



FORCED LABOR AVOIDANCE POLICY

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1. Commitment and Responsibility

In delfort the use of forced labor, either in our own operations or in our supply chain, is strictly forbidden. Wherever relevant we will periodically conduct checks in coordination with the relevant corporate director (HR respectively Procurement), to confirm full and continued compliance or react to non-compliances as per this policy.

For our own operations HR will conduct periodic self-evaluations.

For new suppliers, compliance to this policy is part of our due diligence process. For existing suppliers, we conduct periodic checks based on relevant risk factors.

2. Scope of Policy

The policy is in line with the EU Charter of Fundamental Rights, stating the commitment to eliminating all violations of fundamental principles and rights at work, including forced labor, promoting the protection of victims of business-related abuses, as well as ratification and effective implementation of ILO fundamental conventions.

The internationally recognized definition of forced labor is to be found in ILO Convention No. 29 as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily”.

3. Policy and management system

3.1. Preamble

Forced Labor may not only arise in our operations but also arise in the supply chain, e.g., in relation to recruitment and retention practices, subcontracting, use of recruitment agencies, state-sponsored Forced Labor.

Suppliers and staff will not face reprisals for reporting risk or instances of Forced Labor. Suppliers or staff are encouraged to report risk or instances of Forced Labor.

We will build awareness with key company staff (such as HR managers, buyers) and suppliers on what constitutes Forced Labor.



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3.2. Risk factors to be considered

3.2.1. Country risk factors

- Countries that have not ratified the ILO fundamental conventions or have a weak record of implementation
- Countries with state-orchestrated programs including but not limited to mass mobilization for large-scale national development programs (particularly in centrally planned economies) or labor and/or vocational programs targeted at persons belonging to minorities (e.g. ethnic or religious).
- Legal regimes outlawing peaceful strike action
- Countries with prison labor policies and programs
- Inability to conduct in-depth risk assessments, for example through threats or enforced presence of government/employers etc.

3.2.2. Risk factors linked to migration and informality

- Employment of migrant workers
- Workers recruited via third parties including government recruiters
- Workers in on-site accommodation, or off-site accommodation linked to the employer
- Presence of informally employed workers
- Absence of written employment contracts
- Presence of children and adolescents in the workplace
- Workers do not speak the local language

3.2.3. Risk factors linked to presence of debt risk factors

- Restrictions on the ability of workers to freely dispose of their wages
- Workers do not have free access to their identity and residency documents
- Forcing workers to work more overtime hours than allowed by national law or (when relevant) collective agreements under the menace of penalty
- Incidence of physical or psychological abuse, violence or harassment

3.2.4. other risk factors

- gender based discrimination or penalties
- ethnic or religious discrimination or penalties
- Forced Labor risks related to raw materials of unknown or high-risk origin

3.3. How we do Risk Assessment for high-risk supply chain segments

- Strengthening checks where the risk is higher, for example by carrying out in-depth assessments of recruitment agencies used by suppliers, or 'choke points', such as commodity traders, that source raw materials or operate upstream in high-risk areas
- Carrying out extensive stakeholder engagement in areas with heightened risk, for example with trade unions, civil society or other experts
- Enhancing training for staff and suppliers in high-risk areas, and establishing stronger prequalification processes for suppliers



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- Ensuring independent and unannounced access to worksite and workers to collect information and carry out work-place assessments
- Interview workers in a secure environment, without the presence of their managers, with the assistance of an interpreter if necessary (e.g., in case of migrant workers or workers belonging to national minorities)

3.4. What we do to address identified risks

- Support, including where appropriate financial support, for suppliers and business partners to implement agreed corrective action plans
- Support company-level social dialogue providing workers' representatives with the necessary means to assist in the development of effective collective agreements
- Include credible threats and terms for disengagement if improvement is not demonstrated, in line with agreed timelines and indicators in corrective action plans
- Measures to address risk may differ depending on whether the company seeks to disengage with suppliers or business partners and avoid the identified risks of forced labor or stay engaged to prevent or mitigate the adverse impacts of forced labor practices, in terms of influencing government policy and factory hiring practices.

3.5. How we handle state-sponsored forced labor

- analyze whether suppliers or business partners have the autonomy to select suppliers or materials from a source of their choosing, or otherwise have discretion to participate in state-sponsored labor programs
- consider steps that can be taken to communicate to governments responsible for state-sponsored forced labor policies, through direct communications or through letters from industry associations.

3.6. How we disengage responsibility

Disengagement from a business relationship is appropriate as a last resort after failed attempts at preventing or mitigating severe impacts, when adverse impacts are irremediable, where there is no reasonable prospect of change, or when the entity causing the impact does not take immediate action to prevent or mitigate identified impacts.

In this situation we will also consider and address the potential adverse impacts of the decision to disengage.

3.7. How we address remediation after causing adverse impact

- provide for or cooperating for remediation
- seek to restore the affected person or persons and enable remediation that is proportionate to the significance and scale of the adverse impact
- consult and engage with impacted rights holders and their representatives in the determination of the appropriate remedy
- Forced Labor is a crime. Where we have caused or contributed to Forced Labor, we will cooperate with local authorities to help provide appropriate forms of remedy.



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4. Forced Labor due diligence procedure

OECD DUE DILIGENCE PROCEDURE:

| STEP | ACTIONS <i>(in blue: how we do it in delfort)</i> |
|---|--|
| 1. Embed Responsible Business Conduct into the company's policies and management systems | <p><i>Look for effective and efficient implementation of below with common sense. In case of questions consult with corporate director (HR resp. Procurement).</i></p> <ol style="list-style-type: none"> 1. Devise, adopt and disseminate Responsible Business Conduct policy issues that articulate the company's commitment to due diligence principles and standards from relevant instruments. <i>See this GPM and our CoC</i> 2. Embed the company's Responsible Business Conduct policies into company oversight bodies and management systems as part of regular business processes. <i>> Overall Responsibility: corporate director HR resp. Procurement</i> 3. Incorporate Responsible Business Conduct policies and expectations in supplier and business relationships. <i>See our Supplier CoC</i> |
| 2. Identify and assess actual or potential adverse impacts in the company's operations, supply chains and business relationships | <p><i>When a potential case of forced labor is suspected or notified within our organization or supply chain we must immediately consult with the relevant corporate director (HR resp. Procurement) to agree on the appropriate course of action.</i></p> <ol style="list-style-type: none"> 1. Carry out a broad scoping exercise to identify operations and relationships where Responsible Business Conduct risks are most likely to be present and be most significant. 2. Carry out iterative and increasingly in-depth assessments on the most significant risks from operations and relationships. 3. Assess the company's involvement with the actual or potential adverse impact to determine the appropriate responses, and whether the company causes, contributes or is directly linked to the adverse impact. 4. Prioritize where necessary the most significant risks and adverse impacts for action. |
| 3. Cease, prevent and mitigate adverse impacts | <ol style="list-style-type: none"> 1. Stop activities that cause or contribute to adverse impacts on Responsible Business Conduct issues and develop and implement a plan that prevents and mitigates potential adverse impacts. 2. Develop and implement a plan to prevent or mitigate actual or potential adverse impacts directly linked to the company operations, products or services by a business relationship. |
| 4. Track implementation and results | <ol style="list-style-type: none"> 1. Track the implementation and effectiveness of the company's due diligence activities. 2. Use the lessons learned from tracking to improve processes in the future. |
| 5. Communicate how impacts are addressed | <ol style="list-style-type: none"> 1. Communicate externally relevant information on due diligence policies, processes, activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. |
| 6. Provide for or cooperate in remediation when appropriate | <ol style="list-style-type: none"> 1. When the company identifies that it has caused or contributed to actual adverse impacts, address such impacts by providing for or cooperating in their remediation. 2. When appropriate, provide for or cooperate with legitimate remediation mechanisms through which impacted stakeholders and rights holders can raise complaints and seek to have them addressed with the company. |