

## MSCH Forced Labour Policy

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Forced labor is a violation of human rights of serious character that MSCH Copenhagen does not accept in any form. We respect human rights and have zero tolerance for forced labor. Any occurrence of forced labor in our supply chain will be identified, prevented and mitigated in accordance with international guidelines including but not limited to the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and the International Labour Organization (ILO).

MSCH Copenhagen commits to ensuring that suppliers producing our products do not engage in any form of forced labor. Whilst sourcing globally, we are aware that the level of forced labor, and the risks associated with this type of violation of human rights, vary depending on continent, country and region.

MSCH Copenhagen recognizes the severe level of forced labor-related risks in the Xinjiang Uyghur Autonomous Region of China and prohibit goods mined, produced or manufactured wholly or in part from this region or by entities on the [UFLPA entity list](#) at all times, pursuant to the Section 307 of the U.S. Tariff Act of 1930 (19 U.S.C. §1307).

### Definition of forced labor

MSCH Copenhagen defines forced labor based on ILO Convention No. 29 (1930) 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."*<sup>1</sup>

Elements of forced labor include, but are not limited to:

- Physical or psychological threats and harm to the worker or their relatives, to maintain employment.
- Restrictions on employees' movement, or confinement to the workplace or a limited area.
- Involuntary overtime, where employees are obligated to work beyond their regular hours without consent.
- Withholding wages or excessive wage reduction violates previously made agreements.
- No permission to take paid sick leave or deny breaks during the workday.
- Retention of personal documents, such as identity papers, constraining workers' ability to freely leave their employment.
- Debt bondage

### Our commitment at MSCH Copenhagen:

- Ensure this Forced Labor Policy to be communicated to relevant stakeholders, both internally and externally.
- Train relevant employees to handle any incidents of forced labor related to the factories that produce our products.

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- Continuously assess and monitor the risk of forced labor in our supply chain.
- Support and engage with suppliers in strengthening their forced labor risk management systems through training and capacity building initiatives.
- Handle allegations and resolution of any forced labor-related allegations.
- Guarantee that effective grievance mechanisms are in place

## Suppliers' commitment

Suppliers must ensure that any kind of forced labor does not occur at any level of their supply chain.

The suppliers are expected to exercise appropriate due diligence in their supply chain in line with the international guidelines on which this policy is implemented. MSCH Copenhagen expects suppliers to be fully transparent if cases regarding forced labor occur.

Suppliers commit to:

- Build and maintain an effective management system defining forced labor risks, and effectively identifies, prevents, mitigates, and remediates any occurrence of forced labor.
- Train relevant employees on policies and procedures related to identifying, preventing and mitigating forced labor.
- Ensure that all workers are informed about their right to refuse labor and provide clear guidelines to management for handling relevant cases.
- Guarantee that effective grievance mechanisms are in place to address any occurrence of forced labor – this must be communicated in languages understood by all workers.
- Ensure that all employees have written contracts, specifying the employee's rights regarding payment of wages, overtime, retention of identity documents, and other issues related to preventing forced labor. The contract must be written in a language understandable to the worker.

## Remediation procedure

If or when forced labor is either identified or suspected, MSCH Copenhagen will initiate the following procedure.

- 1) MSCH Copenhagen assesses the case through dialogue with management, workers and other relevant parties and review of documentation. In cases of identification of a severe level of forced labor, an onsite visit may be necessary.
- 2) Each incident is handled through dialogue between MSCH Copenhagen, the supplier, the concerned worker, and the worker representative with the primary focus being the safety and wellbeing of the worker.
- 3) If necessary, MSCH Copenhagen will involve relevant stakeholders, NGOs and consultants to assist in the remediation process.
- 4) The supplier must collaborate with the person responsible from MSCH Copenhagen to ensure that the needs of the concerned employee are prioritized. The supplier must agree to and carry out all the agreements made.

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If the supplier does not adequately support the remediation process or does not show any willingness to collaborate on the matter of an incident related to forced labor, this can lead to ending the cooperation.

If identification of forced labor attends to be the reason that MSCH Copenhagen products are withdrawn, and if the supplier is unwilling to cooperate or support the remediation process, the supplier must compensate the company for lost revenue on the market(s) and cover the potential fine that may be imposed on the company.