

## Zeeman responsible supplier exit strategy.

In line with Fair wear's guidelines, we have created a procedure for 'responsible exits'. At Zeeman we value long-term partnerships. We use our business relationships to achieve positive changes in factories with regard to working conditions. Our aim is to consolidate a supplier base which positively impacts quality, transparency, value of the product as well as lowers the risks of labour rights violations. However, sometimes ending business relationships is inevitable and necessary. In case of:

- constant quality/delivery problems;
- structural unwillingness to remediate labour rights violations;
- changed market demand;
- geopolitical developments;
- availability of new technology and innovation;
- change of our supplier base due to commercial or strategic reasons.

### **Our approach.**

- At Zeeman, we value suppliers not only on their buying prices and quality, but we also look at delivery reliability, willingness to remediate labour rights violations, the use of sustainable materials and transparency;
- a labour rights violation is never a reason for immediately leaving a factory as this takes away the opportunity and leverage for improvement. At Zeeman we support our suppliers in remediating the violation;
- it is never the intention to end a business relationship in an irresponsible manner and we take into account the impacts of ending the relation on workers' lives.

### **Procedure for responsible exit.**

1. The involved buyer(s), agents, the CSR team and the buying director should reach mutual agreement for ending a business relation. All pros and cons for leaving versus staying with a supplier should be considered including Zeeman's share of suppliers production;
  
2. The involved buyer must inform the supplier as soon as the decision has been made internally and at least one season ahead, to allow the factory management to find new customers and orders to fill their capacities. The information should preferably be shared both in-person and written, but at least written and it should include a transparent explanation about the reasons for ending the business relationship. The CSR team should always be kept in the loop.

3. In consultation with the supplier, the buying director and the CSR team, the buyer(s) will define phase-out plan, this should include a plan for lowering the orders over time.

4. The CSR team will inform Fair Wear about ended business relations and report on the steps taken.

If the reason for ending the relationship is unwillingness of the supplier to remediate labour rights violations, the CSR team will involve relevant stakeholders, such as NGO's, unions or other retailers purchasing from the same factory, to increase leverage. The CSR team will also be in the lead in terms of communication towards the factory management via the responsible agent.

**Limitations to this procedure.**

This procedure does not apply when we work with a supplier for one season/contract and this is known to both parties in advance. However, for every order and supplier-buyer relationship, good planning and information flow is crucial to manage expectations on both sides. Should the supplier wish to end the relationship, the procedure does not apply. Nonetheless, the involved buyer(s) should share this with the CSR team in order to evaluate the underlining reasons.