination of physical, chemical, and biological processes to remove pollutants prior to discharge. Under no circumstances is the uncontrolled release of untreated wastewater permitted.

All wastewater treatment activities must comply with applicable national and regional environmental regulations and align with the ZDHC Wastewater Guidelines.¹⁶⁴ Wastewater quality must be tested through accredited third-party laboratories, and any exceedances of regulatory or ZDHC limits must be reported promptly to BESTSELLER to enable effective resolution.¹⁶⁵ Where offsite treatment is used, corresponding test results must be shared with BESTSELLER to ensure accountability.

Facilities in Bangladesh and Pakistan are subject to additional requirements due to regional risk considerations. These include tracking and documenting both the quantity and quality of wastewater, maintaining annual discharge monitoring records for both industrial and domestic streams, and establishing contingency plans for treatment system failures. In cases where no domestic wastewater meter is installed, discharge volumes should be estimated based on overall water consumption. Furthermore, any reuse, recycling, or reclamation of treated wastewater must be documented.

Integrated wet processing units are preferred to operate fully biological treatment systems. Where biochemical systems are in place, the biological stage must be fully functional. The entire effluent treatment plant (ETP) must be capable of meeting the pollution load and flow requirements associated with the site’s production processes.

To ensure effective operation, BESTSELLER regularly evaluates ETP performance across key criteria:

- Design integrity (e.g., capacity, hydraulic retention time, and flow management)
- Operational control (monitoring pH, TDS, DO, MLSS, SVI, F/M ratio)

161 HiggBRM 2024 EWT09 I, HiggBRM 2024 EWT09 II

162 HiggBRM 2024 ECH18, HiggBRM 2024 ECH19

163 HiggBRM 2024 ECH22

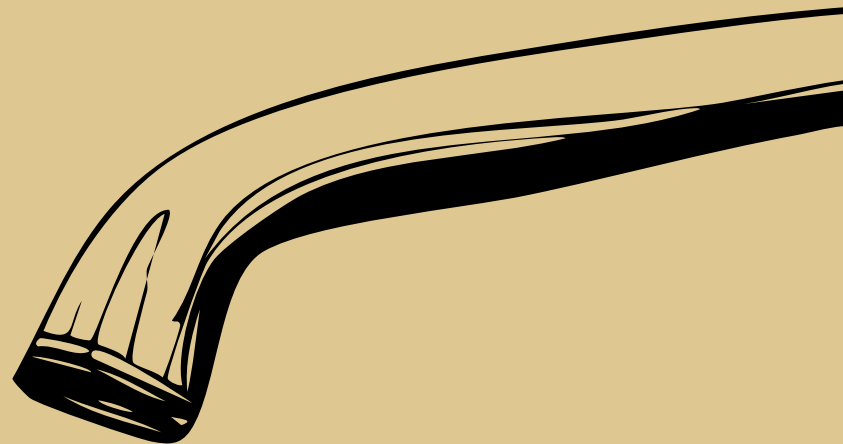
164 HiggBRM 2024 ECH03

165 HiggBRM 2024 ECH20, HiggBRM 2024 ECH23

- Sludge management (including quantity, disposal practices, and quality testing)
- Team competency (ensuring operators are trained and qualified)

If an ETP is found to be malfunctioning or underperforming, suppliers are required to carry out corrective actions based on the evaluation findings. BESTSELLER follows up to confirm remediation has been completed and treatment systems are restored to effective functionality. All practices must also meet the Department of Environment (DoE) standards in Bangladesh.

BESTSELLER encourages suppliers to adopt advanced wastewater practices that go beyond compliance. These include installing Zero Liquid Discharge (ZLD) systems that recycle over 80 percent of water and concentrate pollutants for responsible disposal, using eco-friendly chemicals and low-impact dyes to minimise contamination, and developing tailored water strategies that reflect the specific operational setup of the facility. Maximising water reuse, particularly in water-intensive wet processes, is also encouraged as part of a forward-looking sustainability aims.



RISK-SPECIFIC REPORTING

Human & Labour Rights
Environment
Product Safety Risks

PRODUCT SAFETY RISKS

At BESTSELLER, our assessments and due diligence processes cover product safety risks, which are divided into chemicals used in products and physical safety and flammability.¹⁶⁶

1. CHEMICALS¹⁶⁷

To manage risks related to chemical use in BESTSELLER’s products, we maintain and publish Restricted Substances List (RSL) and Packaging Restricted Substances List (PRSL), which catalogue chemicals banned or restricted in our final products.¹⁶⁸ These lists are updated annually to reflect the latest legislation, international frameworks (such as AFIRM), precautionary principles, and industry best practices. And communicated clearly to all suppliers to ensure compliance throughout the supply chain.¹⁶⁹

We provide regular training on our RSL requirements and chemical testing. In FY24–25, we conducted 15 sessions across five countries, reaching 1,333 participants.

Supplier adherence to our RSL and PRSL is mandatory, and they must be aware that additional requirements for specific product groups might exist, e.g. for shoes (SOP for Shoe Production). Besides this, suppliers must comply with all relevant legal requirements in production and sales countries, ensuring that these standards cascade to all their subcontractors and raw material providers.¹⁷⁰

Suppliers are required to maintain full transparency and control over all chemicals used, ensuring that all subcontractors, material suppliers, dye-houses, print-houses, tanneries, and other relevant partners are fully aware of and adhere to the latest RSL and PRSL requirements.

Our chemical management requirements encompass all stages of garment and footwear production and are underpinned by a continuous risk assessment process. This process integrates multiple sources of input, including regulatory frameworks across our sales markets, such as the EU Safety Gate rapid alert system, insights from multi-stakeholder initiatives (MSIs) like AFIRM and ChemSec, and NGO and media research. These inputs guide our proactive identification of emerging chemical risks and inform targeted testing campaigns, such as our recent focus on bisphenols in leather tanning processes.¹⁷¹

BESTSELLER’s approach to assessing chemical risks in products is grounded in a dynamic and precautionary risk evaluation process, which guides targeted testing processes based on material-specific and product-type risk profiles.

To effectively manage chemical risks in products, we enforce strict control measures across the entire production process. BESTSELLER’s Chemicals Testing Programme is our key tool to ensure all products meet our RSL requirements.¹⁷² Our testing programme systematically verifies compliance at the finished product stage, with non-negotiable testing requirements managed through our regional sourcing offices. Any products or materials failing to meet these standards must be reworked or replaced in alignment with our quality and safety criteria. BESTSELLER mandates the use of accredited testing facilities, specifically through two internationally recognised laboratories; SGS and Bureau Veritas.

We have tested 12,303 styles in FY24-25. We are seeing a stable decrease in the number of styles that failed in tests, which marked 2.7 percent this FY, showing a decrease from 3.3 percent last FY. Furthermore, BESTSELLER had no product recalls in the reporting period, demonstrating the effectiveness of our chemical testing programme in safeguarding product safety.

Some of our Approved Materials Suppliers are also part of the Chemical Test-Free Programme, which eases the cost burden of chemical testing on our suppliers by approving specific style parts for chemical test-free.

166 HiggBRM 2024 SCN04
167 HiggBRM 2024 ECH01, HiggBRM 2024 ECH28
168 HiggBRM 2024 ECH06, HiggBRM 2024 ECH30
169 HiggBRM 2024 ECH09
170 HiggBRM 2024 ECH12

171 HiggBRM 2024 ECH31
172 HiggBRM 2024 ECH26

A Chemical-Test Free Materials Supplier has been subject to an onsite assessment of the chemical management systems at that facility. Once approved, these facilities are visited at a minimum of every 18 months and are subject to continuous random sample testing for compliance with our RSL. This programme helps identify the best material suppliers based on chemical compliance and encourages suppliers and brands to use the CTF materials.

Furthermore, recognising the challenges in phasing out hazardous chemicals, BESTSELLER adopts a risk-based approach to chemical management. For example, we promote a gradual transition from solvent-based to water-based polyurethane (PU), and we support suppliers through guidance and approval processes to facilitate this change responsibly within the constraints of current market availability. BESTSELLER also pursues collaborative efforts to mitigate chemical risk on an industry level, for example, recognising the risk of per- and polyfluoroalkyl substances (PFAS). We have banned the use of PFAS across all BESTSELLER brands since 2020, and we are a member of Swedish non-profit ChemSec's PFAS Movement, which advocates for reducing the use of PFAS in the apparel manufacturing industry.¹⁷³

We are also a member of the AFIRM group, whose mission is to reduce the use and impact of harmful substances in the apparel and footwear supply chain. Through our engagement in AFIRM, we can align with the industry on restricted substances, the limits to be set, test methods and chemical investigations and responses to legislative updates.¹⁷⁴

2. PHYSICAL SAFETY AND FLAMMABILITY

Risks related to physical product safety refer to the potential for a product to cause harm through its design, construction, or materials. This includes hazards such as sharp points or edges, small parts that may present choking risks, entrapment points, or unsafe components or toxic materials. These risks are particularly critical in products intended for children, where misuse is more likely and consequences can be severe.

Flammability risks refer to how easily a textile product can ignite and how rapidly it burns once ignited. Factors influencing this risk include the fibre composition, surface texture, weight, and the garment's intended use, especially nightwear, which typically requires stricter flammability controls.

In both categories, unmanaged risks can lead to serious safety incidents, product recalls, and non-compliance with legal standards.

BESTSELLER's strategy to manage product physical safety and flammability risks is grounded in a precautionary approach and anchored in strict internal standards that exceed basic regulatory compliance.

Our strategy is guided by the Product Safety Manual and the Flammability Safety Manual, both of which are integral components of our supplier requirements and are shared with suppliers during onboarding. These guidelines outline the minimum physical and mechanical safety requirements across all product categories, as well as requirements for flammability compliance.

Our Product Safety Manual includes mandatory safety specifications for critical elements such as zippers, fasteners, rubber components, cords, and sequins. All product samples must meet these criteria before moving forward in the production process. Additional random spot checks are carried out to verify ongoing compliance during production.

For new products or emerging fashion trends not explicitly covered in the manuals, brands are responsible for working with their suppliers to ensure designs meet safety regulations. This is done in consultation with BESTSELLER's Responsible Sourcing team, where a risk assessment is conducted, and the appropriate requirements are agreed upon.

BESTSELLER holds the responsibility for conducting risk analyses for all products before they are placed on the market, as required by the General Product Safety Regulation (GPSR) and outlined in our manuals, and suppliers are expected to support this process through close collaboration.

¹⁷³ HiggBRM 2024 ECH32, HiggBRM 2024 ECH33

¹⁷⁴ HiggBRM 2024 ECH32, HiggBRM 2024 ECH33

Our product safety assessment is informed by technical documentation, internal risk assessments, and batch traceability requirements, with special attention given to garments that fall outside the standard categories outlined in our manuals. We maintain the documented records for a 10-year period.

For flammability risks, we operate our own flammability testing programme that automatically assigns flammability testing requirements to product orders based on material composition, fabric weight, the market and the consumer's age. The system is regularly updated by BESTSELLER specialists in line with changing international legislation and expert guidance from third-party bodies. The testing programme distinguishes between high-risk and low-risk product categories, where mandatory testing applies to the former, and random sample testing is used for the latter. At BESTSELLER, we strive for a harmonised flammability safety approach that considers the standards of all markets and ensures all consumers are protected.

All compliance testing is carried out through BESTSELLER-authorised laboratories; Bureau Veritas (BV) and SGS. Test results from non-authorised labs are not accepted, and all testing must adhere, where applicable, to global standards.

To prevent and mitigate physical and flammability safety risks, BESTSELLER requires a layered set of control mechanisms throughout the product lifecycle, as articulated in our product safety related manuals. Risk assessments are done for products to identify and eliminate safety hazards related to design, components, materials, or construction, with priority given to children's products, where risks are more complex and potentially severe.

Suppliers are encouraged to stay informed about relevant regulations and testing practices, and in the case of any safety issues noticed, they're required to notify the brand or the relevant BESTSELLER office immediately.

Ultimately, BESTSELLER will not accept any product that fails to meet the required safety and flammability criteria. Products for babies, infants, and children must pass all applicable safety tests both before and after standard wear and washing, where applicable. We have a standard operating procedure for cases of recalls, withdrawals and sales stops, and it applies to all stakeholders involved in these processes.¹⁷⁵

We have a contact form on our website for all product safety (physical, flammability, chemical) related reports and enquiries. All enquiries go directly to our product safety specialists and are then either handled by the responsible team or forwarded to the brand, depending on each case. The enquiries will be forwarded to the brands when the consumer misuses the contact form or sends in a general complaint, quality issue, or has a question about the brand's practices. For enquiries that are truly product safety related, we take the lead in collaboration with the brand.¹⁷⁶



GRIEVANCE MECHANISMS¹⁷⁷

SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION
SCOPE OF REPORT
ORGANISATIONAL STRUCTURE
RISK MANAGEMENT
RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

Factory-Level Mechanisms
County or Industry-Level Mechanisms
BESTSELLER-Level Mechanisms

STAKEHOLDER
TRANSPARENCY INDEX

We believe that effective grievance mechanisms are fundamental for respecting workers' rights and enhancing social dialogue, as they create the conditions for early resolution and shared accountability between workers, factory management, and brands.

BESTSELLER requires all factories to establish and maintain factory-level grievance mechanisms that are accessible, confidential and ensure workers can raise concerns without fear of retaliation or negative consequences, in line with the UN Guiding Principles on Business and Human Rights (UNGPs).¹⁷⁸

Labour disputes are best resolved as close to their origin as possible, through robust factory management systems and workplace structures such as Workplace Coordination Committees and other accepted social dialogue mechanisms. Addressing disputes at this level helps ensure timely, context-specific, and sustainable solutions. However, when these mechanisms prove insufficient or fail to achieve resolution, we actively support further action by engaging with relevant stakeholders, utilising credible alternative labour dispute resolution mechanisms, and working in close collaboration with rights holders to ensure fair and rights-respecting outcomes.

At BESTSELLER, we take all concerns or suspected violations at our suppliers seriously and conduct thorough investigations to verify such claims. We work across three simultaneous directions that construct a multi-layered grievance framework:¹⁷⁹

1. Factory-level mechanisms: monitored on-site by BESTSELLER regional teams
2. Country- or industry-level mechanisms: such as the International Accord's grievance systems
3. BESTSELLER-level grievance channels: used in exceptional or unresolved cases

In all cases, our goal is to ensure that workers not only have access to these systems but also feel safe and confident in using them.

FACTORY-LEVEL MECHANISMS

Factory-level grievance mechanisms form a fundamental part of BESTSELLER's human rights due diligence framework. As per our Code of Conduct, all production sites manufacturing BESTSELLER products are required to provide an anonymous method for workers to report grievances in their chosen language.¹⁸⁰ Policies and procedures must be in place to protect workers who report complaints in good faith. These include suggestion boxes, hotlines, or digital reporting tools. Through our social and labour requirements and factory standards programme, we require and monitor the workers' awareness of the existence and purpose of these mechanisms.¹⁸¹

To further enhance the effectiveness of these channels, in addition to the on-site factory assessments, regional social & labour teams conduct unannounced investigations and confidential worker interviews, and engage with NGOs, unions, and industry experts.

177 ETI CTF 2.8, HiggBRM 2024 GEB04, GSCDDA 8.1, GSCDDA 8.2, GSCDDA 9.1

178 UNGP RF C.1.A, HiggBRM 2024 GEB06, HiggBRM 2024 GEB07, GSCDDA 8.3

179 OECD 6.2

180 UNGP RF C.1.D, HiggBRM 2024 GEB05, HiggBRM 2024 GEB08

181 UNGP RF C.1.B, UNGP RF C.1.C, HiggBRM 2024 GEB07

INTRODUCTION

SCOPE OF REPORT

ORGANASATIONAL STRUCTURE

RISK MANAGEMENT

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

Factory-Level Mechanisms

County or Industry-Level Mechanisms

BESTSELLER-Level Mechanisms

STAKEHOLDER

TRANSPARENCY INDEX

Factories are also required to hold regular meetings between management and elected worker representatives, and workers must be able to escalate grievances beyond their immediate supervisors.¹⁸²

When reported cases are confirmed, we develop mutually agreed Corrective & Preventive Action Reports (CAPARs),¹⁸³ outlining specific corrective measures tailored to address the identified issues, aligned with industry best practices, and designed to prevent future occurrences of the same or similar violations.¹⁸⁴ BESTSELLER actively monitors the implementation of CAPARs and conducts regular follow-ups to assess progress. Local teams provide guidance and, where necessary, recommend training to ensure the factory has the resources and knowledge to implement the agreed changes.¹⁸⁵

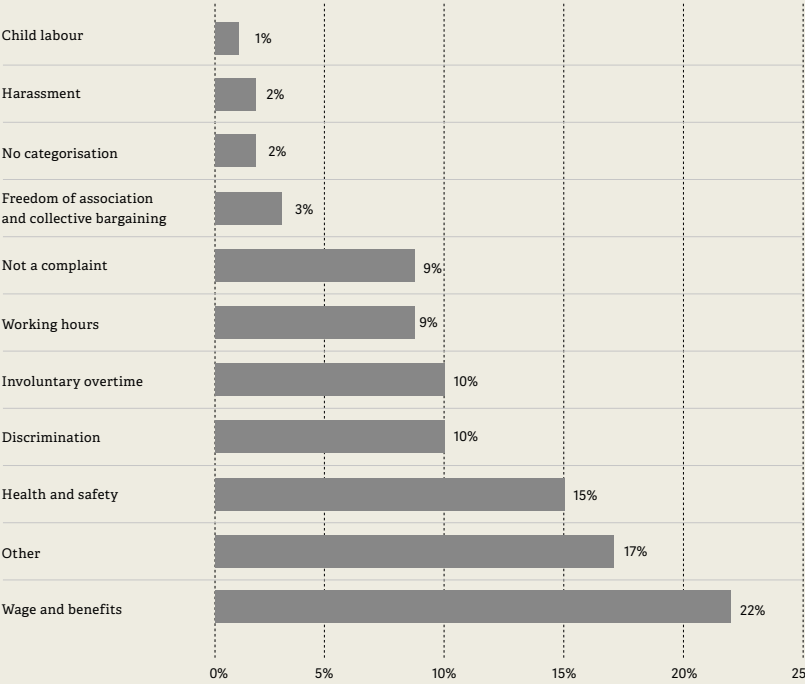
We encourage all suppliers to participate in training programmes and improvement initiatives, incentivising them by making this participation part of their sustainability ratings. Furthermore, BESTSELLER is increasingly supporting the integration of digital grievance tools to improve real-time tracking, data integrity, and worker feedback loops. Ulula Grievance Mechanism is such a tool.

BESTSELLER has implemented Ulula’s grievance mechanism to provide workers the opportunity to raise concerns with a higher level of transparency and accountability. It enables workers to log and track their complaints via their phones.

We piloted Ulula's grievance reporting tool in four factories in Myanmar this year, and we are planning its expansion. The tool is now operational in these factories, providing 3,703 employees with confidential, round-the-clock access to report concerns. Cases are tracked by a factory-based Ulula-trained case manager and are monitored by BESTSELLER, with best practice guidance provided for factories. Ongoing engagement with factory representatives, union partners, and management has been essential to reinforcing the confidentiality and security of the platform.

The chart below illustrates the categories of cases reported since its launch:

Reported Cases



We have also launched a pilot project in Türkiye in collaboration with MUDEM to implement an online complaint and information-sharing mechanism in line with the UN Guiding Principles. Ten factories were chosen based on risk and worker demographics.

182 UNGP RF C.1.C
183 HiggBRM 2024 SWK16
184 UNGP RF B.2.3.E
185 OECD 6.3, UNGP RF B.2.3.B, GSCDDA 10.2.2 a

INTRODUCTION

SCOPE OF REPORT

ORGANASATIONAL STRUCTURE

RISK MANAGEMENT

RISK-SPECIFIC REPORTING

GRIEVANCE MECHANISMS

Factory-Level Mechanisms

County or Industry-Level Mechanisms

BESTSELLER-Level Mechanisms

STAKEHOLDER

TRANSPARENCY INDEX

Factory workers will be able to report labour rights violations or other related issues through the website, request consultations, and make notifications anonymously or by sharing personal information. The pilot duration is 12 months ending by the end of 2025, with the current number of reach-outs counting 19, most of which are consultations. After analysing the results, we are planning to scale up this project while engaging in discussions with other brands.¹⁸⁶

We are also exploring alternative complaint systems that are widely used in the industry.

COUNTRY OR INDUSTRY-LEVEL MECHANISMS

Beyond individual factories, country and industry-level grievance mechanisms serve as essential safety nets for workers, especially in high-risk regions. These platforms address systemic issues that cannot be effectively handled at a single factory level.

BESTSELLER engages with collective structures such as the RSC in Bangladesh and Pakistan Accord in Pakistan, as a signatory to the International Accord, which serves as a joint initiative between brands, factories, and trade unions, offering an independent, credible grievance platform. Accord’s complaints mechanism provides a timely, secure and confidential or anonymous channel for workers to raise their concerns, and apply robust investigative and remediation processes, aligned with the effectiveness criteria for non-judicial grievance mechanisms set out in the UN Guiding Principles on Business and Human Rights.¹⁸⁷

In cases where issues are raised jointly by civil society organisations, unions, or peer brands, BESTSELLER cooperates in shared investigations and remediation efforts. We recognise that collective accountability and credible third-party channels are necessary to address systemic labour rights violations. Looking forward, we believe that continued investment in capacity building is essential for scaling and improving industry-wide grievance response systems.¹⁸⁸

BESTSELLER-LEVEL MECHANISMS

In rare or unresolved situations where factory-level and industry-level mechanisms prove inadequate or inaccessible, BESTSELLER maintains its own corporate-level grievance procedure.

BESTSELLER is open to all reported concerns and grievances from all kinds of external stakeholders, unions, media, international and national organisations.¹⁸⁹ Our BESTSELLER-level grievance mechanism deals with urgent cases involving risk of severe harm, persistent non-compliance, or when existing grievance avenues have proven ineffective or unresponsive.¹⁹⁰

This procedure reinforces BESTSELLER’s zero-tolerance stance on retaliation and upholds the principle that complainants and rightsholders must be protected from any adverse consequences.¹⁹¹

BESTSELLER’s Responsible Sourcing team assesses the received supply chain related concerns and responds to submissions through a structured internal review process.¹⁹²

Though BESTSELLER is aware of the limits of its leverage, in cases addressing broader socio-political drivers of labour violations, it acts decisively within its supply chain when substantiated violations are identified.

In some cases where evidence is inconclusive or difficult to verify, we take a precautionary approach by continuing to monitor potentially high-risk suppliers, flagging repeated concerns for further scrutiny.¹⁹³ This limitation can understandably be frustrating for external stakeholders, and we do sometimes face criticism from these stakeholders when we are unable to corroborate their concerns. In cases where evidence is lacking, we do communicate our investigation results to the stakeholders and encourage them to provide any concrete information that may assist us in holding our suppliers accountable and ensuring compliance with our Code of Conduct.

186 ETI CTF 2.9

187 UNGP RF B.2.4.A

188 ETI CTF 3.6

189 HiggBRM 2024 GEB05

190 UNGP RF C.2

191 GSCDDA 8.4

192 GSCDDA 10.2.2 a

193 UNGP RF C.7.B

We also publicly disclose relevant case outcomes through platforms such as the Business & Human Rights Resource Centre (BHRRC), helping to foster shared learning and accountability.

BESTSELLER-level grievance mechanism serves as a critical backstop in our overall grievance management framework, ensuring that serious or unresolved issues can still be addressed through independent oversight and a commitment to transparent, fair remediation.

The following are some examples of how BESTSELLER deals with cases raised by external stakeholders:¹⁹⁴

LOCKDOWN WAGES¹⁹⁵

BESTSELLER was approached by a trade union with concerns regarding the payment of lockdown wages by one of our suppliers in India. In response, both our headquarters and local teams engaged directly with the union and the supplier through in-person meetings combined with a thorough review of relevant documents, legal assessment, and worker interviews.

Throughout the process, our focus extended beyond resolving the immediate issue. We aimed to support the re-establishment of constructive dialogue between the union and the employer. BESTSELLER facilitated discussions in a convening role, encouraging both parties to work towards a bilateral solution.

While our assessment identified gaps in the supplier's initial approach, efforts were directed toward rebuilding trust and fostering longer-term collaboration. As a result, the union and the employer reached an agreement that included the full recalculation and payment of outstanding wages. The parties have also committed to holding regular meetings to strengthen communication and jointly address workplace matters moving forward.

HARASSMENT AND ABUSE

Following concerns raised by one of our business partners regarding harassment and abuse at a factory in Bangladesh, BESTSELLER conducted a comprehensive internal review. This included on-site inspections, interviews with 80 workers, discussions with factory committees (including anti-harassment committee) and management, and a review of relevant policies and grievance documentation.

The investigation confirmed that the factory has clear zero-tolerance policies on harassment and retaliation, supported by a functioning anti-harassment committee that meets national legal requirements. Workers reported trust in the grievance process, with multiple accessible complaint channels in place and a visible commitment to protecting confidentiality. Since mid-2024, proactive engagement by the committee has led to an increase in formal reporting, indicating growing worker confidence. Additionally, all mid-level managers have received training on harassment prevention, handling complaints, and upholding non-retaliation commitments.

At the same time, the review identified areas for improvement. While complaints were appropriately investigated and led to disciplinary measures such as the dismissal of two supervisors, about 30 percent of workers interviewed were still unclear about the factory's broader preventive efforts. Moreover, while verbal abuse and coercion complaints were substantiated, no physical abuse was confirmed during the investigation, despite earlier allegations.

Going forward, BESTSELLER has requested the factory to put greater emphasis on improving worker awareness of existing safeguards and ensuring consistent communication about prevention measures. BESTSELLER will continue to follow up and support efforts to strengthen a safe and respectful workplace culture.

194 OECD 5.1.12, UNGP RF B.2.3.B, UNGP RF C.7.A, GSCDDA 10.2.2 b

195 ETI CTF 3.4

- INTRODUCTION
- SCOPE OF REPORT
- ORGANASATIONAL STRUCTURE
- RISK MANAGEMENT
- RISK-SPECIFIC REPORTING
- GRIEVANCE MECHANISMS**
 - Factory-Level Mechanisms
 - County or Industry-Level Mechanisms
 - BESTSELLER-Level Mechanisms
- STAKEHOLDER
- TRANSPARENCY INDEX

BESTSELLER was approached by a human rights organisation with concerns regarding freedom of association violations by one of our suppliers in India. The main concern was that the supplier had failed to recognise the Protected Workmen list submitted by a union as per legal requirements. The union has also raised the same concerns to the Labour Department. In response, both our headquarters and local teams engaged directly with the union and the supplier.

Our assessment identified gaps in the supplier’s initial approach and violations of the labour law, which we have communicated to both parties and explained all the legal details around recognition of the Protected Workmen list to the supplier. As a result, the union and the employer reached an agreement and signed an MoU that clearly stipulates that the supplier recognises the Protected Workmen list, while committing to holding regular meetings to boost communication and address workplace matters.¹⁹⁶



STAKEHOLDER

SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION
SCOPE OF REPORT
ORGANASATIONAL STRUCTURE
RISK MANAGEMENT
RISK-SPECIFIC REPORTING
GRIEVANCE MECHANISMS

STAKEHOLDER

TRANSPARENCY INDEX

The first step in due diligence is meaningful stakeholder engagement. BESTSELLER continuously engages with a diverse spectrum of rightsholders and industry experts. There are many reasons for engagement, from risk identification and understanding, fact-finding on individual cases or allegations, to partnering on factory-level programmes. Based on these interactions and dialogues, which can be formal and informal, BESTSELLER's Responsible Sourcing team and local Social & Labour and Chemical & Environment colleagues review and update our due diligence practices.

The following are examples of the stakeholders with whom BESTSELLER's Responsible Sourcing team engage with:¹⁹⁷

- **ACEV** — Mother Child Education Foundation, based in Türkiye. BESTSELLER have been collaborating with ACEV since 2021 to develop and run women empowerment programmes for key suppliers in Türkiye.
- **AFIRM** — BESTSELLER is a member of the AFIRM group whose mission is to reduce the use and impact of harmful substances in the apparel and footwear supply chain. Through our engagement in AFIRM, we update our RSL, test methods, and chemical investigations in alignment with industry standards and evolving legislation on restricted substances. AFIRM provides a unique forum to discuss chemical details, legislative changes, and different materials. It is also a great resource for us, as it produces materials in various languages that we can use in training for suppliers and stakeholders.
- **Alliance for Water Stewardship** — BESTSELLER became a member of AWS in 2019 and is working with suppliers in water-stressed regions to apply AWS's standard framework for major water-users to achieve sustainable water management within a river catchment area.
- **Apparel and Textile Transformation Initiative (ATTI)** — ATTI is a manufacturer-led, nationally oriented, globally coordinated programme designed to tackle decarbonisation and other environmental impacts at the sectoral level. BESTSELLER supports ATTI's efforts to co-develop investment solutions and tools and to advocate for the enabling conditions manufacturers in Bangladesh and Türkiye need to successfully advance their decarbonisation and environmental transformation efforts.
- **Bangladesh Labour Foundation (BLF)** — The foundation works to strengthen trade unions, advocate for fair labour laws and ethical supply chains, and empower workers, particularly in sectors like garments, agriculture, and construction, through training, legal support, and policy advocacy. We engage with them on human rights risks identification and assessment in Bangladesh.
- **BluWin** — Environmental consulting company, specialised in wet-processing, aims to help customers reduce the environmental footprint from textile, leather, apparel, and footwear production. BESTSELLER commissioned BluWin to do an environmental risk assessment of its supply chain in 2022 and regularly consults with the team on updates to policies and processes.
- **BSR** — In 2023, BSR's HERproject, Gap Inc., P.A.C.E., CARE, and Better Work joined to form a new initiative called RISE: Reimagining Industry to Support Equality to scale impact and accelerate equality for women workers in global garment, footwear, and home furnishings supply chains. RISE provides country and language-tailored women empowerment programmes on a variety of topics, including health, digital tools, financial planning, respect in the workplace, and advancement and leadership.

- **Business and Human Rights Resource Centre (BHRRC)** — BHRRC is a non-profit organisation drawing attention to the human rights impacts of international businesses. BESTSELLER engages with BHRRC on allegations of human rights violations related to BESTSELLER.
- **Cambodian Human Rights and Development Association (ADHOC)** — The association investigates human rights abuses, provides legal and social support to victims, and empowers communities through education and advocacy to promote justice and democratic governance in Cambodia. We engage with them on human rights risks identification and assessment in Cambodia.
- **Cascale** — Cascale unites over 300 brands and retailers, manufacturers and suppliers, governments, academic institutions, and nonprofit members across the consumer goods industry to Combat Climate Change and Support Decent Work for all. The organisation behind the development of the Higg Index tools hosted on Worldly. Through our Cascale membership, we actively enforce the use of the Higg Facility Environmental Module (FEM) and all the HIGG suite of tools across our supply chain.
- **Change Associates Ltd** — A women-led non-profit organisation committed to actively educating and empowering readymade garment workers. We engage with them on human rights risks identification and assessment in Bangladesh.
- **ChemSec** — This is an independent non-profit organisation based in Sweden that advocates for the substitution of toxic chemicals with safer alternatives. BESTSELLER engages with the organisation, and for example, took part in ChemSec's No to PFAS (Polyfluoroalkyl Substances) Movement, which advocates for reducing the use of PFAS in the apparel manufacturing industry.
- **China Labor Watch (CLW)** — An independent not-for-profit organisation that advocates for workers' rights and supports the Chinese labor movement. We engage with them on human rights risks identification and assessment in China.
- **Clean Clothes Campaign (CCC)** — This organisation represents a network of NGO's and labour representatives focused on improving working conditions in the garment industry. BESTSELLER works with the CCC in multiple forums, such as in the International Accord, where the CCC is a witness signatory.
- **Engineering Resources International** — ERI is a sustainability engineering company, and our specialist third-party implementation partner for the FWD>ENV programme in Bangladesh.
- **Ethical Supply Chain Programme** — An independent, not-for-profit organisation established in 2004 to secure and improve ethical and sustainability standards in the global supply chain. We engage with them on human rights risks identification and assessment in China.
- **Ethical Trade Denmark** — Ethical Trade Denmark is a Danish multi-stakeholder platform for responsible and sustainable trade. Bringing together private and public partners from companies, business and trade organisations, the trade union movement, civil society organisations, public institutions, and foundations. BESTSELLER is a member of Ethical Trade Denmark. We collaborate closely with ETI Denmark and provide best practice examples in various areas.
- **Ethical Trading Initiative** — ETI is a UK-based alliance of companies, trade unions, and NGOs that promote respect for workers' rights around the globe. We engage with ETI India and ETI Bangladesh for human rights risks identification and assessment.
- **EuroCham** — In 2020, BESTSELLER joined the European Chamber of Commerce in Myanmar and has been working with other brands in the Garment Advocacy Group to support the sustainable development of the garment sector. We engage with EuroCham offices in Myanmar, Bangladesh, Cambodia, and China on human rights risk identification and assessment.
- **Fair Wear Foundation (FWF)** — A non-profit organisation focused on improving labour conditions in the garment industry. They work with brands, factories, garment workers, trade unions, NGOs, and other industry influencers to ensure workers' rights are respected, including fair wages and safe working conditions. We engage with them on human rights risks identification and assessment in India.
- **Federation of Dutch Trade Unions (FNV Mondiaal)** — this is the largest trade union in the Netherlands, which is also engaged internationally in BESTSELLER's sourcing countries. BESTSELLER consults FNV Mondiaal on various labour and human rights-related topics.

- **Garment and Allied Workers' Union (GAWU)** — A trade union in India that focuses on organising and advocating for the rights of workers. They are committed to building worker power and fighting for better working conditions, living wages, and freedom of association. We engage with them on human rights risks identification and assessment in India.
- **Garment Labour Union (GLU)** — A women-led trade union based in Bangalore, South India. It was established in 2011 by the women's organisation Munnade. GLU focuses on protecting the rights of women garment workers and is affiliated with IndustriALL Global Union through the Indian National Textile Workers' Federation. We engage with them on human rights risks identification and assessment in India.
- **Gender and Development for Cambodia (GADC)** — Advocacy and Networking program raises gender awareness through the combined use of networks, campaigns, and publications. We engage with them on human rights risks identification and assessment in Cambodia.
- **GIZ (The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH)** — BESTSELLER supports the Employment Injury Scheme (EIS) in Bangladesh, which has been developed by the International Labour Organisation (ILO) and GIZ. We also engage with GIZ on human rights risk identification and assessment in Bangladesh and Pakistan.
- **GoBlu/BHive** — The BHive is an app developed by German-based fashion transparency company GoBlu, which brings a new level of transparency to chemical inventory management processes, helping suppliers share their inventories and us monitor chemical usage in our products.
- **Higg FEM** — The Higg Facility Environmental Module (Higg FEM) is an industry-wide tool developed by the Sustainable Apparel Coalition (SAC). It is designed for the apparel and footwear industry to measure performance across seven impact areas; environmental management systems, water use, wastewater, chemical use, waste management, energy use, and greenhouse gas emissions.
- **Home-Based Women Workers Federation (HBWWF)** — A trade union federation in Pakistan that advocates for the rights and recognition of home-based female workers. It is the first all-women-run trade union for informal workers in the country. We engage with them on human rights risks identification and assessment in Pakistan.
- **IndustriALL** — IndustriALL is a global union federation, founded in Copenhagen and based in Switzerland. BESTSELLER works closely with this organisation in multiple forums, such as in the International Accord, where IndustriALL is a member of the Steering Committee.
- **Institute of Public & Environmental Affairs** — In China, BESTSELLER co-operates with the Institute of Public & Environmental Affairs, a non-profit environmental research organisation based in Beijing that monitors many aspects of environmental supply chain management and records suppliers' performance on a public database.
- **International Accord** — BESTSELLER is a signatory to the International Accord for Health and Safety in the Textile and Garment Industry. BESTSELLER also contributes to the governance of the International Accord Steering Committee. And we engage with Accord on human rights risk identification and remediation in Bangladesh and Pakistan.
- **International Labour Organisation (ILO)** — BESTSELLER regularly engages and takes note of guidance from the ILO on industry concerns.
- **International Organisation for Migration (IOM)** — In 2022, BESTSELLER consulted the IOM in the development of a new policy to address the increased human rights risks facing migrant workers in our supply chain. We engage with IOM on human rights risk identification and assessment in countries like Cambodia and India.
- **Leather Working Group** — In 2022, BESTSELLER joined the LWG, an NGO that provides the industry's most credible assessment methodology for leather production facilities. We rely on LWG to assess the environmental performance of leather manufacturing facilities, as well as basic social and labour performance, and factories' operating permits, traceability, and restricted substances list compliance.
- **ME SOLshare Ltd** — A clean technology company based in Bangladesh. They are a partner with BESTSELLER's parent company, HEARTLAND, with whom we have formed a SPV, Greener Garment Initiative, which is a power company that buys, installs, and maintains solar power plants atop the roofs of suppliers, who then purchase the power.

- **Ministry of Industry and Technology** — (Türkiye OECD National Contact Point) — As an NPC, the ministry works with the OECD on various initiatives in areas of policy and innovation. We engage with them on human rights risk identification and assessment in Türkiye.
- **Multi-Stakeholder Alliance for Decent Employment in Myanmar (MADE in Myanmar)** — BESTSELLER has worked with this organisation since 2019. We engage with MADE for human rights risks identification and mitigation, as well as factory trainings in Myanmar.
- **Myanmar Centre for Responsible Business (MCRB)** — An initiative to encourage responsible business activities throughout Myanmar. The Centre is a joint initiative of the Institute for Human Rights and Business (IHRB) and the Danish Institute for Human Rights (DIHR). We consult regularly with MCRB as part of our due diligence on emerging risks in Myanmar.
- **Myanmar Garment Manufacturers Association (MGMA)** — A national-level employers' association representing Myanmar's garment industry, which supports garment factories in Myanmar by providing training, promoting labour compliance, offering advisory services, and advocating for responsible industry growth. We engage with them on human rights risks identification and assessment in Myanmar.
- **Myanmar Industry Craft Service-Trade Unions Federation (MICS)** — BESTSELLER engages closely with MICS in relation to the development of social impact programmes in Myanmar in response to salient human rights risks in the country. The organisation has been consulted in the development of worker voice tools and grievance mechanisms.
- **National Garment Workers Federation (NGWF)** — A national trade union federation in Bangladesh that represents garment workers by advocating for their rights, organising unions, and supporting improvements in wages, working conditions, and workplace safety. We engage with them on human rights risks identification and assessment in Bangladesh.
- **National Trade Union Federation (NTUF) Pakistan** — A national trade union centre in Pakistan that advocates for workers' rights and promotes the labour movement. It addresses issues like wage non-payment and policies that negatively impact workers and the environment. NTUF is also affiliated with the World Federation of Trade Unions (WFTU). We engage with them on human rights risks identification and assessment in Pakistan.
- **OECD National Contact Point Denmark (NCP Denmark)** — The Danish Mediation and Complaints-Handling Institution for Responsible Business Conduct – also known as NCP Denmark – is the Danish National Contact Point of the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. BESTSELLER engages with and seeks advice from NCP Denmark on topics related to Responsible Business Conduct.
- **Office for Social Responsibility of the China Textile Information Centre (CNTAC)** — they help textile and apparel companies build and maintain the national social responsibility management system, offer training and consultancy, and promote sustainable governance tools. We engage with them on human rights risks identification and assessment in China.
- **Öz İplik İş** — A Turkish trade union representing workers in the textile, garment, and leather industries. It's affiliated with the Confederation of Turkish Real Trade Unions (HAK-İŞ). The union is committed to workers' rights, including combating violence and harassment in the workplace and promoting social dialogue. We engage with Öz İplik İş on human rights risks identification and assessment in Türkiye.
- **Pakistan Workers' Federation (PWF)** — A major trade union centre in Pakistan. It was established in 2005 through the merger of three prominent national trade union centres: the All Pakistan Federation of Labour, the All Pakistan Confederation of Labour, and the Pakistan National Federation of Trade Unions. We engage with them on human rights risks identification and assessment in Pakistan.
- **Phulki, Bangladesh** — BESTSELLER has partnered with Phulki, an NGO that specialises in setting up childcare facilities at workplaces, to implement childcare facilities in factories in Bangladesh. Phulki's role is to conduct a needs assessment and make recommendations to the factories on their childcare facilities and support caretaker training, and provide operational supervision support to ensure the quality of childcare facilities is sustained at factories.

- **Refugee Support Association (MUDEM - Multeci Destek Hatti)** — A non-governmental organisation founded in Türkiye in 2014, aiming to enable asylum-seekers, refugees, immigrants, trafficking victims, international protection applicants, and stateless persons to reach rights and services. They developed the Worker Support Centre, an online grievance mechanism for textile and apparel workers in Türkiye to report violations of rights in their workplaces. We collaborated with MUDEM to launch an anonymous grievance mechanism in factories in Türkiye.
- **RMG Sustainability Council (RSC), Bangladesh** — BESTSELLER continues the Accord's occupational health and safety programme in Bangladesh through the RSC. From 1 June 2020 onwards, the Accord signatories' obligations with respect to inspections, remediation, and workplace programs at their supplier factories have been implemented through the RSC.
- **Social Labour Convergence Programme (SLCP)** — BESTSELLER is a signatory to the SCLP, which supports decent working conditions and reduces duplicative social and labour audits and audit fatigue by offering one Converged Assessment Framework (CAF) that can be accepted across multiple brands. BESTSELLER collaborates with SLCP on the development and dissemination of the tool.
- **Textile, Apparel, Footwear & Travel Goods Association in Cambodia (TAFTAC)** — The association provides a unified forum for factories to engage with the government and collectively promote sustainable sector growth in Cambodia. We engage with them on human rights risks identification and assessment in Cambodia.
- **Ulula** — A technology company that provides multi-channel mobile platforms for brands to engage with workers in their supply chains. In partnership with Ulula and MICS, BESTSELLER has developed an assessment for workers to provide feedback to their workplace on areas for improving working conditions and employer well-being.
- **UNI Global Union** — BESTSELLER works with this global union federation for the skills and services sectors through our work on the International Accord, where the organisation is a signatory representative.
- **United Federation of Danish Workers (3F)** — 3F is the largest trade union in Denmark. 3F is also engaged internationally in BESTSELLER's sourcing countries. BESTSELLER consults 3F on various labour and human rights-related topics.
- **United Nations Population Fund (UNFPA)** — Focuses on improving reproductive health, promoting gender equality, and supporting youth empowerment through programs on family planning, maternal health, and preventing gender-based violence. We engage with them on human rights risks identification and assessment in Cambodia.
- **Women Development Department in Punjab (WDD)** — A government entity focused on empowering women and promoting gender equality. We engage with them on human rights risks identification and assessment in Pakistan.
- **Workers' Rights Consortium** — An independent labour rights monitoring organisation focused on protecting the rights of workers who sew apparel and make other products sold in the United States. BESTSELLER works with the WRC in multiple forums, such as in the International Accord, where the WRC is a signatory witness, and we work with the WRC in identifying and resolving cases of labour rights abuses in our supply chain.
- **Worldly** — Worldly is a leading sustainability data and analytics platform for retail and consumer goods companies. It supports companies in reducing risk, ensuring compliance, improving operational efficiency, and driving measurable sustainability outcomes through supplier engagement and robust environmental and social data. BESTSELLER promote and utilises the Worldly platform to advance transparency and sustainability performance within our global operations.



TRANSPARENCY INDEX

SUPPLY CHAIN
DUE DILIGENCE REPORT
— 2025

INTRODUCTION
SCOPE OF REPORT
ORGANASATIONAL STRUCTURE
RISK MANAGEMENT
RISK-SPECIFIC REPORTING
GRIEVANCE MECHANISMS
STAKEHOLDER

TRANSPARENCY INDEX
OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector

UNGP Reporting Frameworks

FOOTNOTE	REPORTING REQUIREMENT AND/OR INFORMATION REQUESTED
OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector	
OECD GI 24	Communicate publicly on the enterprise’s due diligence processes, including how the enterprise has addressed potential and actual harm.
OECD GI 29	Increase sector transparency – collaboration can help to facilitate the disclosure of aggregate information, for example, on supplier assessments, corrective action taken and measured improvements and therefore increase the transparency of the sector broadly, while enabling individual enterprises to communicate on site-level information as they are ready.
OECD GI 1.i	Enterprises express their commitment to respect human rights through a statement of policy that: (i) is approved at the most senior level of the enterprise.
OECD GI 1.ii	(ii) is informed by relevant internal and/or external expertise.
OECD GI 1. iii	(iii) stipulates the enterprise’s human rights expectations of personnel, business partners and other parties directly linked to its operations, products or services.
OECD GI 1. iv	(iv) is publicly available and communicated internally and externally to all personnel, business partners and other relevant parties.
OECD GI 1. v	(v) is reflected in operational policies and procedures necessary to embed it throughout the enterprise.
OECD GI 5.1.1	The enterprise’s RBC policy or policies. The enterprise should likewise communicate any additional value statements to which the company subscribes (e.g. through participation in sector initiatives, agreements with trade unions or multi-stakeholder initiatives).

OECD GI 5.1.2	The enterprise's due diligence management systems, including how due diligence is incorporated into decision-making processes and information management systems to support due diligence.
OECD 5.1.3	The most significant risks of harm in the enterprise in its supply chain. The enterprises should likewise explain their processes for assessing those risks. Where the enterprise has prioritised some risks of harm for immediate attention, it should justify its prioritisation process.
OECD 5.1.4	The components of the enterprise's plan to prevent or mitigate harm in its supply chain and the effectiveness of those measures.
OECD 5.1.5	Where relevant, the enterprise's intent in policy engagement as well as the outcomes of the engagement itself.
OECD 5.1.6	The enterprise's systems to provide access to remediation in its supply chain. Enterprises may also choose to disclose cases that are brought against the enterprise and how they were resolved.
OECD 5.1.7 and 8	How the enterprise engages meaningfully with its stakeholders. If the enterprise is engaging with a sector or multi-stakeholder initiative for the purposes of collaborating on due diligence and which specific components the enterprise is collaborating on (e.g. collaboration on identification of risks, supplier assessments, etc.).
OECD 5.1.9	A list of their direct suppliers.
OECD 5.1.10	The assessment findings for their suppliers.
OECD 5.1.11	The corrective action plans of their suppliers.
OECD 5.1.12	The grievances raised against them and how those grievances were addressed.
OECD 5.2	Communicate with affected stakeholders: in order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally, particularly when concerns are raised by or on behalf of affected stakeholders. Business enterprises whose operations or operating contexts pose risks of severe human rights impacts should report formally on how they address them.
OECD 6.1	Establish processes to enable remediation in the enterprise's supply chain.

OECD 6.2	Commit to hearing and addressing complaints raised through legitimate processes.
OECD 6.3	Determine the appropriate form of remedy.
UNGP Reporting Framework	
UNGP RF A.1.1	Commitment to respect human rights.
UNGP RF A.1.2	Commitment to respect the human rights of workers: ILO Declaration on Fundamental Principles and Rights at Work.
UNGP RF A.1.4	Commitment to remedy.
UNGP RF A.1.4.C	Commitment to collaborate with judicial or non-judicial mechanisms.
UNGP RF B.1.1.A	Senior responsibility for HRs implementation and decision making.
UNGP RF B.1.1.C	Describes day-to-day responsibility for implementing HRs commitments.
UNGP RF B.1.1.E	Resources and expertise allocation in supply chain.
UNGP RF B.2.1.B	Describes process for identifying risks in business relationships.
UNGP RF B.2.1.C	Describes global risk identification system incl. stakeholder consultation.
UNGP RF B.2.1.D	Describes how risk identification system is triggered by new circumstances.
UNGP RF B.2.2.B	Describes assessment process and discloses salient HRs risks in supply chain.
UNGP RF B.2.2.C	Public disclosure of results of HRs risk assessment.
UNGP RF B.2.2.E	Describes how assessment involved affected stakeholders.
UNGP RF B.2.3.B	Describes system to prevent, mitigate and remediate HRs issues in supply chain.
UNGP RF B.2.3.C	Example of actions decided on at least 1 salient HRs issue.

UNGP RF B.2.3.E	Describes how stakeholders are involved in decisions about actions taken.
UNGP RF B.2.4.A	Describes system for evaluating effectiveness of actions.
UNGP RF B.2.5.B	Describes challenges to effective comms and how it works to address them.
UNGP RF C.1.A	Grievance mechanism accessible to all workers.
UNGP RF C.1.B	Grievance mechanism available in appropriate languages and workers made aware.
UNGP RF C.1.C	Describes how workers in supply chain access grievance mechanism.
UNGP RF C.1.D	Expects suppliers to convey expectations to their suppliers.
UNGP RF C.2	Grievance mechanism(s) for external individuals.
UNGP RF C.7.A	Describes approach taken to remedy adverse HRs impacts.
UNGP RF C.7.B	Describes how remedy would be provided if no adverse impact identified.
UNGP RF C.7.D	Describes approach to monitoring/implementing agreed remedy.
ETI Corporate Transparency Framework	
ETI CTF 1.1	Publish a statement articulating company's commitment to respect labour rights in its supply chain activities, in line with the ETI Base Code.
ETI CTF 1.2	Set out internal governance and accountability structures for managing human rights in supply chains.
ETI CTF 1.3	Describe how you have identified and prioritised human rights risks in your operations or supply chains.
ETI CTF 1.4.1	Description of your supply chain.
ETI CTF 1.4.2	The geographical spread of production and/or sourcing.
ETI CTF 1.4.3	Locations of highest risk.

ETI CTF 1.4.5	List of first-tier suppliers hyperlinked to the Open Supply Hub.
ETI CTF 1.5	Describe the company's approach with regard to respect for trade union rights including respect for freedom of association and collective bargaining.
ETI CTF 1.6	Report on salient risks identified and plans made to mitigate risk.
ETI CTF 2.1	Publish policies specific to salient risks identified.
ETI CTF 2.2	Provide evidence of relevant stakeholder input, including workers' organisations, into the development of human rights due diligence policies and their involvement in processes.
ETI CTF 2.3	Publish supply chain information relevant to identified salient risks, including disaggregated data.
ETI CTF 2.4	Publish information on trade union presence in the supply chain and the company's engagement with trade unions in the supply chain.
ETI CTF 2.5	Report on root causes of salient risks including the impact of business practices, and what actions have been taken, independently or with others, to address these.
ETI CTF 2.6	Report on both internal and collaborative actions taken to mitigate salient risks and remediate their impacts.
ETI CTF 2.7	Report on severe labour rights abuses identified in the supply chain and the resulting remediation actions taken.
ETI CTF 2.8	Report on grievance mechanisms and remedy processes in place in the supply chain and their alignment to UNGP criteria.
ETI CTF 2.9	Set out forward looking objectives and KPIs addressing human rights in supply chains using an HRDD approach.
ETI CTF 3.1	Provide evidence that human rights considerations have been incorporated into purchasing and sourcing policies and practices.
ETI CTF 3.2	Publish an extended supplier list, going beyond tier one, demonstrating high-risk areas.

ETI CTF 3.3	Share results from effective partnerships with civil society to identify, mitigate and remedy salient risks.
ETI CTF 3.4	Share results from effective collaboration with trade unions to identify, mitigate and remedy salient risks.
ETI CTF 3.5	Publish a human rights strategy and demonstrate how the process of strategy development included input from workers or their legitimate representatives.
ETI CTF 3.6	Report on annual progress against forward looking objectives and KPIs addressing human rights in supply chains, evidencing impact on workers and sharing lessons learned.
HiggBRM (supply chain only)	
	Which of the following tier 1 initiatives did your company implement in its programme or strategy to reduce GHG emissions?
HiggBRM 2024 ECL08 I	Facilities engagement in GHG emissions measurement and target-setting.
HiggBRM 2024 ECL08 II	Facilities supported through capacity building, knowledge-sharing, and/or access to other resources.
HiggBRM 2024 ECL08 III	Facility incentives (e.g., climate action is part of supplier scorecard or better payment conditions).
HiggBRM 2024 ECL08 IV	Direct investment, co-investment or other financing support (such as loan guarantees).
	Which of the following tier 1 results did your company achieve in its programme or strategy to reduce GHG emissions?
HiggBRM 2024 ECL09 II	Energy efficiency measures implemented.
HiggBRM 2024 ECL09 III	Renewable electricity use (onsite generation and/or purchased with Energy Attribute Certificates).
HiggBRM 2024 ECL21	Did your company have any specific partnerships, agreements or initiatives with stakeholders, supply chain partners or local entities to reduce GHG emissions across the value chain?
HiggBRM 2024 ECL22	Did your company develop, support or fund any mechanism to contribute to science-aligned GHG emission reductions of the value chain?

	Which of the following tier 1 initiatives did your company implement in its programme or strategy to reduce water impacts?
HiggBRM 2024 EWT09 I	Facilities engagement in water use measurement and target-setting.
HiggBRM 2024 EWT09 II	Facilities supported through financing, capacity building, knowledge-sharing, and/or access to resources.
HiggBRM 2024 EWT15	Did your company have any specific partnerships, agreements or initiatives with stakeholders, value chain partners or local entities to address water impacts across the value chain?
HiggBRM 2024 EWT16	Did your company develop, support or fund any mechanism to contribute to its water impact reduction in the value chain?
HiggBRM 2024 EWS26	Did your company develop, support or fund any mechanisms to contribute to the improvement of waste management in the value chain?
HiggBRM 2024 ECH01	Does your company have chemical management system guidelines?
HiggBRM 2024 ECH02	Does your company have a Manufacturing Restricted Substances List (MRSL) for its suppliers?
HiggBRM 2024 ECH03	Does your company have wastewater guidelines that your suppliers must follow?
HiggBRM 2024 ECH04	Does your company require suppliers to build and maintain a Chemical Inventory List (CIL)?
HiggBRM 2024 ECH05	Does your company have expectations and requirements concerning management and disposal of hazardous waste that your value chain suppliers must follow?
HiggBRM 2024 ECH06	Does your company have a Product Restricted Substance List (Product RSL) or other lists of restricted chemicals for its products and the materials contained within them?
HiggBRM 2024 ECH08	Did your company build internal staff capabilities to address chemical risks?
HiggBRM 2024 ECH09	Did your company set clear requirements for suppliers on the implementation of respective chemical management guidelines?
HiggBRM 2024 ECH10	Did your company monitor the implementation by your suppliers of the requirements set on the chemical management program?

HiggBRM 2024 ECH11	Did your company monitor the follow-up made by suppliers regarding non-conformities in the implementation of your chemical management program?
HiggBRM 2024 ECH12	Did your company require that its suppliers cascade chemical management-related requirements to their respective business partners involved in manufacturing components of your company's products?
HiggBRM 2024 ECH13	Did your company have an escalation process for those suppliers who do not commit to the adoption of your chemical management program?
HiggBRM 2024 ECH14	Did your company require your supply chain partners to adopt the MRSL defined by your company?
HiggBRM 2024 ECH15	Did your company have an escalation process for suppliers who do not commit to the adoption of the MRSL defined by your company?
HiggBRM 2024 ECH16	Did your company include the requirement to adopt the MRSL when selecting supplier facilities?
HiggBRM 2024 ECH17	Did your company require suppliers to adhere to a chemical procurement policy that includes goals for MRSL, and conforms to the defined procurement standards?
HiggBRM 2024 ECH18	Did your company implement a programme or strategy to reduce or mitigate wastewater in its supply chain?
HiggBRM 2024 ECH19	Did your company require suppliers to adopt and implement wastewater guidelines?
HiggBRM 2024 ECH20	Did your company require suppliers to follow-up on non-conformities indicated in wastewater test-results as described in the wastewater guidelines used?
HiggBRM 2024 ECH21	Did your company have an escalation process for those suppliers who do not commit to the adoption of your wastewater guidelines?
HiggBRM 2024 ECH22	Did your company impose consequences if suppliers do not follow up on non-conformities as indicated in wastewater test-results?
HiggBRM 2024 ECH23	Did your company set the requirement that wastewater testing results meet a minimum level as specified by your company's own standard or by other relevant standards or regulations?
HiggBRM 2024 ECH24	Did your company support its suppliers in reducing wastewater and improving wastewater treatment?

HiggBRM 2024 ECH25	Did your company require suppliers to work on the results from the Chemical Inventory List (CIL) conformance review?
HiggBRM 2024 ECH26	Did your company have a programme or strategy to ensure compliance with its Product Restricted Substance List (Product RSL) or other lists of restricted chemicals?
HiggBRM 2024 ECH27	Did your company incentivize supply chain partners who have demonstrated improvement in chemicals management?
HiggBRM 2024 ECH28	Did your company report publicly on its chemical management program?
HiggBRM 2024 ECH29	Did your company publicly report its commitment to its MRSL?
HiggBRM 2024 ECH30	Did your company publicly report its commitment to its Product RSL?
HiggBRM 2024 ECH31	Did your company consult with relevant stakeholders as part of the development of its chemical management programme or strategy?
HiggBRM 2024 ECH32	Did your company have any specific partnerships or agreements with stakeholders related to addressing chemical impacts across the value chain?
HiggBRM 2024 ECH33	Did your company actively engage with communities of practice to share information, knowledge, and best practices that accelerate the adoption of sustainable or green chemistry?
HiggBRM 2024 ECH34	Did your company develop, support or fund any mechanisms to contribute to the improvement of the chemical management in the supply chain?
	Does your company consistently monitor and report on worker related Human Rights' risks in your value chain in a process that includes the following elements?
HiggBRM 2024 SWK01 I	Is publicly available.
HiggBRM 2024 SWK01 II	Includes ILO's core labour standards and local labour laws.
HiggBRM 2024 SWK01 III	Is endorsed by leadership of your company.
HiggBRM 2024 SWK01 IV	Is shared with all suppliers.

HiggBRM 2024 SWK02	Was worker feedback a standard component of your monitoring process?
HiggBRM 2024 SWK03	Has your company formally set targets to stop, prevent or mitigate the prioritized worker related human rights risk and impacts?
HiggBRM 2024 SWK04	In addition to the identified risks and impacts, has your company set targets for other worker-related priorities (workers well-being) that go over and beyond the law and/or international regulations?
HiggBRM 2024 SWK05	Does your company assess and monitor worker related human rights risks and impacts in subcontractors?
HiggBRM 2024 SWK11	Did your company implement specific programs to achieve its targets in relation to prioritized worker-related human rights risks for workers in the value chain?
	Which of the following initiatives did your company implement as part of its programme or strategy to achieve its targets related to the improvement of worker-related human rights risks for workers in the supply chain?
HiggBRM 2024 SWK12 I	Training of facilities on salient sector risks (child labour, forced labour, freedom of association, gender inequality and harassment).
HiggBRM 2024 SWK12 II	Transparent reporting of facilities.
HiggBRM 2024 SWK12 III	Provide funding for remediation or arbitration processes.
HiggBRM 2024 SWK12 IV	Other larger scale programmes focusing on working conditions across multiple factories and multiple countries.
HiggBRM 2024 SWK12 V	Pay for dedicated facility level improvement programmes (such as on OSH, IR, wage systems).
HiggBRM 2024 SWK12 VI	Provide favourable loans to facilities to make structural adjustments to improve the health and safety conditions or other important working conditions.
HiggBRM 2024 SWK12 VII	Provide business incentives to suppliers with good performance on worker rights and working conditions.
HiggBRM 2024 SWK12 VIII	Contractual requirement for assessment and pre-approval of any sub-contracted sites/facilities.
HiggBRM 2024 SWK15	Did your company meet its targets to address the prioritized worker-related risks and adverse impacts as identified in its human rights risk assessments?

HiggBRM 2024 SWK16	Was worker feedback a standard component of your worker-related human rights remediation action plans?
HiggBRM 2024 SWK17 III	Did your company implement a specific programme or strategy to support the payment of living wages for workers in its value chain that includes? Company has identifies where the risk of wage gaps is greatest.
HiggBRM 2024 SWK18	Did your company implement a specific programme or strategy to support freedom of association and collective bargaining in its value chain?
HiggBRM 2024 SWK19	Did your company implement a specific programme or strategy to address issues of forced labor and modern slavery in its value chain?
HiggBRM 2024 SWK20	Did your company implement a specific programme or strategy to increase gender equality amongst workers in its value chain?
HiggBRM 2024 SWK21	Did your company implement a specific programme or strategy to address issues of child labor in its value chain?
HiggBRM 2024 SWK25	Did your company meet the targets to increase gender equality amongst workers in its value chain?
HiggBRM 2024 SWK31	Did your company implement a programme or strategy for expanding its business relationship with long term strategic suppliers?
HiggBRM 2024 SWK36	Did your company have a responsible exit strategy to ensure that, in the event of ending a factory and supplier relationship, the termination is managed in a manner that reduces the impact on suppliers and workers, including providing severance payments to workers?
	Did your company publicly communicate on the identified worker related human rights risks and impacts?
HiggBRM 2024 SWK43 I	Results of the action plans in its value chain.
HiggBRM 2024 SWK43 III	The most significant human and labour risks identified in its value chain.
HiggBRM 2024 SWK44	Did your company report publicly on the worker-related human rights performance of its value chain?
HiggBRM 2024 SWK45	Did your company have any specific partnerships, agreements or collaborations with stakeholders related to addressing workers related human rights across the value chain?

HiggBRM 2024 SWK46	Did your company actively participate in joint industry initiatives to reduce duplicative social and labor audits/assessments?
HiggBRM 2024 SWK47	Did your company actively participate in industry collective programs/partnerships to improve suppliers' social and labor performance?
HiggBRM 2024 SWK48	Did your company actively advocate for worker-related human rights to influence improved policies, laws, or regulations?
HiggBRM 2024 SWKD7	What percentage of worker rights-related issues in your company's supply chain have been successfully remediated or are in the process of remediation, in comparison to the total issues detected during the reporting period?
HiggBRM 2024 SWKD1 IV	What percentage of the following value chain tiers did your company monitor and assess worker-related Human Rights' risks? (tier 1)
HiggBRM 2024 SWKD2	What percentage of workforce in tier 1 have trade union representation?
HiggBRM 2024 SCN04	Does your company assess the safety risks of its products?
HiggBRM 2024 SCN16	Did your company have a process for responding to any reported breaches of safety standards?
HiggBRM 2024 SCN17	Did your company have a process for recalling faulty or unsafe products?
HiggBRM 2024 GEB01	For which tiers of the value chain does your company have processes in place to identify the specific facilities and companies involved in the manufacturing, storing and transporting of your products (i.e. value chain mapping)?
HiggBRM 2024 GEB04	Did your company provide safe and effective mechanisms for stakeholders to raise complaints, comments, suggestions or grievances?
HiggBRM 2024 GEB05	Which stakeholders were able to make use of your company's grievance or complaint mechanisms?
HiggBRM 2024 GEB06	Did your company ensure that retaliation is prohibited, confidentiality is preserved, and there are no negative consequences for internal and external stakeholders who report grievances/complaints?
HiggBRM 2024 GEB07	Did your company ensure that its business partners have complaints/grievance mechanisms in place?

HiggBRM 2024 GEB08	Which types of business partners or suppliers are required to have complaints/grievance mechanisms in place?
HiggBRM 2024 GEB15	Did your company publicly disclose the results of its value chain mapping?
HiggBRM 2024 GEB17	Did your company actively engage in any multi-stakeholder initiative to drive transparency in the textile, apparel and footwear industry?
German Supply Chain Due Diligence Law (LkSG)	
This whole report	The enterprise must prepare an annual report on the fulfilment of its due diligence obligations i the financial year and make it publicly available free of charge on the enterprises website no later than four months after the end of the FY for a period of seven years.
GSCDDA 10.2.1	Whether the enterprise has identified any human rights and environment-related risks or violations of a human right-related or environment-related obligation, and if so, which ones.
	What the enterprise has done to fulfil its due diligence obligations with reference to:
GSCDDA 10.2.2 a	a) Measures described in sections 4 to 9; this also includes the elements of the policy statement pursuant to 6)2).
GSCDDA 10.2.2 b	b) Measures taken by the enterprise as a result of complaints pursuant to section 8 or section 9 (1).
GSCDDA 4.1	Enterprises must establish an appropriate and effective risk management system to comply with due diligence obligations (section 3 (1)). Risk management must be enshrined in all relevant business processes through appropriate measures.
GSCDDA 4.3	The enterprise must ensure that it is determined who within the enterprise is responsible for monitoring risk management, for example by appointing a human rights officer. Senior management must seek information on a regular basis, at least once a year, about the work of the responsible person or persons.
GSCDDA 4.4	In establishing and implementing its risk management system, the enterprise must give due consideration to the interests of its employees, employees within its supply chains and those who may otherwise be directly affected in a protected legal position by the economic activities of the enterprise or by the economic activities of an enterprise in its supply chains.
GSCDDA 5.1	As part of risk management, the enterprise must conduct an appropriate risk analysis in accordance with paragraphs (2) to (4) to identify the human rights and environment-related risks at its direct suppliers.

GSCDDA 5.2	The identified human rights and environment-related risks must be weighted and prioritised appropriately. The criteria listed in section 3 (2), amongst others, are decisive in this regard.
GSCDDA 5.3	The enterprise must ensure that the results of the risk analysis are communicated internally to the relevant decision-makers, such as the board of directors or the purchasing department.
GSCDDA 5.4	The risk analysis must be carried out once a year as well as on an ad hoc basis if the enterprise must expect a significantly changed or significantly expanded risk situation in the supply chain, for example due to the introduction of new products, projects or a new business field. Findings from the processing of reports according to section 8 (1) are to be taken into account.
GSCDDA 6.1	If an enterprise identifies a risk in the course of a risk analysis pursuant to section 5, it must take appropriate preventive measures pursuant to paragraphs (2) to (4) without undue delay.
GSCDDA 6.2	The enterprise must issue a policy statement on its human rights strategy. Senior management must adopt the policy statement.
GSCDDA 6.3.1	The enterprise must lay down appropriate preventive measures in its own area of business, in particular: 1) The implementation of the human rights strategy in the relevant business processes set out in the policy statement.
GSCDDA 6.3.3	3) The delivery of training in the relevant business areas.
GSCDDA 6.4.1	The enterprise must lay down appropriate preventive measures vis-à-vis a direct supplier, in particular: 1) The consideration of human rights-related and environment-related expectations when selecting a direct supplier.
GSCDDA 6.4.2	2) Contractual assurances from a direct supplier that it will comply with the human rights-related and environment-related expectations required by the enterprise's senior management and appropriately address them along the supply chain.
GSCDDA 6.4.3	3) The implementation of initial and further training measures to implement the contractual assurances made by the direct supplier according to number 2.
GSCDDA 6.4.4	4) Agreeing on appropriate contractual control mechanisms and their risk-based implementation to verify compliance with the human rights strategy at the direct supplier.

GSCDDA 6.5	The effectiveness of the preventive measures must be reviewed once a year and on an ad hoc basis if the enterprise must expect a significantly changed or significantly expanded risk situation in its own business area or at its direct supplier, for example due to the introduction of new products.
GSCDDA 7.1	If the enterprise discovers that a violation of a human rights-related or an environment-related obligation has already occurred or is imminent at a direct supplier, it must, without undue delay, take appropriate remedial action to prevent, end or minimise the extent of this violation. Section 5 (1) sentence 2 applies accordingly.
GSCDDA 7.2.1	If the violation of a human rights-related or an environment-related obligation at a direct supplier is such that the enterprise cannot end it in the foreseeable future, it must draw up and implement a concept for ending or minimising the violation without undue delay. The concept must contain a concrete timetable. When drawing up and implementing the concept, the following measures in particular must be taken into consideration: 1) The joint development and implementation of a plan to end or minimise the violation with the enterprise causing the violation.
GSCDDA 7.2.2	2) Joining forces with other enterprises in sector initiatives and sector standards to increase the ability of influencing the entity that causes or may cause a harm.
GSCDDA 7.3	The termination of a business relationship is only required if: 1) The violation of a protected legal position or an environment-related obligation is assessed as very serious. 2) The implementation of the measures developed in the concept does not remedy the situation after the time specified in the concept has elapsed. 3) The enterprise has no other less severe means at its disposal and increasing the ability to exert influence has no prospect of success.
GSCDDA 8.1	The enterprise must ensure that an appropriate internal complaints procedure is in place in accordance with paragraphs (2) to (4). The complaints procedure enables persons to report human rights and environment-related risks as well as violations of human rights-related or environment-related obligations that have arisen as a result of the economic actions of an enterprise in its own business area or of a direct supplier. Receipt of the reported information must be confirmed to the person having reported the information. The persons entrusted by the enterprise with the implementation of the procedure must discuss the facts with the persons having reported the information. They may offer a procedure for amicable settlement. The enterprises may instead participate in an appropriate external complaints procedure, provided it meets the following criteria.

GSCDDA 8.2	The enterprise establishes rules of procedure in text form which are publicly available.
GSCDDA 8.3	The persons entrusted by the enterprise with the conduct of the proceedings must offer a guarantee of impartiality; in particular, they must be independent and not bound by instructions. They are bound to secrecy.
GSCDDA 8.4	The enterprise must make clear and comprehensible information on accessibility and responsibility and on the implementation of the complaints procedure publicly available in an appropriate manner. The complaints procedure must be accessible to potential parties involved, must maintain confidentiality of identity and must ensure effective protection against disadvantage or punishment as a result of a complaint.
GSCDDA 9.1	The enterprise must set up the complaints procedure pursuant to section 8 in such a way that it also enables persons to report risks to human rights or environment-related risks as well as violations of human rights-related or environment-related obligations that have arisen due to the economic actions of an indirect supplier.
GSCDDA 9.3.1	If an enterprise has actual indications that suggest that a violation of a human rights-related or an environment-related obligation at indirect suppliers may be possible (substantiated knowledge), it must without undue delay and as warranted. 1) Carry out a risk analysis in accordance with section 5 (1) to (3).
GSCDDA 9.3.2	Lay down appropriate preventive measures vis-à-vis the party responsible, such as the implementation of control measures, support in the prevention and avoidance of a risk or the implementation of sector-specific or cross-sector initiatives to which the enterprise is a party.
GSCDDA 9.3.3	Draw up and implement a prevention, cessation or minimisation concept.
GSCDDA 9.3.4	Update its policy statement in accordance with section 6 (2), if necessary.

BESTSELLER