



Human Rights and Environmental

Due Diligence Policy

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INTRODUCTION

Action is a fast-growing international retailer. We provide our customers with a range of good-quality products, daily necessities and products that make everyday life easier or more enjoyable at the lowest price. Our growth comes with responsibility. We value simplicity and efficiency in managing our operations. We also acknowledge the importance of environmental sustainability and the well-being of people. Individuals involved in our operations are entitled to fair treatment, safe working conditions and respect for fundamental

human rights. This human rights and environmental due diligence policy outlines how Action takes its responsibility and was developed in alignment with the following internationally recognized standards:

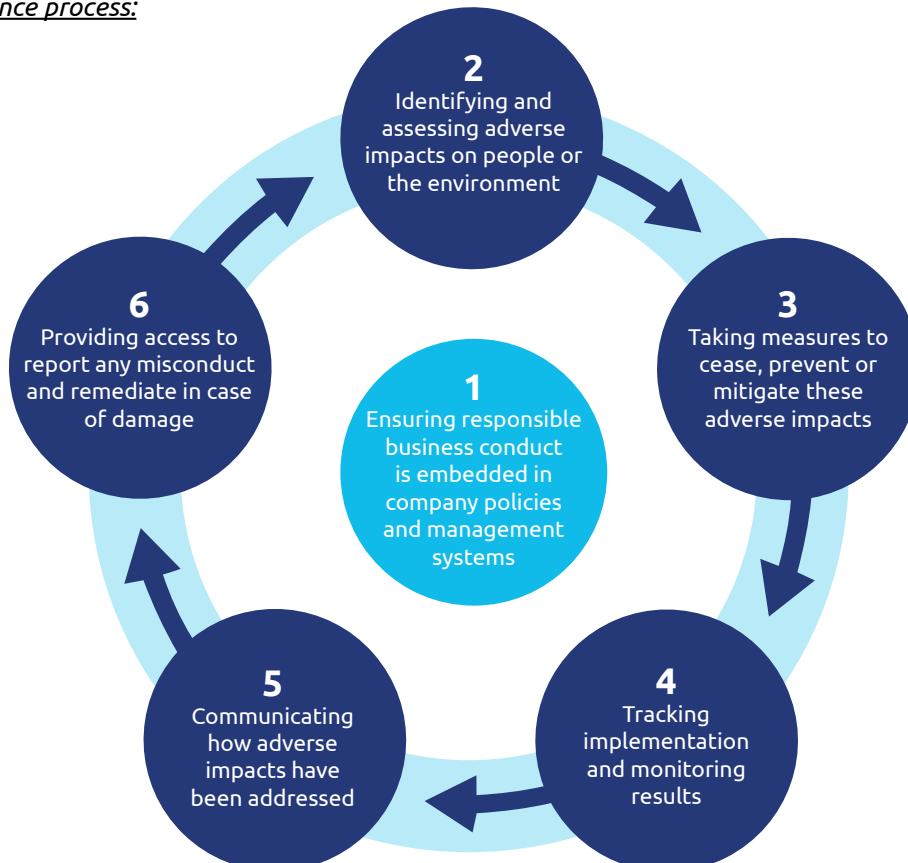
- UN Guiding Principles on Business and Human Rights (UNGPs)
- OECD Guidelines for Multinational Enterprises (OECD Guidelines)
- Fundamental Conventions of the International Labour Organization (ILO)

DUE DILIGENCE AT ACTION

With the adoption of this HREDD policy, we strengthen transparency, accountability and continuous improvement within our organization. Through our due diligence process, we assess the potential and actual impacts of our operations, seeking to identify any human rights concerns and environmental harm or non-compliance with

applicable laws and regulations. We are committed to mitigating and addressing any of such issues in collaboration with our stakeholders and suppliers and – where necessary – taking corrective actions to ensure a positive and lasting solution.

Our due diligence process:



Embed responsible business conduct

We recognise that running our business comes with responsibility – that is why sustainability is an important pillar of our strategy. Our sustainability strategy – known as the Action Sustainability Programme (ASP) – is inspired by the United Nations Agenda for Sustainable Development, the Sustainable Development Goals (SDGs) and aligned with the European Green Deal. At Action, responsible business conduct is not a standalone activity but a core part of our strategy, ensuring that human rights and environmental priorities are embedded in the way we do business.

Action Sustainability Programme

Our Action Sustainability Programme (ASP) is based on four pillars:

- **People:** Our colleagues are the beating heart of Action. We offer stable employment to a fast-growing number of people. We support our colleagues by providing teamwork, growth and learning opportunities, so they can reach their potential regardless of their background.
- **Product:** We continually invest in the quality and sustainability of our products, and in making our value chain more transparent to uphold our ethical sourcing standards, buying only from suppliers who respect human and labour rights.
- **Planet:** We are committed to reducing greenhouse gas (GHG) emissions across our value chain. Our near-term GHG emission reduction targets are validated by the Science Based Targets initiative

and in line with the Paris Agreement objective of limiting global warming to 1.5 °C.

- **Partnership:** We are closely connected to the communities in which we work and contribute to their wellbeing where possible. We focus on helping children because they are the future and we believe all children have a right to grow up in a safe and loving environment.

Our programme is overseen by a dedicated ASP Committee, chaired by the company CEO and includes our CFO, Head of Sustainability, and subject-matter experts within the organisation.

Due diligence governance

The overall accountability for the HREDD lies with the executive directors, being our chief executive officer (CEO) and chief financial officer (CFO), who together with the eight non-executive directors form the Board. They are responsible for the overall strategy setting, management, governance, performance and strategic guidance of the Action group, and leading the group in promoting its long-term sustainable success.

In performing their duties, the executive directors are assisted by several committees, among which the risk committee (RC) and the Action sustainability programme committee (ASP). These two committees oversee the overall execution of respectively Action’s risk management, and Action’s sustainability strategy.



Managing, monitoring and reporting on compliance within HREDD is primary designated to the respective business owners. They provide support and consultation on strategic topics, day-to-day operations and due diligence matters to the executive directors during regular business reviews and/or ad-hoc meetings in case of critical issues. Together with their teams, they are also responsible for the implementation of the due diligence measures relevant to their areas, such as engaging with suppliers or other stakeholders to ensure the company's human rights and environmental standards are being met. Reported concerns and incidents are monitored via Action's Speak up mechanism. The implementation of this policy, as well as the reporting towards relevant stakeholders, is designated to the Human Resources (HR) department. Human rights and environmental incidents within our upstream value chain, for our commercial goods, are identified

through different channels (such as social audits, spot checks or grievances) and are governed by Action's product sustainability team.

Policies

Our policies reflect our commitment to people, the environment, and the communities we serve. Within Action we distinguish between general applicable policies, such as our HREDD policy or Code of Conduct, and the policies related to the products we sell, our so-called commercial goods. The HREDD policy builds upon the sustainability related policies within our organization, establishing a comprehensive approach to responsible business conduct. Below a shortlist of our human rights and environmental-related policies. Our website provides the full overview of our policies and their purpose:

<https://company.action.com/policies-for-responsible-sourcing/>

Name	Description
Human Rights and Environmental Due Diligence Policy	Sets out the due diligence process for identifying potential human rights and environmental risks across our business.
Speak up policy	Sets out the process for reporting (suspected) violations of laws, regulations or standards in confidence. The Speak Up Policy applies to all Action employees, including temporary workers, trainees and volunteers, as well as former employees, job applicants and interns. It also covers third parties with a business relationship such as contractors, subcontractors, consultants, suppliers, NGOs and business stakeholders across all countries where Action operates within the European Economic Area and Schengen Area.
Diversity policy	Sets out Action's commitment to a welcoming work environment, reflecting the communities in which the company operates. The policy also describes Action's zero-tolerance approach to racism, discrimination, bullying or harassment in the workplace.
Health and Safety policy	Sets out Action's commitment to conducting business in a manner that protects the health and safety of our employees, customers, contractors and visitors.
Ethical Sourcing Policy	Sets out minimum social standards for suppliers in areas such as health & safety, fair pay, working hours, discrimination and freedom of association.
Critical Escalation Policy	Sets out the process for escalating critical cases, covering alleged bribery and violations of human rights.
Child Labour Policy	Sets out Action's zero tolerance approach to child labour and rules on minimum working age.
Responsible Packaging Policy	Sets out minimum social and environmental standards on sourcing packaging.
Product Safety Policy	Sets out Action's process and commitments to maintain product quality.
Raw material sourcing policies	Sets out minimum social and environmental standards on our material sourcing, such as cotton, timber, plastics, cocoa, palmoil, packaging and chemicals. Our website provides the full overview of our policies and their purpose: https://company.action.com/policies-for-responsible-sourcing/

Partners & systems

For our commercial goods, we work together with various partners and systems to strengthen our due diligence process. They support us by gathering data from our value chain, monitoring suppliers, identifying risks and assisting in remediation.

- **amfori:** We are a member of amfori, our strategic partner on social and environmental compliance in our value chain. Among the services they offer we make use of BSCI, BEPI and their Speak for Change grievance mechanism.
- **Li & Fung:** Our sourcing agent is a key partner in delivering our commercial and sustainability targets in our direct import supply base. They work closely together with vendors and producers producing for Action, monitoring their compliance, providing trainings and following up with them in case of non-compliance.
- **ImpactBuying:** Facilitates mapping of producers in our value chain and monitors their social compliance. Data including social compliance insights from our suppliers and producers are mapped on their platform.
- **LRQA, QIMA, Intertek:** We perform additional monitoring in our value chain to identify potential risks. These firms support us by performing (un)announced spot checks and follows up on identified non-conformities.
- **The Centre for Child Rights and Business:** The Centre provides support to effectively prevent and remediate child labour cases in our value chain.

Identify and assess adverse impacts

We recognize our responsibility to identify and assess adverse impacts across our own operations and throughout our value chain. The risk assessment plays a central role in guiding our due

diligence activities by helping us identify the most important and urgent impacts that we need to address.

Periodic risk assessment

Our risk assessment provides the necessary insights to prioritize salient human rights and environmental impacts and is carried out at least once every 5 years, or more often when there is a particular reason. In line with the OECD Guidelines, we prioritized impacts through a risk-based approach based on severity and likelihood:

- Severity of adverse impacts is judged by their scale (gravity), scope (reach) and irremediability (restore). This is determined by reviewing independent sources such as the Children's Rights and Business Atlas, ITUC Global Rights Index, WWF Water Risk Filter, International Labour Organization (ILO), and European Agency for Safety and Health at Work.
- Likelihood refers to the likelihood of the adverse impact occurring in Action's operations and value chain.

In our most recent risk assessment, we evaluated 19 potential impacts in the area of human rights, labour rights and the environment where we prioritized impacts based on the highest severity and likelihood. These salient impacts are potential environmental or social impacts which may potentially occur and requires our attention for mitigation purposes. While performing our risk assessment, we distinguished between our own operations and our value chain activities due to the differences in their underlying nature and location of the activities.

Value chain

Our most recent risk assessment of our value chain was based on 61 countries of our last stage of production.

Our prioritized salient impacts are:

- Biodiversity loss
- Child labour
- Climate vulnerability
- Forced labour
- Occupational health & safety

Own operations

Our most recent risk assessment of our own operations was based on key business activities: logistics, DCs, offices and stores.

Our prioritized salient impacts are:

- Discrimination & harassment
- Gender equality
- Migrant workers
- Occupational health & safety
- Working hours

Value chain transparency

Identifying social and environmental risks in the value chain begins with transparency. Global value chains from raw materials to finished products are highly complex, involving many different actors such as farmers, producers, agents, wholesalers, and importers. Currently we have visibility of the Purchased Order (PO) factory, or final-stage producers of our private and white label commercial goods. Final-stage producers include all factories performing the last stage of production, assembly, processing or finishing.

It is our ambition to have full value chain transparency by 2030. In 2024 we run a pilot on mapping lower-tier producers of clothing articles and we are working towards this ambition. We will report annually on our progress, including our priorities which will be determined by a risk-based approach.

Cease, prevent or mitigate adverse impacts

Action is committed to ensure good ethical practice throughout our own operations and our value chain. We take our responsibility to cease, prevent and/or mitigate the identified adverse impacts.

Own operations

Within our own operations, this responsibility is embedded within our sustainability strategy and within our daily operations. Our Code of Conduct sets out a clear expectation towards employees and other stakeholders to commit themselves to respect human rights and comply to applicable labour laws, regulations and Action policies. Our HR processes include for example our approach to welcoming work environment, talent management and providing a healthy and safe work environment. Some examples on how this is implemented into our day-to-day operations are:

- Employee onboarding, training- and leadership programmes
- 'Voice of Action' survey, as part of our employee engagement initiatives
- Trainings and risk assessments on health and safety
- Speak up mechanism to address and raise concerns

We recognize that we cannot deal with complex global risks and challenges alone, which is why we aim to work closely with our suppliers and partners to address and mitigate identified impacts.

Supplier selection

The suppliers we work with play an essential role in our due diligence activities. We believe it is our shared responsibility to ensure good ethical and environmental practices throughout our value chain and the communities in which we operate. Therefore, we carefully select our suppliers and set clear expectations on social and environmental performance at the beginning of our relationship:

- All contractual suppliers are requested to accept and comply with our policies and cascade its principles down the value chain.
- Our domestic suppliers that source from risk countries are or need to become members of amfori to demonstrate their commitment to social compliance and transparency in value chains. All final-stage producers and subcontractors in risk countries are required to have a valid social audit that complies with our Social Compliance Guidance for Suppliers. All subcontractors need to be authorized by Action prior to production.
- Our direct import China-based producers are also monitored on environmental alerts by the Institute of Public & Environmental Affairs (IPE) and required to remediate open violations.

Supplier training

We organize various trainings for our commercial goods suppliers in order to raise awareness about our policies and sustainability expectations.

Our partner Li & Fung has the training on social compliance as part of the onboarding procedure and throughout the year via vendor summits and thematic workshops, in which our expectations on social and environmental compliance are shared.

In our Vendor Ownership Program, we have a selection of top vendors of our direct import sourcing. The objective of this program is to engage

with vendors and ensure they take ownership for mitigating risks and driving improvement on social compliance and sustainability. Through trainings, the vendors build capacity to more efficiently monitor social compliance in their value chain. Each vendor is expected to have a dedicated team to monitor their producers, perform internal audits and follow-up on identified non-conformities.

In going forward, we have also started to include our non-commercial goods suppliers into our due diligence program, based on a risk-based approach.

Supplier disengagement

We strive for a good and trusting collaboration with our suppliers and partners, a relationship where open and honest dialogue is possible. When critical cases are identified at our suppliers, we follow our Critical Escalation Policy to remediate the identified risk. If all attempts for improvement fail, our last resort is to end the relationship with the business partner in a responsible manner. The impact of severing ties with the business partner is not taken lightly, and any impact that it may have on the risk identified is taken into consideration.

Sourcing raw materials

Our raw material policies and targets for our commercial goods aim to ensure that human rights and the environment are respected in our value chain. Our focus is on our private- and white label assortment and selection of products in scope based on type, volume sold and weight. We periodically evaluate and update our policies and targets to further mitigate potential adverse impacts. Our partners are key in achieving the various sourcing raw material ambitions.

¹ As defined by the yearly amfori BSCI Country Risk Classification.

<i>Raw material</i>	<i>Target</i>	<i>Certifications</i>
<i>Cotton</i>	100% sustainably sourced cotton	Better Cotton, GOTS
<i>Timber</i>	100% sustainably sourced timber	FSC, PEFC
<i>Cocoa</i>	100% sustainably sourced cocoa	Fairtrade, Rainforest Alliance (RFA)
<i>Palm oil</i>	100% sustainably sourced palm oil in all food, drinks, candles and personal care products	RSPO
<i>Plastic</i>	35% recycled content	GRS and RCS
<i>Packaging</i>	100% recyclable packaging	FSC, Country Waste Funds
	100% sustainably sourced cardboard	
	25% reduction of packaging (vs. baseline 2019)	
<i>Coffee</i>	100% sustainably sourced (RFA certification)	RFA

Sourcing restrictions

We align ourselves to UN and key NGO-partners recommendations and governance around sourcing from risk countries with an elevated risk of human rights violations and comply with applicable economic sanction and trade restriction laws and regulations. In situations where it is not possible to adequately prevent adverse impacts, we have made business decisions to restrict sourcing of certain commodities and/or from certain countries. The latest status of sourcing restrictions is reflected in the applicable policies.

Track implementation and monitor results

Our Ethical Sourcing Policy outlines the minimum standards that we require our suppliers to comply with in the area of human rights, labour rights and environmental impact.

For our non-commercial goods suppliers we use our existing supplier engagements to address due diligence compliance. For our commercial goods, we monitor compliance with this policy through social audits, our spot check program, critical cases management, amfori BEPI self-assessments and

IPE environmental alerts. By evaluating learnings and continuously building on our due diligence activities we aim to improve our performance.

Social audits

All final-stage producers and subcontractors for our commercial goods in risk countries, using the BSCI Country Risk Classification, are required to have a valid social audit that complies with one of our five accepted standards (BSCI, SA8000, SMETA SEDEX, ICTI and WRAP). During the social audit, a third-party auditor inspects and rates the producer on the protection of labour rights. The audit takes place on a yearly or bi-yearly basis and is usually semi- or fully announced. Monitoring compliance with this requirement is done with the help of our partners Li & Fung for our direct import producers and ImpactBuying for our domestic sourcing producers.

Conducting social audits is a good method for identifying risks as well as monitoring effectiveness of our mitigation activities. The audits give us insights into the performance of our producers on our salient human rights risks, including occupational health & safety, child labour and

forced labour. The majority of the audits performed in our value chain are amfori BSCI audits, where we expect a minimum C rating to show the producer has a basic understanding of social compliance. When a producer received a D or E rating we work with them on a corrective action plan (CAP) to ensure they remediate back to a (minimum) C rating.

Spot check program

To complement the social audits, our partners perform unannounced and semi-announced spot checks on a percentage of our PO factories each year. The aim of the spot checks is to verify the social audit results and identify potential new (salient) risks that require mitigation. Producers are selected based on several factors such as potential risk, the length of relationship and sourcing volume. Identified non-conformities or critical cases are followed up by a corrective action plan (CAP).

Critical cases management

In our Critical Escalation Policy we have defined topics that are considered highly critical labour rights (e.g. child labour, forced labour, severe health & safety issues) as well as topics that undermine our monitoring activities (e.g. bribery, falsification of documents, lacking transparency or unauthorized subcontracting). When a critical case is identified through a social audit, spot check or other identification method we follow the procedure outlined in this policy. Every year we monitor the identified critical cases and follow-up on their remediation plan and outcome of the case.

Amfori BEPI

Environmental compliance of PO factories is monitored through the amfori BEPI initiative. Depending on the type of processes that the producer performs, they are evaluated on eight environmental performance areas from chemical use to GHG emissions and wastewater. The self-

assessment provides an indication of potential risks and supports yearly monitoring of a producer's environmental performance.

IPE environmental alerts (China)

We monitor our direct import Chinese producers on environmental violations identified by the Institute of Public & Environmental Affairs (IPE) on a monthly basis. Potential incidents include illegal discharge of waste, missing environmental impact assessments and misconduct in chemical handling. If an incident is identified, we require evidence of the remediation actions. IPE will verify that the remediation was successfully performed before removing the producer's incident record. In our critical escalation policy we have defined topics that are considered highly critical labour rights (child labour, forced labour, severe health & safety issues) as well as topics that undermine our monitoring activities (bribery, falsification of documents, lacking transparency or unauthorized subcontracting). When a critical case is identified through a social audit, spot check or other identification method we follow the procedure outlined in this policy. Every year we monitor the identified critical cases, their remediation plan and outcome of the case. IPE will verify that the remediation was successfully performed before removing the producer's violation record.

Communicate how impacts are addressed

Due diligence is an ongoing learning process, and we understand the importance of sharing our progress, challenges and achievements with our stakeholders. We are therefore committed

to communicate transparently about our due diligence process and the implementation of our policy.

Source	Where communicated	Content
HREDD policy	Available on our website	The policy reflects emerging human rights and environmental issues and our ongoing efforts to integrate due diligence practices into our business. Updates will be communicated internally to all employees to ensure awareness and understanding of our commitments.
Annual report	Available via Chamber of Commerce	Our approach and reported incidents to human rights and environmental due diligence is addressed in our annual report.
Stakeholder engagement	Ongoing and continuous	We value the input and feedback of our stakeholders during our HREDD process. We will seek their perspectives, conduct consultations when appropriate, and consider their insights to strengthen our understanding and address any concerns.

Provide access to report and remediate

While we take various measures to identify and address risks related to human rights, labour rights and the environment, we acknowledge that incidents can still occur. It is important to us that our employees, external stakeholders and individuals within our own operations and our value chains have access to safe ways to report any potential misconduct.

Action's grievance mechanism: Speak up policy

Action is committed to conducting its operations with openness and honesty and believes it is essential that there is always room to internally discuss any concerns our employees or other with a (business) relation to Action may have. Through our Speak Up policy, Action aims to create an environment where everyone feels safe to speak up and voice their concerns.

Our policy has an intentionally wide scope of application, in order to enable anyone with a business relationship with Action to raise issues

or wrongdoings witnessed. This policy applies to all those who may raise concerns, which includes all (former) employees, job applicants, interns, temporary workers, students, trainees, volunteers, proxies, partners/shareholders, members of bodies of the Action legal entities, NGOs, customers and individuals from third parties whom Action has a business relationship with (such as contractors, subcontractors, consultants, suppliers, and business stakeholders).

Potential reporters, who have an employment relationship with Action, are encouraged to report a concern, where applicable, through their line manager, or HR representatives first. In case they feel constraint to do so, or in case it concerns a reporter who does not have an employment relationship with Action but falls within the scope of this policy, concerns can be raised via two channels:

- Online via the Alertline web portal, action.ethicspoint.com

- Via the Alertline telephone, for which all telephone operators are from our external supplier.

The Alertline is a toll-free phone number that is available 24 hours a day, 365 days a year and is administered by a third party (Navex). The option to report anonymously is available for both channels.

Action's Speak Up policy is published on the Action intranet (Anet) and all employees of Action receive, at the start of their employment, a link to the Speak Up policy within their onboarding documents.

In case of a conflict between our Speak Up policy and local laws or regulations, including professional obligations, the local law or regulation shall always prevail.

Value chain grievance mechanism

All commercial goods suppliers with a social audit are required to have an internal grievance mechanism where workers can submit complaints to their respective factory management. Provided that this mechanism is available, effective, trusted and efficient, we encourage resolving issues within the local context first.

When internal grievance mechanisms are lacking, it is important that we give workers the opportunity to reach out to us directly. The amfori Speak for Change grievance mechanism is active in some of our sourcing countries. Through this platform workers involved in production for Action can submit grievances to us directly via phone, website or app. All grievances are first received and reviewed by amfori. While working together with other amfori members connected to the producer, our aim is to reach a fair, timely and objective resolution for the workers.

In addition, our sourcing agent Li & Fung has implemented the FaceUp grievance mechanism at our direct import producers in other countries, which allows workers to anonymously raise their concerns or complaints 24/7 through an online platform.

Reporting and evaluation

We will report on received grievances via the appropriate communication channels and ensure learnings from remediation are taken into account when enhancing our due diligence process. In addition, we will annually review the effectiveness of the grievance mechanism.

Glossary

<i>Term</i>	<i>Definition</i>
<i>Supplier</i>	The natural person or legal entity supplying Goods to Action under the Agreement. This entity is also referred to as vendor. Action distinguishes between two types of suppliers: <ul style="list-style-type: none"> - Commercial goods: Suppliers who supply commercial goods for resale to customers - Non-commercial goods: Suppliers who procure and supply materials and/or services for Action
<i>Producer</i>	Any actor in the supply chain providing raw materials or producing (semi-)finished goods.
<i>Final-stage producer</i>	The producer that receives the purchase order (PO) from Action or our supplier and performs the last stage of production, assembly, processing and/or finishing of the finished good. This entity is also referred to as final-stage producer.
<i>Authorized subcontractor</i>	The Producer that takes over (part of) the last stage of production, assembly, processing and/or finishing of the finished good from the PO factory with prior authorization from Action.
<i>Sourcing Models</i>	Action distinguishes between two different commercial sourcing models: <ul style="list-style-type: none"> - Direct import: direct sourcing from Suppliers or Producers outside of the EU, for which Goods Action qualifies as an importer. Li & Fung acts as our agent, facilitating the communication between Action, Suppliers and Producers. - Domestic sourcing: sourcing from Suppliers (categorized as importers or wholesalers) or Producers within the EU, for which Goods Action qualifies as a distributor. ImpactBuying acts as our partner, facilitating the communication between Action, Suppliers and Producers.
<i>Brand types</i>	Action distinguishes between three different type of brands in its assortment: <ul style="list-style-type: none"> - Private label: Action's registered trademark - A-brand: internationally recognized brand - White label: trademark owned by the Action Suppliers