

# DECLARATION OF PRINCIPLES ON RESPECT FOR HUMAN RIGHTS

## FUNDAMENTAL POSITION

### **ALBIRO AG is committed to sustainable, resource-saving and fair business activities.**

Serious human rights violations and environmental damage occur again and again in the international value chain. As a company, we take responsibility for the impact of our business activities and business relationships. This means acting with due diligence to avoid violating the rights of others and to address the adverse impacts of our global activities. ALBIRO AG respects and supports the dignity, well-being and human rights of our employees, the workers in our supply chain, the community in which we live and those who are affected by our business activities.

The human rights policy of ALBIRO AG is based on the core labour standards of the [International Labour Organization](#) (ILO), the [UN Conventions](#), the [OECD Guidelines](#), the [European Convention on Human Rights](#) and the [UN Women's Empowerment Principles](#).

As a member of the FairWear Foundation, we rely on the "Code of Labour Practices" (CoLP). This includes eight labour standards derived from the ILO Conventions and the UN Declaration of Human Rights.

- Free choice of work
- Freedom of association and the right to collective bargaining
- No discrimination in the workplace
- No exploitation through child labour
- Payment of living wages
- Reasonable working hours
- Safe and healthy working conditions
- A legally binding employment relationship

It is binding for the entire workforce, regardless of their activity and position. All production facilities and suppliers working with ALBIRO AG undertake to respect the human and labour rights of their employees.

This guideline forms the foundation of our human rights due diligence, is embedded in the business model of ALBIRO AG and applies to the company and its group.

We understand the implementation of due diligence as a dynamic development process. For this reason, ALBIRO AG regularly reviews this policy statement and continues to develop it.

This Human Rights Policy was approved by the management of ALBIRO AG on 11.11.2022 and revised on 25.11.2024.



Corinne Loosli  
Senior management



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Senior management

## GENDER-RESPONSIVE DUE DILIGENCE

In our due diligence, we apply a gender lens on our business operations to minimize adverse impacts on women and contribute to gender equality. At ALBIRO we believe in an equal, diverse and inclusive society where everyone is treated with dignity and respect. We are committed to creating a safe and respectful work environment that encourages diversity. While applying a gender lens we also consider intersecting realities and identities, such as

migration status, age, race, ethnicity, caste, sexual orientation, disability or gender identity. Women are actively involved in our business practices, from the production up to the executive management. With the empowerment of women, we want to close disadvantages for women and to overcome the gender gap. By signing the Women's Empowerment Principles, we show that gender equality is rooted in our company.

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## REQUIREMENTS FOR BUSINESS PARTNERS AND THE WORKFORCE

Our commitment includes both our own business processes and the indirect impacts of our actions. We expect our employees, our management, our business stakeholders and our business partners to respect and ensure human rights in accordance with this policy.

Our Equality Regulations provide our employees with an overview of the ethical standards, principles and rules at ALBIRO AG.

Treating employees fairly and equally, regardless of gender, sexual orientation, marital status, race, skin color, nationality, religion, ethnic or national origin, age, disability or trade union membership is an essential part of our values. The regulations were developed in cooperation with our employees and are part of the employment contract, which is signed by all employees. The Code is reviewed regularly to respond to changes in our business and in the world.

Our Supplier Code of Conduct is an integral part of our cooperation with our business stakeholders. It defines the minimum standards and requirements for our suppliers in terms of occupational safety, human rights, employment and working conditions.

Part of this binding code is also the amfori BSCI Code of Conduct, as well as the FairWear "Code of Labour practice" including the questionnaire, which includes social standards, rules on environmental protection and occupational health and safety. Suppliers are contractually obliged to report

all locations where products or components are manufactured for ALBIRO AG. This helps to ensure that all productions are audited and meet our requirements. Before placing the order, we carry out human rights assessments for all productions, which are based on the UN conventions and the ILO core labour standards and reflect our main standards. The implementation and compliance with our standards are measured through independent audits and is a business requirement for all suppliers. The audit reports provide detailed information that helps suppliers and us to meet commitments to employees.

We work with with long-term business partners and invest significant resources in our sustainability efforts throughout the supply chain. Our production site and supplier companies must be aware of and support our Code of Conduct. To this end, we offer various trainings with diverse topics such as gender equality, health and safety at work, violence and harassment prevention. Not only our production partners, but also our employees benefit from our training plan, which is continuously developed and implemented.

## RISK ANALYSIS

To fully understand the impacts of our business and how to address them most effectively, we regularly assess our human rights impacts through a risk analysis. In doing so, we analyse potential risks, actual offences and breaches of duty, prioritise them and identify appropriate countermeasures to avoid, end or redress the impacts.

The starting point of our risk analysis is an inventory of all risks, across our key activities by business area, product and location. This thorough process, in collaboration with our production sites and their worker representatives, took place during 2022.

Due to the nature of our business and our internal

risk analysis, we focus our efforts on human rights related to working conditions, as well as women's rights, as these are areas of particular importance to our industry.

Our risk analysis is shared with our production sites so that they are informed about where we see actual and potential risks and initiate preventive or improvement measures here.

With the help of an overview, we evaluate the impact of our activities and can thus determine which measures have been effective in the end and where we still need improvements.

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## ZERO TOLERANCE - NO EXPLOITATION THROUGH CHILD LABOUR

The International Labour Organization (ILO) has adopted two conventions for the protection of children:

Convention 138: Minimum Age Convention (1973)

Convention 182: Worst Forms of Child Labour Convention (1990)

ALBIRO AG is committed to identifying, preventing and mitigating the risk of child labour, eliminating identified child labour and, if remedial measures fail, interrupting or, as a last resort, ceasing production. In identified cases of child labour, we will follow up and report them.

We have set out our steps to fight child labour in our separate document "ALBIRO AG - Policy on the Prohibition of Child Labour".

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## ZERO TOLERANCE - FORCED LABOR

All employees have the right to enter into an employment relationship voluntarily and freely without threat of punishment. We prohibit the use of coercion, force, threats of punishment or other intimidating practices such as confiscation of personal documents or wage penalties. Employees have the freedom to terminate open-ended or long-term employment relationships at any time and without sanctions, subject to a reasonable notice period. All working conditions are set out in employment contracts, to which employees must give their informed consent.

An employee's money and possessions, including passports and other personal documents, are accessible to the employee at all times and may not be withheld.

All overtime shall be worked voluntarily by employees and accurately recorded. Employees are not obliged or forced to work beyond their contracted working hours and are free to refuse overtime without any negative consequences.

We have set out our steps to fight forced labour in our separate document "ALBIRO AG - Policy on the Prohibition of Forced Labour".

## MEASURES

Our measures and strategies are diverse and vary depending on the country, production site, product group and risk analysis. We initially focus on critical risks and risks in our production facilities that we use to 100% capacity, as we are directly responsible for these.

Sustainability requirements and processes are

integrated into our regular business processes and form the central component of our corporate duty of care. Only in this way can the targeted improvements also be successfully implemented. The development, purchasing, production and sustainability departments are in constant exchange and interlock in various processes. All processes are recorded in the internal system.

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## PURCHASING STRATEGY

We want to ensure that our own purchasing practices do not conflict with the requirements of our due diligence.

Regular exchange, open communication and clear expectations play an important role in meeting this challenge.

### → Due diligence before placing orders with new suppliers

Manufacturing companies need to be in line with our due diligence to discuss a potential collaboration. For this reason, there are set steps that must be followed in order to approve a supplier for initial samples. These include reviewing existing audit reports, country studies or feedback from FWF or amfori member companies. Each potential company must sign the Supplier Code of Conduct, the FWF Questionnaire and the FWF transparency policy, as well as the FWF Hotline information sheet for workers.

### → Long-term partnerships

We rely on strategic and long-term partnerships that help us build a trusting relationship and work together on improvements. Our focus is on respectful and fair dealings. Long-term partnerships are the basis for more security and predictability

### → Annual supplier evaluation

We reward companies that show strong improvement in meeting our sustainability commitment with stable or increased orders. If a production is not willing to work with us on improvements, orders

can also be reduced after repeated discussions.

### → Guidelines for subcontractors

In order to circumvent the social and sustainability standards, companies can pass on orders to subcontractors in order to produce there at a lower price. These non-transparent business practices carry the risk of excessive overtime, noncompliance with wage payments, child labour, etc. The ALBIRO "subcontractor policy" and the FWF Questionnaire ensure that all information about possible and effective subcontractors is provided and that the information sheet for workers is also posted there and that these companies can be audited by independent organisations.

### → Exit strategy

We are clearly committed to working together to improve rather than terminate relationships. If a supplier repeatedly fails to meet our minimum requirements, we reserve the right to reduce order quantities. If the measures taken are not effective, we will terminate the business relationship as a last resort, through a fair and planned exit strategy. This gives the company sufficient time and planning to find new business partners to avoid job losses.

## STRATEGIC PLANNING AND FORECASTING

As part of our commitment to good communication, we send production schedules to our production companies in advance, with early information on product specifications and exact quantities wherever possible. In doing so, we ensure that the stated production timescales are achievable and define responsibilities to ensure a smooth process and avoid overtime. Deviating forecasts and up-

dates are discussed with the supply companies as early as possible and last possible order dates are negotiated. By producing our own brands and NOS items, as well as individual corporate fashion solutions, we are able to relieve the production facilities in the peak season and place large orders in the off-seasons.

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## DESIGN AND PRODUCT DEVELOPMENT

Late changes to a product's design or poor communication can lead to tight production lead times, which can affect factory working conditions and product quality. We focus on clear product specifications through detailed working documents that reduce errors on both sides, saving costs and time. Our employees know the production facilities and their machinery and can thus ensure production

capability in advance. With trained employees, we ensure that the entire workforce is aware of the effects of changes to the product. Through structured processes and quick sample turnaround, we can shorten lead times, resulting in longer production times and reducing the risks of excessive overtime or subcontracting.

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## PRICE NEGOTIATIONS AND CONTRACT CONCLUSION

Transparent price calculations and fair prices create trust and are the basis for higher wages in the production facilities. Rising costs, such as minimum wage increases or energy prices, are discussed in an open dialogue between the production companies and the management. We encourage our production companies to work with FairWear's fair price app in direct dialogue or through training. With the help of this tool, production companies can clearly summarise all cost points and calculate the unit prices of a model with little effort when paying the minimum wage, when paying a target price or when paying a living wage. In addition, one can actively and quickly respond to cost developments and adjust prices promptly. Furthermore, we ensure that

fair payment terms are agreed with the production company in advance. Whenever possible, ALBIRO AG waives penalties. If these do occur in extreme cases, they are transparent and contractually regulated. Payment procedures for our selected suppliers are clearly agreed in advance and our policy is that all invoices are paid on time.

We know that we cannot meet the challenges of corporate due diligence on our own. Cooperation between ALBIRO AG, the supplier companies, experts, civil society organisations and trade unions is central.

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## ENVIRONMENT AND RESOURCES

We acknowledge our responsibility towards the environment and are aware of the potential impact of our products, production and procurement processes towards the environment and people. For this reason, our scope of activities includes not only human rights issues, but also environmentally related areas.

Since 2015, ALBIRO AG's products and materials have been tested and certified annually for freedom from harmful substances in accordance with OEKO-TEX® Standard 100.

If a garment has the STANDARD 100 label, all components such as fabrics, zips, prints, etc. have been tested for harmful substances and are therefore harmless to health. During the testing process,

numerous substances are tested for national and international limits that could be harmful to human health.

As an ISO 14001 certified company, we have been able to systematically collect information on the environmental, health and safety impacts of our operations, set measurable targets and review our progress.

This gives us the opportunity to assess the impact

of our processes, goods and services on the environment throughout their life cycle and to determine their environmental impact.

In the design of our company building in Sumiswald, we achieve the Minergie standard through insulation and controlled ventilation. In addition, our own photovoltaic system produces more than our own electricity requirements.

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## COMPLAINTS MECHANISM

We take any allegation of human rights violations in all their forms seriously and will not tolerate human rights abuses.

As a FairWear member, we have set up a whistleblower system in all production facilities to learn about and investigate specific allegations. Employees can thus anonymously voice violations or concerns, which are received and investigated by a FairWear complaints officer or a local partner organisation. Justified complaints are forwarded to us and more

specific investigations are initiated.

All feedback and contributions are recorded by ALBIRO AG and FairWear in a platform and can thus be viewed and maintained at any time.

In dialogue with the production, we then try to find a solution to the complaint and take remedial action.

In order to sensitise the production staff to the whistleblower system, they receive systematic training.

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## REPORTING

Transparency is an important pillar for us, which is why we regularly inform all stakeholders of our company about the results and progress of our measures as part of our sustainability reporting. Our social report is available both internally and externally. Through appropriate training and awareness-raising processes, we ensure that our actions and efforts are fully understood and implemented within the organisation.

Our employees are briefed when they start their jobs and are regularly notified through our intranet and newsletter. Our business partners, stakeholders and customers are informed cyclically by our sales people via meetings and presentations.

This policy statement is made available internally as well as externally and is therefore available to everyone.

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## RESPONSIBILITY

Our sustainability leadership is responsible for all human rights and environmental matters, including labour conditions, equality, corruption prevention, consumer interests and transparency.

The Sustainability position reports to the CEO and there is a direct monthly exchange.

Decisions and actions can have a positive or negative impact on human rights, which is why regular meetings are held between the purchasing, production, development and sustainability departments involved. Here it is ensured that the teams are in-

formed about current sustainability issues and thus all employees are involved. In addition, the Board of Directors receives regular feedback from the CEO on the progress made with regard to the sustainability goals set.