

LABOUR RIGHTS POLICY

About us

L-Fashion Group Ltd (“Luhta”) is a family-owned business, which manufactures, sells, and distributes including but not limited to clothing, shoes and accessories. Luhta Group employs directly more than 1000 employees across Europe, Asia and the USA.

Fair and equal employment conditions and opportunities are in the core of our business. This policy aims to explain and address how we ensure at Luhta that our employees and the employees in our supply chain have ethical and safe working conditions.

Luhta requires its supply chain to respect and comply with applicable labour protection obligations.

Commitments

A) Compensation

We respect and we require our whole supply chain to respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted. Our partners must comply, as a minimum, with wages mandated by governments’ minimum wage legislation, industry standards approved on the basis of collective bargaining, or the prevailing industry wage, whichever is higher.

Our partners are also encouraged to provide their employees with adequate compensation if the legal minimum or the industry standard wage does not cover living expenses and provide some additional disposable income. Wages must be paid in a timely manner, regularly, and fully in legal tender. The level of wages is to reflect skills, experience and education of workers and shall refer to regular working hours, there shall be no discrimination regarding wages. Deductions are permitted only under conditions and to the extent prescribed by law and/or fixed by collective agreement. It is not allowed to the employer to withhold earned wages from the workers. All workers shall have the right to have a pay slip or similar description of their wage.

B) Discrimination

Luhta does not accept any forms of discrimination. Our supply chain partners must ensure that there are no discrimination or have certain preference for persons on the basis of gender, age, religion, race, caste, birth, social background, disability, HIV/AIDS status, ethnic and/or national origin, nationality, membership in trade unions, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination.

C) Working hours

Luhta respects the international recommendations regarding decent working hours. It’s important that all workers involved in the course of our business are protected

against excessive working hours for the physical and mental health of such workers. Therefore, Luhta's Partners must ensure that the workers are not required to work more than allowed by the applicable law or 48 regular hours per week, whichever is less. Possible overtime hours must not exceed the number allowed by the applicable law or 12 hours per week, whichever is less. Overtime work must be exceptional and always voluntary. Overtime work must be paid at a premium rate of not less than one and one-quarter times the regular rate and must not represent a significantly higher likelihood of occupational hazards. Partners must grant their workers the right to resting breaks on every working day and the right to at least one (1) day (24 hours) off in every seven (7) days. (ILO Conventions 1 and 14 and ILO Recommendation 116). All workers shall have annual leave and paid public holidays according to the local legislation but such time off shall be at least three (3) weeks of paid holiday per year. Moreover, maternity break shall be at least fourteen (14) weeks. Please see more in Appendix 4.

D) Freedom of association and collective bargaining

All workers have the right to form and join trade unions and any other legitimated organizations of their choosing, participate in trade union activities, and to bargain collectively and their doing so must not result in any negative consequences to them. Partners must not interfere with establishment of functioning of trade unions or collective bargaining. Luhta's partners must not discriminate against workers because of trade union membership or participation in trade union activities.

When operating in countries where trade union activity is unlawful, partners shall allow workers to elect their own representatives with whom the partners can enter into dialogue about workplace issues. Such representatives must have access to their member workers in the workplace.

E) Harassment

At Luhta we won't tolerate any harassment, bullying or abuse. We require the same from our whole supply chain. Moreover, any worker who comes forward with information related to harassment in the workplace must not be discriminated against or punished for coming forward.

F) Occupational safety and health

Our workplaces and our partners' workplaces must be kept in such order, which creates a safe working place for all workers. Luhta and its' partners shall have established systems to detect, assess, avoid, and respond to potential threats to the health and safety of workers and protect workers against any foreseeable emergency or danger. Furthermore, Luhta and its partners shall ensure that there are measures to prevent workers from having accidents, illnesses, or injuries, arising from, associated with, or occurring during work. These measures should minimize the causes of hazards inherent within the workplace. We prohibit modern slavery and human trafficking in all forms (please see our Modern Slavery and Human Trafficking Policy).

For example, hazardous equipment or unsafe buildings must not be used. Protective gear shall be provided to workers for free of charge and fire drills shall take place regularly. Emergency exits must be clearly marked, well-lit and remain always unblocked all the way out so that evacuation through these emergency exits is always possible. Workers must have the right to exit the working premises from imminent danger immediately and without seeking permission. Luhta requires its partners to have adequate occupational medical assistance and adopt compulsory insurance schemes.

Workers shall always have access to clean and safe:

- a) Toilet facilities;
- b) Resting areas;
- c) Cooking, eating and food storage areas; and
- d) Drinking water.

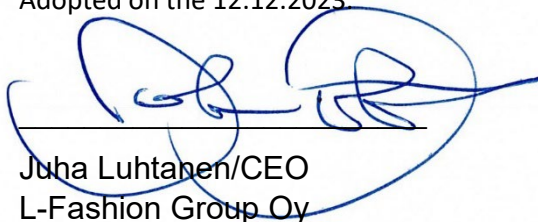
Luhta's supply chain partners must ensure that they have adequate plans and training in place for potential emergency situations, such as fires and natural disasters.

In order to always ensure the health and safety of workers, Luhta requires its supply chain partners to strictly comply with international standards such as the ILO Conventions, BSCI Code of Conduct and Luhta's Code of Conduct for its partners whereas domestic legislation is weak or poorly enforced. Luhta enforces and monitors Partners' compliance with this Code of Conduct according to its North Star-process. Luhta's grievance mechanism can be found here: <https://luhta.com/global/lu/content/ilmoituskanava>

Further steps

Luhta will continuously review and improve its human rights due diligence processes by learning, training, and updating relevant documents and agreements. improve the human rights and environmental due diligence data collection and validation to build up a systematic process to better collect, analyze, validate and communicate data on risks and impacts. Luhta continues to work closely with UN Global Compact and external partners in order to reach ambitious goals Luhta has set for itself in terms of ensuring that everyone in its business operations and value chain respects human rights.

Adopted on the 12.12.2023



Juha Luhtanen/CEO
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