

DRYKORN POLICY: HUMAN RIGHTS

FOREWORD

DRYKORN was founded upon the motto “FOR BEAUTIFUL PEOPLE”, meaning everybody should be able to express their inner beauty in whichever way they feel the most comfortable. Beauty, to us, is therefore inseparably connected to freedom, the untouchability of human dignity and the non-negotiability of human rights.

We are aware that the fashion industry is prone to many forms of human rights violations, in particular forced labor and child labor, which are often hidden deep within supply chains. As makers and protectors of the DRYKORN brand, we believe that beautiful clothes cannot exist if the people who produce them are not free. It is therefore an undisputable truth at DRYKORN, that forced labor and child labor practices are unacceptable. This holds especially true for child labor, where children's desperate situations are being exploited – robbing them of their chances to experience proper education and childhoods.

The main subjects of this policy are forced labor and child labor. Still, its contents can be applied to human rights topics in general (such as: Anti-Discrimination, Freedom of Association, Health and Safety, etc.). This creates an open space in favor of all human rights, thus avoiding misunderstandings and eliminating grey areas internally and externally.

This Human Rights Policy serves multiple purposes.

- It acts as a **company ethics guideline** for all employees at DRYKORN, with special regards to sourcing and production decisions.
- In addition to our Codes of Conduct, it informs relevant stakeholders about our **supply chain structure, responsibilities and management processes** regarding forced and child labor.
- It clearly communicates our **unwavering ethical position** to supply chain partners up- and downstream.

Important additional information such as explanations or guiding principles will be elaborated in the APPENDIX (pp. 8-9) to ensure good readability of this policy.

TABLE OF CONTENTS

	FOREWORD	i
	TABLE OF CONTENTS	ii
_1	DEFINITIONS	1
_2	THE DRYKORN VALUE CHAIN	2
_3	RESPONSIBILITIES	3
_4	DUE DILIGENCE	4
_5	POLICY VIOLATION PROTOCOL	5
_6	OUTLOOK	6
	APPENDIX	7

1 DEFINITIONS

Forced Labor (additional information in APPENDIX)

DRYKORN defines Forced Labor based on the International Labour Organization (ILO);
C029 - Forced Labour Convention, 1930 (No. 29).

Forced Labor: *All work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.*

Child labor

Based on the definition by the ILO, Child Labor is defined as follows:

Child labor: *Work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development.*

This definition refers to work that is mentally, physically, socially or morally dangerous and harmful to children and/or interferes with their schooling by depriving them of the opportunity to attend school. It does so by obliging them to leave school prematurely or requiring them to attempt to combine school attendance with excessively long and heavy work.

DRYKORN holds the position that children under 15 years of age should not work in an employer-employee-relationship at all.

Young workers (additional information in APPENDIX)

Young worker: *Anyone, who is allowed to work according to the respective local laws but is younger than the legal age of adulthood in that country.*

Young workers must not be subjected to dangerous or hazardous tasks or substances that could negatively affect their wellbeing now or in the future. Working hours must not interfere with a young worker's education, such as school hours.

Tier-XX supply chain

The term „Tier“ describes **the distance of supply chain partners from the company in focus** (in this case: DRYKORN). The higher the number following „Tier“, the further a supply chain partner is removed from the final product.

DRYKORN enters contracts with Tier-1 and, in some cases, Tier-2 suppliers.
Relationships with deeper levels are only indirect.

Examples:

Tier 1 suppliers: Garment manufacturers (sewing factories)

Tier 2 suppliers: Component manufacturers (fabric producers, trim suppliers)

Tier 3 suppliers: Pre-product manufacturers (yarn producers)

Tier 4 suppliers: Raw material production (cotton production, farms)

2 THE DRYKORN VALUE CHAIN

Production

DRYKORN operates in two modes of manufacturing, Cut-Make-business (CM) and Ready-Made Garment business (RMG). While CM-business is usually conducted in countries across continental Europe, RMG operations are generally executed in Türkiye and Asian countries as well as Portugal. Each collection is produced at approximately 50 suppliers across both manufacturing modes, with RMG suppliers usually producing at up to five production sites, in the form of own factories and/or subcontractors. CM suppliers do not usually work with subcontractors. In total, the Tier-1 supply chain of DRYKORN hosts on average about 100-130 factories where the collections are produced. To ensure that no forced labor or child labor takes place at any of these facilities, the Due Diligence mechanisms listed in Chapter 4 are used, continuously improved and expanded.

Tier 2+ supply chain

To control the Tier 2+ value chain remains challenging. The deeper supply chain is tracked on a country level, collecting information down to the country of origin of all utilized fibers. Currently, tracking each involved facility in DRYKORN's Tier 2+ supply chain is not standard protocol, but considered feasible in cases deemed necessary.

Forced labor and child labor in the textile industry do occur in spinning mills, farms and other Tier 2+ supply chain levels. So far, many of DRYKORN's Due Diligence mechanisms on these levels rely on self-declarations. With upcoming legislation and technologies such as the digital product passport, tracking and controlling human rights-related data will be facilitated in the future. DRYKORN's strong dynamic capabilities enable the implementation of such measures in an appropriate timeframe once required.

Sales

Downstream operations for DRYKORN are mainly happening in a B2B manner. Products are usually sold to fashion retailers internationally. There is no export to the United States. Most business is conducted in continental Europe, with the majority taking place in Germany, Austria, Switzerland and the Netherlands. Internal research has shown, that in retail, the probability of forced and child labor is significantly lower than in upstream operations of fashion brands, particularly in the markets DRYKORN serves.

Own operations

DRYKORN operates its headquarters, a prototyping atelier and physical stores as well as an online shop in Germany. For all directly controlled facilities and own operations, full compliance with every applicable German law relating to Human Rights is guaranteed.

Although the entire value chain must be considered in the matter of human rights, DRYKORN's own and downstream operations are not prioritized in the current management of forced and child labor prevention, as the highest risk occurs within the upstream supply chain.

3 RESPONSIBILITIES

Responsibilities in the management of the upstream value chain are clearly defined. At DRYKORN, the parties involved maintain close coordination, supported by flat hierarchies and short paths of communication. This enables a swift, thoughtful, and situation-specific response to human rights related situations, as well as the effective implementation of preventive action.

CPO: The Chief Procurement Officer (CPO) makes final decisions regarding supplier choices and the continuation of collaborations. His/Her decision is based on Exchanges with the CSR-Team, product managers, the purchasing department and technical collection developers as well as information the CPO has gathered him- or herself. The CPO ensures that existing and especially new suppliers do not practice forced labor or child labor. He/She starts and ceases cooperations. Subsequently, the CPO holds the responsibility towards CEO and CFO.

CSR: The Corporate Social Responsibility (CSR) Team at DRYKORN is staffed with professionals educated and experienced in a variety of fields surrounding the realm of CSR, including human rights. The team oversees the whole portfolio of Tier-1-suppliers and is always aware of changes in the supplier structure. The ongoing Due Diligence Process regarding forced labor is executed by the CSR-Team. The CSR-Team reports to the CPO.

Technical collection development: DRYKORN in-house technicians frequently visit suppliers and report about their visits. Although they are visiting for product-specific reasons, they are briefed to document their experience and to be alert towards CSR-related topics like forced labor. Additionally, DRYKORN directly employs foreign technicians living in major supplier countries, who visit suppliers often. All technicians report to the CPO and share their documentation with the CSR department.

Purchasing: The Purchasing Teams find new suppliers and cooperate with existing ones for collection development. They also visit suppliers and their factories. All purchasing teams are under the CPO's authority and report to him/her.

Product Management / Design: Product managers are in close exchange with suppliers who produce their collections. They also visit suppliers and report to the CPO.

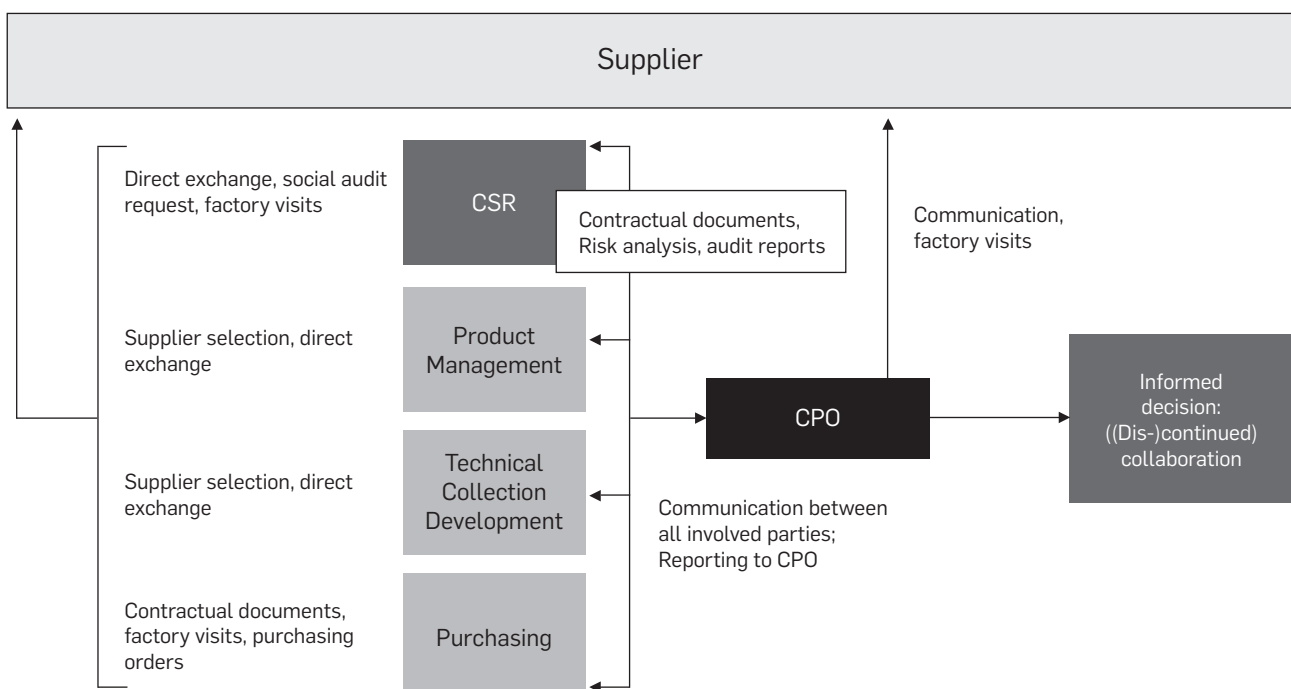


Figure 1 Intelligence gathering process for supplier risk evaluation and collaboration for decision making.

4 DUE DILIGENCE

- 4.1. Country Risk Analysis: All countries where Tier-1-suppliers and their subcontractors are located were systematically subjected to an ESG risk analysis. Every country received a rating between "A" and "D", with "A" being lowest risk and "D" being highest. This way, systemic risks were identified and are now continuously considered and occasionally addressed when visiting suppliers or engaging in dialog with them. This includes human rights issues. Strategic management decisions regarding the further expansion in a given country are also influenced by this analysis. The analysis is updated regularly or if changes in any of the countries occur. It is also repeated in advance for potential new countries and will be expanded to Tier-2+ countries.
- 4.2. Choice of suppliers: Given the strict and ambitious quality requirements for DRYKORN products, the procurement process foresees working with suppliers upholding a definitive qualitative standard. Experience has shown that premium suppliers are usually very engaged to uphold human rights and promote employee satisfaction. Moreover, new suppliers are also usually visited on site by the CPO or other employees before a cooperation to ensure the production is up to the DRYKORN standard, including environmental and social requirements.
- 4.3. Supplier Code of Conduct: DRYKORN sends out the Supplier Code of Conduct with the contractual document package to every supplier. It must be signed by suppliers before the start of any cooperation. The Supplier Code of Conduct clearly communicates the ethical requirements all partners must adhere to. This includes but is not limited to the obligation to name all subcontractors and the provision of third-party social audit reports for all factories involved in the DRYKORN production. Signing the Code of Conduct automatically serves as the binding confirmation that the supplier ensured that neither forced labor nor child labor take place in any of the production facilities DRYKORN products are manufactured at.
- 4.4. No China Cotton declaration: DRYKORN does not accept cotton which was grown in any part of China, given the prevalence of forced labor in the province of Xinjiang, where most Chinese cotton is produced. All suppliers who use cotton in garments they produce for DRYKORN, or who supply cotton textiles of any kind to DRYKORN must sign a declaration confirming that they do not use cotton sourced from China. The country of origin of the cotton must be communicated to DRYKORN in written form for every cotton-containing material. Randomly selected cotton-containing garments are also tested for Chinese cotton using Isotope testing.
- 4.5. Whistleblowing system: DRYKORN provides an open, digital, and anonymous whistleblowing platform that is accessible at any time (see APPENDIX). To ensure broad accessibility, the system is available in multiple languages and can be used worldwide. All reports are handled confidentially and are reviewed through a clear, standardized process. Whistleblowers have the right to remain anonymous and receive feedback on the status and outcome of their report, if requested. This is in accordance with the German Act for the Better Protection of Whistleblowers (Hinweisgeberschutzgesetz, HinSchG). DRYKORN also encourages suppliers to establish similar complaint mechanisms.
- 4.6. Supplier Dialog: An ongoing part of DRYKORN's Due Diligence process is a regular direct dialog between the DRYKORN CSR-Team and suppliers. Suppliers are approached at random with requests for video calls or participation in surveys. Besides building trust, this mechanism enables the CSR-Team to gather relevant info about human rights related topics, such as the management of grievances or age verification processes.

- 4.7 Factory visits: Suppliers are regularly visited by DRYKORN staff and travelling technicians. DRYKORN employees are trained to identify forced labor and child labor and are aware of how it could present itself to them. Visits are debriefed with the CPO. The CSR-Team is involved if there are irregularities. Members of the CSR-Team occasionally visit suppliers as well.
- 4.8 Social Audits: All suppliers must provide valid third-party social audit reports for all factories involved in the production of DRYKORN products. The status and validity of all suppliers' audits is checked weekly. Suppliers without audits get audited to the DRYKORN Code of Conduct by third party auditors. Social audits provide a valuable insight into the management and wage structures of DRYKORN's suppliers. They are also the most reliable source of intelligence regarding the absence of forced and child labor. Preferred audit types are: BSCI amfori, SEDEX Smeta, FairWear, Initiative for Compliance and Sustainability (ICS) and SA8000 certifications. SEDEX Smeta and BSCI amfori audits make up 90% of all audit reports received. DRYKORN consistently holds an audit rate well above 90% (Financial year 2023/24: 97%). Non-audited suppliers are located in Ukraine, where currently no audits can be conducted.

5 POLICY VIOLATION PROTOCOL

In the case of confirmed violations against this policy or the Supplier Code of Conduct, a tiered escalation and remediation process shall be applied:

1. **Formal warning and corrective action plan:**
The supplier receives an official warning along with a clearly defined corrective action plan and a deadline for implementation.
2. **Follow-up verification:**
A follow-up assessment or audit is conducted within the agreed timeframe to verify whether the corrective measures have been effectively implemented.
3. **Final review and potential termination:**
If the supplier fails to implement corrective actions or shows unwillingness to cooperate, DRYKORN reserves the right to terminate the business relationship as a last resort.

Flow of information & Objectives

Suspicious about human rights violations at a supplier could reach DRYKORN through own staff (e.g. technicians visiting the supplier), whistleblowers (e.g. through the DRYKORN whistleblowing system), audit reports or an external source (such as an NGO or news outlets).

Suspicious arising within the team must immediately be communicated to the CPO, who will call an immediate meeting with the CSR Board of directors, consisting of the CFO, COO, CPO and the Head of CSR & Quality assurance. The CEO will be called in as well. If the concern was raised by a DRYKORN employee, he or she will be invited as well to explain the situation and provide proof.

Depending on the way the information reaches DRYKORN, different approaches to the resolution of the situation will be tailored. All action will be started within the week of the accusation, the total resolution of the situation is always targeted to happen as quickly as possible, always in the interest of the victim(s) of the human rights violation. The main objectives are always:

- Verification of the case using appropriate control mechanisms.
- Liberation and appropriate remediation of the victim(s).
- In case of child labor: Financial remediation of the affected child(ren) and its/their family as well as follow-up care for the affected child(ren), ensuring proper access to education until graduation.

DRYKORN will work with local authorities and relevant (nongovernmental) organizations to ensure that the victims receive appropriate help and remediation and that possible perpetrators will be prosecuted.

6 OUTLOOK

As of August 2025, no cases of forced labor were documented in DRYKORN's supply chain since the company was founded in 1996. However, this does not entitle us to ease off. Supply chains are getting ever more complex and our Due Diligence is continuously adapting.

We follow a dynamic approach: always improving, gathering more relevant data from our suppliers across all tiers, sensitizing our staff and researching latest developments in supply chain transparency. We are continuously engaging in an open dialog with our suppliers and fostering long-term business relationships, based on a sustainable combination of trust and external verification. Additionally, we intend to make use of the EU's supporting tools for SMEs once operational, such as the portal against forced labor. This way we can make sure that our apparel stays not just visually but ethically clean.

FOR BEAUTIFUL PEOPLE.

Policy review and updates

This policy is formally reviewed at least once per year to ensure its continued relevance and effectiveness. The review process considers experiences from the past year, evolving legal requirements, and feedback from both internal and external stakeholders. DRYKORN remains committed to continuous improvement and to uphold the highest human rights standards throughout its supply chain.

APPENDIX

1 Supplementary Terminology used in Chapter 1 Definitions:

Work or service: All types of work occurring in any activity, industry or sector including in the informal economy.

Any person: All human beings, adults and children, nationals and non-nationals, including migrants in irregular situations.

Threat of a penalty: the full range of penalties used to compel someone to work. This includes, for example, the withholding of wages, promised benefits, or documents, debt bondage or physical and psychological violence.

Involuntariness: The terms “offered voluntarily” refer to the free and informed consent of a worker to take a job and his or her freedom to leave at any time. This is not the case for example when an employer or recruiter makes false promises so that a worker takes a job he or she would not otherwise have accepted.

2 The International Labour organization (ILO) identifies eleven Indicators of forced labor

1. Abuse of vulnerability
2. Deception
3. Excessive overtime
4. Isolation
5. Retention of identity documents
6. Withholding of wages
7. Restriction of movement
8. Abusive working and living conditions
9. Debt bondage
10. Physical and sexual violence
11. Intimidation and threats

For further information regarding forced labor, visit:

<https://www.ilo.org/topics/forced-labour-modern-slavery-and-trafficking-persons>

3 Additional Information regarding Young Workers

In line with international standards, young workers must have completed compulsory education and must not perform night shifts or overtime. They must receive adequate rest periods, including a minimum of 12 consecutive hours between shifts and regular weekly days off. A minimum of four weeks paid annual leave must be granted, and they should be covered by health and accident insurance. Fair and equal pay for equal work must be ensured. If required by national law, young workers must also be officially registered with the relevant authorities.

4 Guiding Principles

The OECD Guidelines for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights provide the underlying understanding for appropriate business conduct at DRYKORN. DRYKORN upholds these standards in own operations and expects suppliers to do the same. The Due Diligence Mechanisms in Chapter 4 are instated to ensure that these principles are being lived throughout DRYKORN. These guiding principles are also in place to uphold the **EU Forced Labor regulation** (Regulation 2024/3015).

OECD Guidelines for Responsible Business Conduct:

https://www.oecd.org/en/publications/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en.html

UN Guiding Principles on Business and Human Rights:

https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf

5 Contact & Whistleblowing system

Requests regarding DRYKORN's management of forced labor and child labor issues can be raised via the respective public communication channels and will be forwarded to and handled by the CSR department.

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Whistleblowing system: <https://drykorn.vispato.com/>

