

## **LABOUR RIGHTS POLICY**

### **Introduction and purpose**

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

Fair and equal employment conditions for our workers and in our value chain is the key to our success. The purpose of this policy is to define the standards which all employees in the Luhta Group are entitled to. This policy therefore applies to our own employees irrespective of the country in which they work.

This Labour Rights Policy provides information on our employment conditions, and it also outlines the requirements we expect also from our business partners and their sub-contractors. Human Rights Commitment on the other hand outlines our approach to respecting and upholding human rights.

This policy also applies to workers that may work in Luhta Group premises being employed by another employer as well as to the employees of our value chain.

### **Commitments**

#### **A) Fair remuneration**

We respect and we require our whole value 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 highly 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 or fixed by collective agreement. It is not allowed to the employer to withhold earned wages from the workers. All workers in our value chain shall have the right to have a pay slip or similar description of their wage.

#### **B) Non-Discrimination**

Luhta Group does not accept any forms of discrimination. Our value chain partners must also ensure that there are no discrimination or have certain preference for persons on the



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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.

Any employment-related decisions, from hiring to termination and retirement, must be based solely on lawful, non-discriminatory criteria.

### **C) Working hours**

It's important that all workers (including our own employees and the employees of our value chain) are protected against excessive working hours for the physical and mental health of such workers. Therefore, Luhta Group's partners must ensure that the workers are not required to work more than allowed by the applicable law or 48 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. Regular overtime work must be exceptional and always voluntary. Overtime work shall be compensated at a premium rate of no less than 125% of the regular hourly rate, or in accordance with the higher rate required by local labor laws. Overtime arrangements shall not significantly increase the risk 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 Convention 1 and 14 and ILO Recommendation 116).

### **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 Group does not tolerate any discrimination against workers because of trade union membership or participation in trade union activities.

When operating in countries where trade union activity is unlawful or restricted, 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) Prohibition of violence and harassment**

At Luhta Group we won't tolerate any harassment, bullying or abuse. We require the same from our whole value 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. Any issues regarding discrimination must be dealt seriously and with appropriate sensitivity.

### **F) No forced labour, nor precarious employment**

Luhta Group does not tolerate any form of forced labour including bonded labour, modern slavery, indentured and slave labour, or human trafficking. Partners must never engage, directly or indirectly, in any form of forced or compulsory labor such as servitude, bonded, indentured, trafficked or otherwise non-voluntary labor. Forced or



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compulsory labor is defined as 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. Workers must be allowed to move around freely and leave their place of work when their working hours end. Luhta Group prohibits its value chain partners from charging recruitment fees or related costs from job seekers and/or workers. Luhta Group is committed to rectify any recruitment fees or similar together with its supply chain partners if matters like these occur. It is also forbidden to withhold any personal papers of the worker (such as ID, passport and/or certificates) by any partner in our value chain. In addition, before entering employment, Partners must provide understandable information to the workers and ensure that all workers are aware of their rights, responsibilities and employment conditions (such as working hours, remuneration and terms of payment) in their own language.

### **G) No child labour**

Luhta Group does not tolerate using child labour in its value chain under any circumstances. Any entity in our value chain must never employ, directly or indirectly, children under the age of 16, or below the minimum age of completion of compulsory schooling as defined by applicable law, or below the minimum working age as defined by applicable law, whichever is higher. Regarding positions requiring hazardous work that could cause a risk to health and safety, the minimum age is 18. Partners in our value chain must establish age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to workers. If dismissing children from the workplace, our partners should identify in a proactive manner, measures to ensure the protection of affected children from, for example, prostitution or drug trafficking. When appropriate, partners should provide decent work for adult household members of the affected children's family.

### **H) 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 Group 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 Group 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. For example, hazardous equipment or unsafe buildings must not be used. Personal Protective Equipment (PPE) must be provided to workers free of charge and fire drills should 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 Group requires its partners to have adequate occupational medical assistance and adopt compulsory insurance schemes. We prohibit modern slavery and human trafficking in all forms (please see our Modern Slavery and Human Trafficking Policy).

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.

Vulnerable individuals such as young workers, expecting mothers and workers with disabilities must receive special protection. Partners must have adequate occupational medical assistance and adopt compulsory insurance schemes.

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

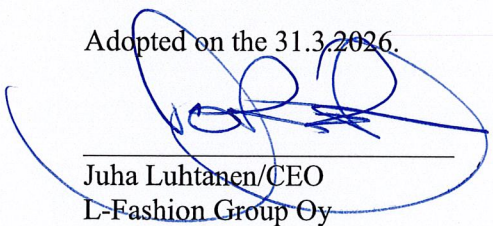
### **Approval and updates**

This policy has been approved by Luhta Group's Board of Directors and CEO. This policy is reviewed annually and updated as necessary, but at least every three years.

Version history:

- 001 New policy (12.12.2023)
- 002 Updated policy (21.3.2025)
- 003 Updated policy (31.3.2026)

Adopted on the 31.3.2026.

  
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Juha Luhtanen/CEO  
L-Fashion Group Oy