

Forced Labor Policy

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1 Introduction

In 2016, based on International Labour Organization (ILO) data, about 40.3 million people are estimated to be caught in modern slavery. Thereof around 62% are victims of Forced Labour. Women and girls are with a share of about 58% disproportionately affected¹. The ILO already defined rules for the elimination of forced or compulsory labour in all its forms since 1930² which is still a target until today.

The Sustainable Development Goals, a shared blueprint for peace and prosperity for people and the planet³, defined by the member states of the United Nations (UN), include the target to end any form of modern slavery under the "Goal 5 Gender Equality" and the "Goal 8 Decent Work and Economic Growth"⁴. The subtarget 8.7 has a clear vision:

"Take immediate and effective measures to eradicate Forced Labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms."⁵ (see also the PETER HAHN GmbH Child Labour policy).

2 Purpose

The companies sell apparel, shoes, accessories and home textiles as multi-channel retailers via catalogue, online and retail.

This policy states that the protection of the human rights is fundamental for the PETER HAHN GmbH. So the Group commits to comply and to engage in activities for the suppression and prevention of forced or compulsory labour within its supply chain. All activities defined in this policy shall have the focus on the protection of people from any abusive forms of labour.

3 Scope

This Forced Labour policy clarifies the definition of forced and compulsory labour, activities of prevention and the remediation in case of violation of Forced Labour regulations.

4 Commitment

The PETER HAHN GmbH and its companies including the suppliers and partners have to act with credible efforts to prevent illegal forced or compulsory labour. They have the duty to engage in the prevention and avoidance of any forms of Forced Labour in cooperation with all employees, whether they are directly, indirectly, permanent or so called homeworkers at the suppliers. Therefore, the employers have to train their employees on their rights and obligations in an appropriate manner to guarantee safe working conditions under the local law and international standards. Regular monitoring and the evaluation of the on-site situations will help to identify appropriate procedures and the necessary responsibility for the prevention of Forced Labour.

In case of detected Forced Labour, the PETER HAHN GmbH will work with affected parties and may work with external organizations to clarify and remedy possible cases.

¹ <https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>, March 2020

² https://www.ilo.org/dyn/normlex/en/f?p=1000:12100:0::NO::P12100_ILO_CODE:C029, March 2020

³ <https://sustainabledevelopment.un.org/>, March 2020

⁴ https://www.ilo.org/global/topics/dw4sd/themes/forced-labour/WCMS_558561/lang--en/index.htm, March 2020

⁵ <https://flbusiness.network/2030-agenda/>, March 2020

5 Forced Labour

5.1 Definition of Forced Labour

Based on the internationally recognised ILO Convention “Forced Labour Convention, 1930 (No. 29)”, the definition of Forced Labour or compulsory labour is “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”⁶

This definition contains the following key elements, according to the ILO guide of “Combating Forced Labour - A Handbook for Employers & Business”⁷ :

- All work or service which means all types of work, service and employment, regardless of the industry, sector or occupation within which it is found. [...]
- Any person including adults as well as children, regardless of their nationality, even in the country of their nationality.
- Menace of any penalty referring to criminal sanctions as well as various forms of coercion such as threats or violence. It considers also the retention of identity documents like passports or identity cards, the confinement like the lock-up, or non-payment of wages. People could be also threatened by the loss of rights or privileges.
- Voluntary means that workers give their free consent to enter into employment and have the freedom to leave the employment at any time, with reasonable notice in accordance with national law or collective agreements.

Forced labour forms include

- Bonded labour (also called debt-induced Forced Labour),
- Forced work in prisons, coercion in employment,
- Forms of work linked to exploitative labour contract systems and
- Human trafficking for the purpose of Forced Labour, also referring to migrant workers⁸

These forms of labour are unacceptable.

⁶ https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029 , March 2020

⁷ 7 Combating Forced Labour -A Handbook for Employers & Business, https://www.ilo.org/wcmsp5/groups/public/---ed_norm/-/declaration/documents/publication/wcms_101171.pdf, page 4.

⁸Combating Forced Labour -A Handbook for Employers & Business, https://www.ilo.org/wcmsp5/groups/public/---ed_norm/-/declaration/documents/publication/wcms_101171.pdf , page 10.

5.2 Prohibition of Forced Labour

Any form of Forced Labour or modern slavery is not in line with international standards and the consideration of decent work and living for people and has to be abolished (“Abolition of Forced Labour Convention, 1957 (No. 105)”) ⁹. Therefore, the PETER HAHN GmbH clearly prohibits forced or compulsory labour and all kinds of abusive employment or work for any person.

Situations in which persons face force or intimidation during or for the reason of employment, in which they experience menace as a means of political oppression as well as punishment for their political views, are considered as zero-tolerance cases.

The PETER HAHN GmbH requests to all suppliers and partners to comply with the minimum standards of employment, to provide safe working conditions and to prevent any form of Forced Labour. This is contractually agreed with all suppliers based on the amfori BSCI Code of Conduct.

5.3 Measures of prevention of Forced Labour

The prevention of any kind of Forced Labour is in the responsibility of all business partners. Therefore, processes and documents have to be initiated to identify and prevent risks or negative impacts of forced and compulsory labour.

In addition, procedures for the hiring, handling and termination of employees and their freedom to work have to be established in the company. Prevention of human trafficking has to be included in these procedures as well.

A written policy including all relevant procedures, rights and obligations have to be established in the company.

Effective processes have to consider the following:

- Employees may enter into employment voluntarily and freely, without the threat of a penalty
- Employees may terminate the employment freely and at any time (with the notice of a reasonable length in advance)
- Prison labour must resemble the working conditions of a free labour arrangement. But to be on the safe side, prison labour shall not be used in the provision of workforce.
- Employees shall not be threatened by physical or sexual violence, harassment or intimidation against themselves, their families or close associates
- Wage payments have to be paid
 - on-time
 - at least on the level of the legally mandated minimum wage
 - without the creation of a dependency of the employee from the employer
 - without unlawful deductions from wages
 - without the request to repay incurred or inherited debts
 - without any lodged deposits by the employee
- Loans for employees have to comply with national law
- Disciplinary measures have to comply with national law and don't result into obligation to work
- Overtime hours are performed on a voluntary basis, covered by national law or collective bargaining agreements
- Employees are paid for their probation periods
- Employees are free to move and not confined to the workplace or employeroperated residences after the working hours
- Migrant workers are treated the same beneficial way as local employees

⁹ https://www.ilo.org/dyn/normlex/en/f?p=1000:12100:10718384239069::NO::P12100_SHOW_TEXT:Y, Abolition of Forced Labour Convention, 1957 (No. 105),

- All employees have control over their personal documents (like birth certificates, passports, I.D. cards, etc.)
- No fees have to be paid to get a job
- Employment agencies deny abusive labour practices
- Employees have contracts in their language, including the description of their rights and responsibilities, wages, working hours and termination rules.
- Child labour is prohibited¹⁰ (see PETER HAHN GmbH Child Labour policy)

5.4 Remediation actions regarding Forced Labour

In case a Forced Labour is detected, measures for remediation have to be developed and maintained.

Remediation procedures include:

- the immediate stop of the violation
- the victims' access to appropriate and effective remedies, such as compensation, irrespective of their presence or legal status in the territory¹¹.
- The employer has to set the remediation measures with the affected parties, implement them and monitor them so that they in line with a humane understanding.
- The PETER HAHN GmbH may ask for proof that all necessary steps are done.

6 Collaboration & termination with suppliers in case of violated rules for Forced Labour

As the respect of human rights is priority, violations of Forced Labour rules and the identification of employees that suffer of any kind of Forced Labour lead to constraints in a business relationship.

Immediate remediation is required and it may even lead to termination if necessary actions are not fulfilled.

6.1 New potential suppliers

Forced Labour is a zero tolerance case for the PETER HAHN GmbH. If Forced Labour is detected at the supplier, the collaboration with a potential new supplier will not be started. Nevertheless, the management of the potential supplier has to ensure that remediation is performed and that all necessary procedures are introduced that any form of Forced Labour is prevented in the future.

6.2 Existing supplier of current supplier portfolio

If a Forced Labour is identified with an existing business partner, the partner has to announce this immediately to the PETER HAHN GmbH. In any case the actions of remediation have to be performed immediately and have to grant the well-being of the person affected. In addition the management has to proof that all necessary procedures are introduced that any cases of Forced Labour is absolutely prevented in the future.

The collaboration with such a business partner will be assessed properly for the future and could even be terminated if necessary actions are disregarded.

¹⁰ 4 - A Checklist & Guidance for Assessing Compliance, page 5-17,
https://www.ilo.org/global/topics/forcedlabour/publications/WCMS_101171/lang-en/index.htm

¹¹ https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_343802.pdf

7 Communication & Point of contact

The business partner or supplier has to communicate openly about the procedures and measures on the prevention of Forced Labour. If support is needed, the partner can address to the PETER HAHN GmbH or PETER HAHN GmbH companies for a common development. In case of violations identified, please contact immediately the email address:

social-standards@peterhahn.de.