

Report for the financial year 2023 on the Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour

Paul Reinhart AG and its Subsidiaries (“Reinhart”) promote a sustainable and fair value chain from production to consumer. Reinhart meets the requirements for the annual reporting as specified in the “Ordinance on Due Diligence and Transparency in relation to Minerals and Metals from Conflict-Affected Areas and Child Labour” (DDTrO) and hereby reports for the first time for the financial year 2023 (01.01.-31.12.2023). In the context of the DDTrO Reinhart reports for the product “lint cotton / undyed fibers.”

According to the International Labor Organization (ILO), there is reasonable ground to suspect that there is a risk that cotton is manufactured or provided using child labour in countries with non- or low-mechanized farming systems. According to DDTrO child labour does not include activities in the context of vocational training or light work within the meaning of Articles 6 and 7 of ILO Convention No. 138. For example when a child helps out on the farm of their own family outside of school hours and carries out light labour that does not harm its current or future development.

For due diligence, Reinhart follows the recommendations of the OECD Responsible Business Conduct and the Human Rights Due Diligence (HRDD) process described therein.

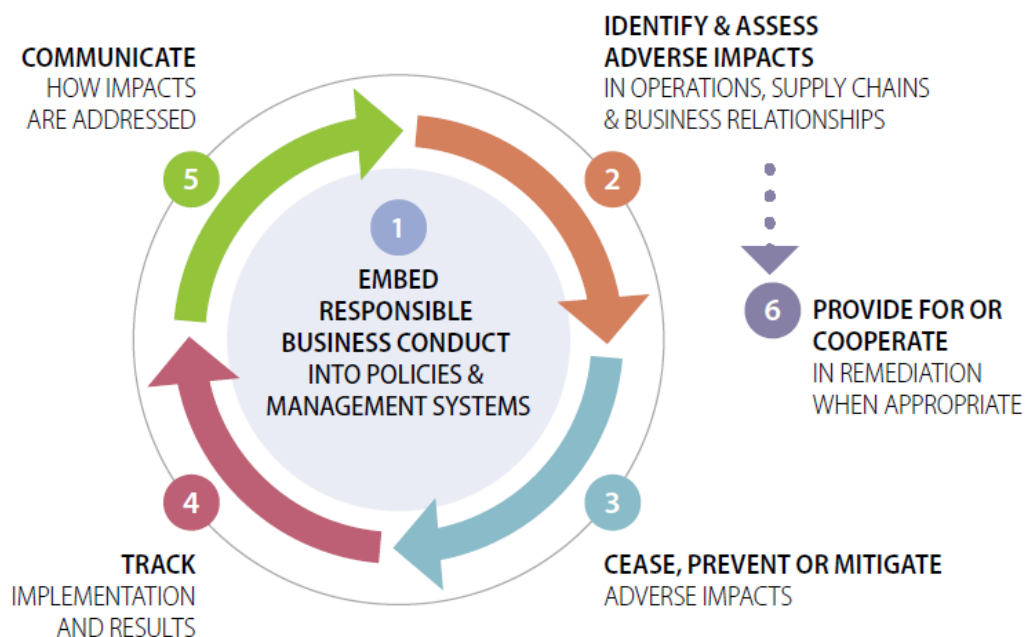


Figure 1: Due Diligence Process & Supporting Measures. Source: OECD (2018), *OECD Due Diligence Guidance for Responsible Business Conduct*

Step 1: Commit

The Reinhart Code of Conduct is published publicly on the website. Reinhart upholds the Core Conventions of the ILO and aligns with the UN Global Compact and the UN Guiding Principles on Business and Human Rights within its own business activity or with suppliers. Labor and Human Rights is

identified as a material topic and child labor understood by the company as a salient human rights risk therein.

In 2023, Reinhart created the new position “Head Sustainability”. During the past year, the person responsible participated in numerous in person and online national and international events on child labour, and followed up on specific indications of child labour that were brought to its attention.

Reinhart rolled out the Supplier Code of Conduct globally and requires suppliers to follow the principles. As of 2023, the Reinhart supply chain policy is published publicly on the website and referenced to in contracts and agreements with suppliers (<https://www.reinhart.ch/supplier>).

Step 2: Identify

Reinhart considers its boundaries of own business activity as (i) the sourcing and transformation of agricultural commodities in the country of origin, (ii) the international logistics from the country of origin to the country of destination, and (iii) the sales activity to our customers for further downstream processing.

Reinhart maintains a Risk Management Plan to determine the probability of occurrence and severity of adverse impacts on a regular basis. In the context of lint cotton Reinhart identifies a potential risk for child labour across countries where cotton is hand-picked, and within these countries the priority is set mainly, but not exclusively, for Sub-Saharan Africa and India.

Reinhart’s risk assessment follows the framework as outlined in “The Commodity Trading Sector Guidance on Implementing the UN Guiding Principles on Business and Human Rights”. For the financial year 2023, Reinhart reports its sourcing countries to be listed as “Basic” or “Enhanced”, the company did not source from suppliers of countries with a “Heightened” risk. For the current reporting period no substantiated claim was brought to its attention, where there were reasonable grounds to assume worst forms of child labour within its own business activity or within its upstream economic operators (suppliers).

Step 3: Address

Reinhart has a compliance management process with management responsibility in place. The Management System comprises people, policies and processes. Reinhart sensitizes its staff on child labour and raises awareness on the topic towards relevant stakeholders, including direct and indirect suppliers. Policies are trained on a regular basis and processes in relation to our internal CSR due diligence are assessed and maintained up to date.

In 2023, Reinhart has been audited as a trading company for the product category undyed fibers and found to fulfil the Fairtrade Standard (FLO ID 4989) and was found to be in conformity with Global Organic Textiles Standard (GOTS) – Version 6.0 and the Organic Content Standard (OCS) – Version 3.0 (CB-CUC-808457). Reinhart is a member of various multistakeholder initiatives and sustainability standards, including Better Cotton and Cotton made in Africa, which support the industry to cease, prevent or mitigate child labour. In addition, Reinhart is active in Public Private Partnerships that promote the production of more sustainable cotton and through own corporate responsibility activities to support community engagement and the welfare of smallholder farmer across various countries in Sub-Saharan Africa and in India.



Figure 2: Location of international corporate responsibility projects that address community engagement and welfare of smallholder farmers.

Step 4: Track

Reinhart maintains a close interaction with its suppliers and has a number of field level projects that are implemented with selected partners on the ground (Figure 2). In 2023, Reinhart was actively supporting the development and/or implementing of corporate responsibility in the following countries: Benin, Burkina Faso, India, Ivory Coast, Kenya, Kyrgyzstan, Tajikistan, Tanzania, Zambia. The stakeholder engagement also involves on-site visits at the gin and interviews with smallholder farmers.

In 2023, Reinhart put a main focus on supporting access to water, sanitation and hygiene (WASH) with partners in Ivory Coast and Zambia, following the Water4Impact project and its underlying theory of change (Figure 3). International projects are also co-funded through the Paul Reinhart Foundation.

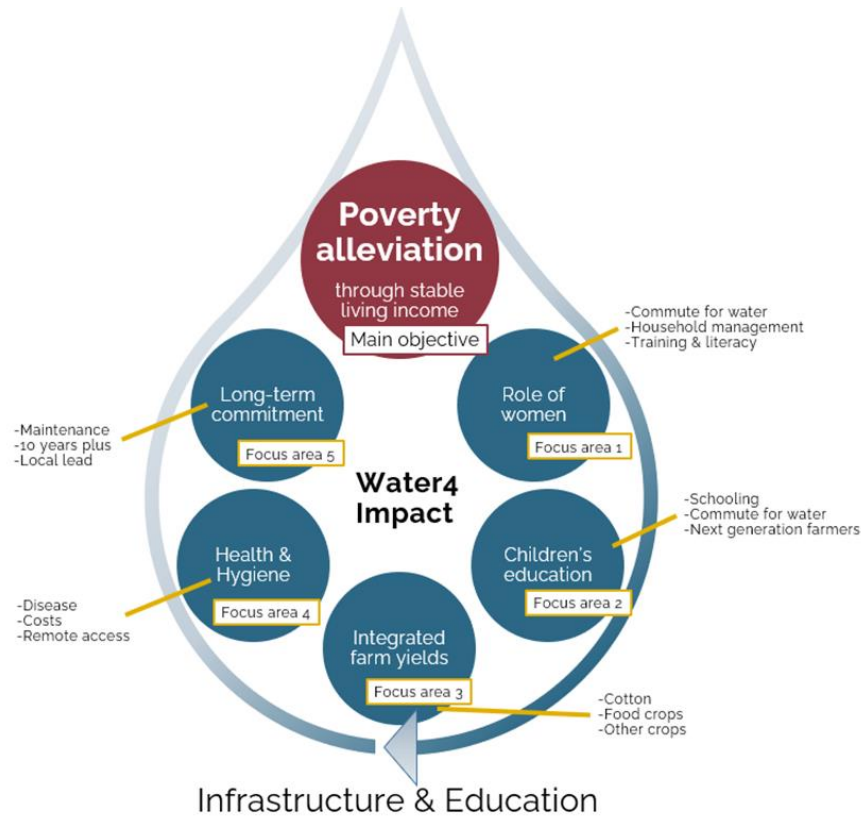


Figure 3: Theory of change: Water infrastructure and education embrace five focal areas that result in poverty alleviation through a stable living income.

Step 5: Communicate

Reinhart perceives its role as a mediator for change. Reinhart believes that child labour should not be considered in isolation but has to be addressed in the context of the entire local setup. Reinhart reports on its impact on a regular basis and in direct exchange with relevant stakeholders and also announces its progress on the publicly accessible website.

In 2023, Reinhart published its latest Corporate Responsibility Report, where all material topics that contribute towards the integrated sustainability strategy were reported. The present report on due diligence is published on our website over the period to be fulfilled as required by the ordinance.

Step 6: Remediation

Grievances can be brought to the attention of Reinhart via email (mail@reinhart.ch). Reinhart will document and carefully review cases for substantiated evidence. Based on reasonable grounds Reinhart will decide about measures appropriate for the individual case and in the local context.

Closing Statement

As a member of Suisssenögoce Reinhart is committed to the continuous progress in responsible business conduct, including key and emerging topics in sustainability and traceability. Contributing to the elimination of worst forms of child labour is relevant to Reinhart and its global business.