

## Responsible Purchasing Policy

### PREAMBLE

We, Seidensticker Group, believe in social engagement, environmental awareness, and dealing fairly with each other as mainstays of our company. As a family business, we acknowledge our corporate responsibility and aim to balance our social, ecological, and economic interests. Fair working conditions combined with the least possible environmental impact are important aspects of our corporate philosophy. In addition, sustainable corporate governance is a significant competitive factor in globally-connected clothing markets. These requirements form the basis for exercising due diligence in global supply chains. We have defined these requirements to identify, prevent and, if necessary, mitigate negative impacts on human rights as well as environmental concerns in our supply chains. Our Responsible Purchasing is in line with the following international principles and guidelines as well as national regulations:

- UN Universal Declaration of Human Rights (UDHR);
- Conventions and Recommendations of the International Labor Organisation (ILO);
- UN Guiding Principles on Business and Human Rights (UNGPR);
- Gender-specific dimension of the UN Guiding Principles on Business and Human Rights;
- UN Children's Rights and Business Principles;
- Principles of the UN Global Compact;
- OECD Principles for Multinational Enterprises;
- OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector;
- Business Social Compliance Initiative Code of Conduct (BSCI);
- National Action Plan for Business and Human Rights of the Federal Republic of Germany (NAP);
- German Supply Chain Act (LkSG); and
- Five Domains of Four Paws and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

The requirements set out in our Responsible Purchasing Policy are not to be regarded as minimum requirements. They should be exceeded wherever possible. Compliance with our Code of Conduct is non-negotiable. A breach of these requirements constitutes a breach of contract and may lead to the termination of the business relationship.

We recognize that reaching the outlined standards requires considerable effort and sometimes the involvement of several stakeholders and systemic change. Seidensticker Group is committed to working with suppliers and other third-parties to fully understand and gradually close gaps.

## HOW TO READ THIS DOCUMENT

The following verbs are used to indicate requirements, recommendation, or permissions in this policy:

- “shall” and “must” indicate a mandatory requirement;
- “should” indicates a recommendation;
- “may” indicates a permission;
- “may not” indicates a prohibition.

## SCOPE OF APPLICATION

Our standards and our understanding of social and ecological responsibility are defined in this Responsible Purchasing Policy. It serves as foundation for responsible business relationships, applies globally and equally to service providers and consultants, brokers and agents, wholesalers, manufacturers and – last but not least – to us. In its global scope, it also applies to the suppliers commissioned by our direct business partners, in case they are involved in the production of goods for the Seidensticker Group. These sub-suppliers must comply with the same requirements as our direct business partners and must be authorized by us in advance. The direct business partners confirm with their signature that they share our understanding of sustainability outlined in this Policy and align their actions accordingly. In case of authorized subcontracting, Seidensticker Group’s direct business partners are responsible for compliance with social, environmental and quality standards and monitor this with suitable control mechanisms.

## LEGAL COMPLIANCE

Business partners shall be fully informed about the laws and legal regulations of the respective countries and shall adhere to the requirements at all circumstances. The conventions, standards and principles referred to in the preamble above, must be considered and are regarded as minimum requirements. Compliance with national legislation is the first obligation. In countries where national legislation requires a different standard of protection than this Policy, it shall be complied with the standard that guarantees the highest level of protection for employees and the environment – without, however, contradicting the legal framework of the country.

## TRANSPARENCY

Our business partners shall be committed to transparency towards employees of the Seidensticker Group and any third parties involved (incl. auditors, testing institutes), to identifying, preventing, and remedying negative impacts on people and the environment and to monitoring compliance with this policy – if relevant, also regarding upstream stages in the supply chain.

## MANAGEMENT SYSTEMS

The social and environmental standards defined in this Policy must be recognized by the management of each business partner and integrated into company policy. To ensure compliance with all requirements outlined in this Policy and national/international laws, business partners shall implement a process- and risk-based management system that includes the appointment of responsible personnel, the definition of processes and appropriate documentation to demonstrate compliance with this Policy and national/international laws. Business partners shall conduct due diligence processes appropriate to their size and risk profile. This includes the performance of regular risk assessments to identify negative impacts on human rights and environmental protection. Risk-based actions are taken to prevent or mitigate (potential) impacts identified in the risk assessment. Business partners monitor the effectiveness of implemented measures and report transparently to Seidensticker Group about the due diligence actions.

Employees shall be informed of the contents of this Policy and applicable national/international law in a manner accessible to them, including the provision of all information in local language and, in case of illiteracy, through oral instruction and training.

Furthermore, by signing the principles of this Responsible Purchasing Policy, our business partners confirm to communicate the outlined requirements to all suppliers and subcontractors (including but not limited to material and raw material suppliers, packaging suppliers, wet processing facilities) involved in the manufacture of Seidensticker Group products. They also inform other relevant stakeholders and strengthen compliance with the requirements. Business partners shall implement effective systems to monitor compliance of their direct and indirect suppliers to identify potential risks of labor, human rights, ecosystem and environmental non-compliance.

## MONITORING OF THE SUSTAINABLE PURCHASING POLICY AND REPORTING

Seidensticker Group strongly advocates ensuring compliance with the principles of this Responsible Purchasing Policy. Seidensticker Group and all business partners carry out independent social and environmental audits. Our business partners ensure that Seidensticker Group itself or, if necessary, any third party authorized by the Seidensticker Group may carry out a review of how the principles set down in this Responsible Purchasing Policy are being implemented, on the premises of either the immediate business partner or on those of any other sub-supplier used by our business partners for the manufacture of Seidensticker Group. To ensure

compliance with our requirements, we expect our business partners to agree with the requirements in this Responsible Purchasing Policy with a dated signature. Business partners shall adhere to the following set of rules that are essential for implementing the due diligence process:

- Business partners undertake to provide detailed information related to the requirements of this Responsible Purchasing Policy and the sustainability criteria upon request, for example by answering sustainability and supplier questionnaires.
- Upon request, business partners participate in projects and programs to improve sustainability performance and/or to implement and strengthen the due diligence approach. The topics and projects are defined and prioritized based on the results of the periodic risk-assessment done by Seidensticker Group. This may, for example, include the implementation of external back-up complaint mechanisms.
- When violations of the principles outlined in this Policy are observed, business partners shall define and implement corrective actions. When an increased risk of a violation has been identified, business partners must introduce measures to prevent the violation from occurring.
- New suppliers and subcontractors are communicated to Seidensticker Group immediately and before order placement. Orders will only be placed after receiving approval from the Seidensticker Group.
- Awareness for the principles of the Seidensticker Group shall be raised among all suppliers and sub-suppliers that are involved in the manufacture of products for Seidensticker Group. They accept and implement them as minimum standards. Audits, surveys, and inspection visits by independent organizations may be conducted at these supply chain levels.

Business partners and suppliers shall engage in the use of tools and/or platforms for the management of sustainability-related information and documents. Each supply chain partner provides information and documents proactively and upon request via the respective channel. The tools are specified by Seidensticker Group. Among others, business partners and suppliers shall fulfill the following tasks:

- Regular and autonomous upload of certificates, audit reports and other test reports;
- Responding to supplier questionnaires;
- Collaboration on corrective action plans (incl. regular status updates);
- Providing information on upstream partners in the supply chain (e.g., name, address, processes, certifications, and audits);
- Inviting upstream suppliers and subcontractors to use the specified tools and platforms;
- Supply chain mapping including all relevant players in the upstream supply chain;
- Contributing to the expansion of supply chain transparency;
- Establishing traceable supply chains on product-level; and
- Participation in offered trainings.

## CODE OF CONDUCT

### NO FORCED LABOR, BONDED LABOR OR HUMAN TRAFFICKING

Every employment is exclusively voluntary. Our business partners must not use, or through business partners, be complicit to, any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labor, including state-imposed forced labor. Employees' personal freedom of movement must not be restricted. Employers may not require employees to deposit money or means of identification (e.g., ID) with the employer. In accordance with international principles on responsible recruitment, employees must not be charged any recruitment fees or costs. Employees are free to leave their employer upon reasonable notice in accordance with applicable law at all times and may return safely to work after giving notice. The production of goods by prison labor is strictly prohibited. In addition, only migrant workers with a valid work permit can be employed.

ILO Conventions 29 and 105 as well as Recommendation 203 on measures for the effective elimination of forced labor apply.

### NO CHILD LABOR AND RESTRICTION OF YOUTH EMPLOYMENT

Seidensticker Group does not tolerate any form of child labor or the exploitation of children and adolescents. The minimum age for employment may not be below the age at which compulsory education ends, and under no circumstances below the age of 15. Domestic standards of child protection and employment of juveniles are to be adhered to. The exceptions defined by the ILO apply. Compliance with the ban on child labor and the restriction of the employment of adolescents are to be always guaranteed and under any circumstances. Reliable and vigorous mechanisms for age determination must be established, which may not be in any way degrading, humiliating or disrespectful towards employees.

In the event of a violation of this prohibition, the business partner must immediately take suitable remedial actions for the people affected. The remedial measures must be documented. In addition, measures and procedures must be taken that serve the rehabilitation and social integration of the children concerned and enable them to obtain a general school-leaving qualification in accordance with national standards and norms.

ILO Conventions 131, 138 and 182 and ILO Recommendations 14 and 190 apply.

### SPECIAL PROTECTION FOR YOUNG WORKERS

Business partners must ensure that young people do not work at night and are protected from working conditions that are detrimental to their health, safety, morals, and development. Young workers must be immediately removed from hazardous work or sources of danger if such are identified. Their scope of work must be redefined without any loss of income.

It must be ensured that a) the kind of the work is not likely to impair the health or development of young workers; and b) the working hours allow for school attendance, participation in vocational guidance approved by the concerned authority or participation in training and education programs.

Necessary mechanisms shall be put in place to prevent, detect and mitigate harm to young workers, with particular attention to the provision and access of young workers to effective workplace grievance mechanisms, occupational safety and health training and programs specifically tailored to the needs of young workers.

ILO Conventions 10 and 77 and ILO Recommendations 14 and 146 apply.

## NO DISCRIMINATION, SEXUAL OR GENDER-BASED HARASSMENT OR VIOLENCE IN THE WORKPLACE

It must be ensured that all employees are treated equally, with dignity and respect and are offered equal opportunities. Effective measures shall be taken to ensure that workers are not subject to any form of violence, harassment, inhuman or degrading treatment in the workplace, threats of violence and abuse, including corporal punishment, verbal, physical, sexual, economic or psychological abuse, mental or physical coercion, or other forms of harassment or intimidation.

Any form of discrimination on the grounds of gender, age, religion, descent, caste, birth, social background, ethnic and national origin, nationality, membership in employee organizations including trade unions or other legitimate organizations, political affiliation or opinion, sexual orientation, family duties, marital status, pregnancy, disease, disability, or other conditions that may lead to discrimination is not permitted. This applies to recruitment, remuneration, access to training, promotions, dismissals, and retirement. Disciplinary measures must be established, documented in writing, and explained to workers in terms and language they understand.

ILO Conventions 100, 111, 156, 159 and 190 and ILO Recommendations 165 and 206 apply.

## DISCIPLINARY MEASURES

All employees shall be treated with respect and dignity. Any disciplinary measures must be carried out only in accordance with national laws and internationally recognized human rights. Employee may not be subject to verbal, psychological, physical and/or sexual violence, nor to coercion or harassment. Employees who file a complaint based on this Code of Conduct and/or applicable national or international law, shall not be subject to any form of disciplinary or retaliatory measures.

## NO PRECARIOUS EMPLOYMENT

The recruitment process and employment relationships shall not cause insecurity and social or economic vulnerability for their workers. It must be ensured that work is performed based on a recognized and documented employment relationship, established in compliance with relevant national legislations, custom or practice, and international labor standards, whichever provides greater protection.

Business partners shall provide their employees with written, clear, and transparent employment contracts. The minimum content of an employment contract are as follows:

Name, address, date of birth, function in the company, date of commencement of employment, working hours, salary and remuneration, probation period (if applicable), right to paid leave, details of notice of employment termination (by employee or employer), signatures of both parties to the contract, employee and employer and the date.

Before entering employment, workers must be provided with understandable information in their own language and it must be ensured that they are aware of their rights, responsibilities, and employment conditions, including working hours, remuneration and terms of payment in their own language.

Our business partners are committed to providing decent and, where appropriate, flexible working hours that also support workers – regardless of gender – in their role as parents or caregivers, including migrant and seasonal workers whose children may be in their hometowns. Employment relationships must not be exploited in a way that is intentionally inconsistent with the purpose of the law. This includes a) apprenticeship or training programs where there is no intention to impart skills or provide regular employment, b) seasonal or contingent employment when it is applied to undermine workers' protection.

ILO Conventions 24, 25, 95, 117, 158, 175, 177 and 181 apply.

## FAIR REMUNERATION

The minimum remuneration paid for the standard working time must be based on the legal, industry-specific minimum standards or applicable collective agreements, whichever involves the greater amount. The payment of wages shall take place in a regular, timely and stable manner, and in full legal tender. It must be ensured that workers of all genders and categories, such as migrant and local workers, receive the same remuneration for equal jobs and qualification.

Business partners should particularly aim to pay such wages that cover the basic needs of employees and their families, leaving a sufficiently large part of their income to be disposed of as they wish and enable an adequate standard of living, particularly when the domestic statutory minimum wages are not enough for this purpose. Business partners shall accurately identify the wage gap and commit to working toward paying a living wage.

At a minimum, employees shall receive all legally mandated benefits. Any overtime work must be paid in line with statutory, industry-specific standards or collectively agreed norms currently

in force, whichever involves the larger amount. Employees must be given complete and comprehensible information, in writing, on the structuring and detail of their wage rates, including deductions, overtime bonuses and additional benefits. Deduction from wages may not be used as disciplinary measure.

ILO Conventions 95, 100 and 131 and Recommendations 85, 135 and 180 apply.

## DECENT WORKING HOURS

Working hours must comply with applicable law and industry-specific standards, whichever are more stringent. Employees are not required to regularly work more than 48 hours per week under any circumstances. Working hour practices that enable a healthy work-life balance for the workers should be promoted. Overtime shall be an exceptional and voluntary practice, paid at a premium rate of minimum 125% of the standard rate and may not increase the likelihood of occupational hazards. Overtime shall not exceed 12 hours per week and shall not be required on a regular basis.

Exemptions from these prohibitions are only permitted if the following conditions are met:

- a) national law expressly allows for working hours exceeding these upper limits; and
- b) a freely negotiated collective labor agreement is in force permitting the averaging of working hours, including appropriate rest periods.

Workers have the right to resting breaks in every working day and the right to take at least one day off in every seven days, unless exceptions, defined by collective agreements, apply.

ILO Conventions 1, 14, 101, 110, 132 und 171 and Recommendations 116 and 110 apply.

## FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

The right of any employee (without any distinction and regardless of gender) to found associations or organizations for the purpose of promoting and protecting employees' interests, to join or resign from such organizations and to conduct collective bargaining in a free and democratic manner, shall be respected at all times.

Employers are encouraged to develop a positive approach towards the right to freedom of associations and collective bargaining by actively notifying their employees of such rights, and to exert an open and positive attitude towards trade unions and their organizational activities.

Where the right to freedom of association and collective bargaining is restricted by law, alternative possibilities of independent and free organizations and the conduct of negotiations should be created. Business partners must ensure a meaningful representation of all workers. Workers must be allowed to freely elect their own representatives with whom the company can enter dialogue about workplace issues. Employees shall be protected against discrimination,



harassment, intimidation, or reprisal. They must be given free access to their fellow employees, to ensure that they are able to exercise their rights in a legally compliant and peaceful manner.

ILO Conventions 11, 87, 98, 135 and 154 and Recommendations 91, 92, 143 and 158 apply.

## HEALTH & SAFETY AT WORK (OHS)

The right to healthy working and living conditions of workers and local communities must be respected. Vulnerable persons, in particular young workers, young, expectant, and nursing mothers, homeworkers, and persons with disabilities, shall obtain special protection. National legislation for the protection of health and safety in the workplace must be complied with. If national legislation is weak or insufficiently enforced, international standards apply.

Employees must be provided with a safe and hygienic working environment. Occupational safety procedures must be in place to identify, prevent and mitigate potential and actual threats to health and safety in the workplace. Employees shall be informed of potential risks to health and safety in the workplace. Effective measures shall be taken to prevent accidents, injuries, and illnesses at work or through the operation of the employer's equipment. The measures aim at minimizing the causes of potential threats as far as possible. These exercises and procedures for improving or strengthening occupational safety must be communicated to employees from all work areas and regularly trained with them. In particular, the free provision and use of personal protective equipment, access to clean sanitary facilities, eating and rest areas as well as clean and safe drinking water must be ensured. Sanitary facilities should have an adequate number of separate toilets with sufficient privacy for all genders. In addition, adequate occupational medical assistance and related facilities must be provided. Employees must be given equal access to these services. The measures also include better protection for employees, e.g. through health insurance. All health services and provided insurances should meet the specific concerns and needs of all genders and age groups. All health and safety incidents in the workplace and in all facilities provided or required by the employer must be documented.

The business partner shall take appropriate actions to obtain all permits, licenses and documentation required by national legislation to ensure the stability and safety of the facilities, buildings and equipment they use and to protect against and prepare for all foreseeable emergencies. Furthermore, the employer must provide awareness to workers, and respect their right and responsibility to exit the premises and/or stop working without seeking permission or being punished for it in dangerous situations and uncontrolled hazards.

Our business partners shall establish relevant committees that are entrusted with responsibility for health and safety in the workplace to ensure active cooperation between management and employees. These committees are involved in the assessment of potential and actual health risks and hazards and in the implementation of procedures to prevent them. The guidelines apply equally to all social facilities and employee accommodation (e.g., dormitories) if these are provided by the employer.

ILO Conventions 148, 155, 183, 184 and 187 and ILO Recommendation 164 apply.

## ENVIRONMENT-RELATED REQUIREMENTS

### GENERAL ENVIRONMENTAL REQUIREMENTS

Seidensticker Group fulfills its ecological responsibility by complying with applicable laws and recognized standards for the protection of the climate and the environment. In addition, we continuously strive to minimize negative effects on the environment. Business partners shall comply with applicable laws and international regulations for the protection of the environment in all operational processes, including the maintenance of valid permits from the relevant authorities. Further, business partners should seek to eliminate harmful environmental impact and protect the environment and natural resources among their supply chain – sourcing, manufacturing, packaging and distribution of products and services. Business partners are encouraged to continuously improve performance and environmental management of water, waste, emissions, energy, and material usage. Business partners shall develop and implement appropriate measures to reduce adverse impacts. In particular, this means:

- Assessment of impacts and dependencies of business activities on the environment, including but not limited to climate, water consumption, water and air pollution, resource consumption and waste, biodiversity and ecosystems;
- Application of the precautionary principle and acting carefully to minimize potentially harmful impacts on the environment;
- Prevention of the release of hazardous substances into the environment;
- Compliance with environmental standards for wastewater treatment, emissions and waste management to reduce adverse impacts on the climate and environment;
- Protection of biodiversity and ecosystems, respect flora and fauna and compliance with national laws and international standards and agreements such as CITES;
- Proper labeling, safe storage, proper disposal of chemicals and other hazardous substances, and training of staff on how to handle them safely;
- Improvement of energy as well as resource efficiency and support of technologies that promote the circular economy as well as climate and environmental protection (e.g. by using renewable energies); and
- Minimizing the use of natural resources (including water, minerals, agricultural raw materials and fossil fuels).

To achieve these goals, business partners must introduce an appropriate and effective environmental management system.

### ENERGY CONSUMPTION AND GREENHOUSE GAS EMISSIONS

Business partners of Seidensticker Group should engage in identifying and monitoring all relevant greenhouse gas emissions (Scope 1, 2 and, if possible, 3) and energy consumption in their operations. Measures should be taken to reduce consumption and emissions as far as possible (e.g. via suitable energy efficiency measures). Business partners should define Strategies and implement measures to avoid and reduce greenhouse gas emissions. Offsetting, compensation, or neutralization measures are considered as last resort and may only be used

for remaining emissions that have not (yet) been reduced or are not (yet) avoidable. The use of renewable energy sources or energy recovery is recommended and should be pursued in the long term.

## WATER CONSUMPTION

Business partners of Seidensticker Group must comply with all applicable national laws on the use and consumption of groundwater and surface water. Water consumption shall be monitored and reduced continuously. To reduce the risk of water stress and prevent a shortage of water supply, water sources that are in unlimited supply (e.g. purified rainwater or treated water from the sewage system) should be preferred. Business partners with a high water consumption shall develop and implement wastewater treatment processes that enable the reuse of water. This requirement applies particularly to suppliers with wet processing facilities.

## CHEMICALS AND WASTEWATER

Business partners of the Seidensticker Group must comply with national chemical and wastewater regulations. If the use of chemicals is required in production processes, handling, storage and disposal must be properly organized. The supplier shall take appropriate measures to ensure occupational safety when handling chemicals and wastewater to guarantee the safety of employees involved in the production.

The employees concerned must be regularly trained in the safe handling of chemicals and wastewater. Only qualified personnel may operate the wastewater facilities. Companies may not discharge untreated wastewater into the environment.

As a member of the German Partnership for Sustainable Textiles, Seidensticker Group requires compliance with the limit values defined in the Manufacturing Restricted Substances List (MRSL) of the Zero Discharge of Hazardous Chemicals Foundation (ZDHC). The MRSL specifies limit values for the use of chemicals in textile production and provides instructions on which substances and chemicals must be avoided and replaced in production. Only textile auxiliaries and colorants that comply with the limit values of the Manufacturing Restricted Substances List (MRSL) of the Zero Discharge of Hazardous Chemicals Program (ZDHC) in the version valid at the time of delivery may be used in the production of the delivered goods. Please refer to Annex C – Chemical Requirements.

Where possible, chemicals are replaced by less harmful alternatives. For this purpose, positive lists of tested chemicals, for example from bluesign, OEKO-TEX® ECO PASSPORT or GOTS, can be used to select textile auxiliaries and colorants. Seidensticker Group reserves the right to check compliance with these specifications by requesting the chemical inventory and the confirmations of the chemical suppliers and/or by requesting wastewater test reports. Business partners must ensure compliance among upstream suppliers by making contractual agreements with them and by carrying out regular inspections.

Wastewater flows shall be continuously monitored in accordance with legal requirements. Wet processing facilities and suppliers that also do wet processing must carry out wastewater test reports at least once every twelve months (better every six months) and submit these to Seidensticker Group to provide evidence of compliance. The costs for the analysis shall be borne by the supplier or business partner.

In case of non-compliance with the requirements, a root-cause analysis should be performed, and corrective measures must be taken. In case of legal non-compliances, local authorities, as well as trademarks, dealers and importers must be promptly notified in accordance with respective requirements. The concerned facility may not be used for orders of Seidensticker Group until corrective measures are completed.

## WASTE MANAGEMENT

Business partner and suppliers should make efforts to continuously reduce the volume of waste. The disposal of waste shall be carried out in accordance with the legal regulations. Waste streams should be sorted by material and sent for reuse or recycling. Inhouse waste incineration or uncontrolled landfill is not permitted.

## PROTECTION OF BIODIVERSITY

Adverse impacts on biodiversity and ecosystems shall be avoided or minimized. Business partners and suppliers are should comply with the following criteria:

- Ensure that natural and animal raw materials used in the manufacture for Seidensticker Group are not linked to deforestation, come from legal, verifiable and, if possible, traceable sources, and comply with global agreements such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- Refrain from using materials and production processes that lead to the pollution of ecosystems (e.g. pollution with chemicals, noise, light, emissions, microplastics);
- Avoid negative impacts on legally protected natural areas (such as national parks, national monuments, marine protected areas) and other important, biodiversity sensitive areas that lack legal protection as well as the species living in these areas;
- Refrain from converting natural ecosystems to another land use or profound change in a natural ecosystem's species composition, structure, or function (e.g. deforestation) in order to prevent the loss of biodiversity;
- Avoid or reduce negative impacts that lead to significant degradation of natural ecosystems. If avoidance is not possible, the use of restoration measures is the last resort;
- Refrain from damaging nature in such a way that it negatively affects the production of food, clean drinking water, sanitation, the use of land or property and the health and safety of people;
- Ensure the right of individuals, groups and communities to land and resources and the right not to be deprived of their livelihoods.

Furthermore, adverse impacts of own operations at own locations should be regularly self-assessed. Business partners and suppliers should define and implement mitigative resp. preventive measures to promote biodiversity-friendly business operations.

## CIRCULAR ECONOMY

To promote circularity in garment supply chains, production processes, supply chain practices and technologies should be resource efficient, should not generate excess waste and should produce lasting products. Business partners should make efforts avoid, reduce, reuse, and recycle resources in all production processes along the value chain. This includes but is not limited to:

- The development of products or services that:
  - have no unreasonable impact on the environment;
  - are safe for the intended use,
  - are durable and repairable,
  - promote reuse and recycling; and
  - can be disposed of safely.
- optimizing waste management and minimizing waste volumes at all stages of the production;
- the implementation of best practices whenever possible, such as the reuse of waste;
- packaging management and promotion of the use of recycled materials;
- compliance with quality standards to promote longevity of products;
- contributing to raising awareness of the environmental impacts of products (e.g. by providing relevant and accurate information on the environmental impact).

Following the periodic risk assessment, Seidensticker Group may define requirements for further topics such as land use, air pollution or noise.

## ANIMAL WELFARE

Some materials in products of Seidensticker Group are derived from animal origin under human control. Business partners of Seidensticker Group shall align their business activities with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), in cases where raw materials of animal origin are used. Business partners shall check autonomously at <https://cites.org/eng/disc/species.php> whether their products fall within the scope of the CITES Agreement. Examples of species listed in Annexes A and B to the EU Species Protection Regulation are subject to a uniform EU-wide marketing ban: (Article 8 of Regulation (EC) 338/97). The relevant EU regulation is available at: <https://eur-lex.europa.eu/legal-content/DE/TXT/PDF/?uri=CELEX:31997R0338&from=DE>

Business partners shall comply with the Five Domains of Four Paws (available at: <https://www.four-paws.org/campaigns-topics/topic/science-and-research/animal-welfare-assessment-framework>) as well as the requirements of the World Animal Health Organization's

Terrestrial Code (WOAH, available at <https://www.woah.org/en/what-we-do/standards/codes-and-manuals/terrestrial-code-online-access/>).

For further information, please consult Annex E – Animal Welfare Policy.

## **GOVERNANCE-RELATED REQUIREMENTS**

### ETHICAL BUSINESS PRACTICES AND FAIR COMPETITION

Seidensticker Group competes in Germany and abroad solely on the basis of the quality and customer orientation of its products and services. Any form of bribery, corruption and embezzlement is strongly condemned by the Seidensticker Group and will not be tolerated in any way. Business partners of Seidensticker Group may not engage in any form of bribery – particularly the promise, offer, granting or acceptance of any improper financial or other inducement, as well as the embezzlement and misuse of sponsorship funds or charitable donations. We only expect behavior that is based on fairness and compliance with the applicable national and international standards.

Seidensticker Group further requires that employees are not obliged to support a particular political candidate or a pre-selected political organization.

Internal control mechanisms and programs to prevent and detect corruption, extortion, embezzlement, or any form of bribery must be developed and implemented on the basis of a company-specific risk assessment. This includes the definition and implementation of an anti-bribery and anti-corruption policy which must be followed in all business areas, promoting cooperative approaches and the disclosure violations. Awareness for the guidelines and control measures are promoted among employees regularly through appropriate training and communication.

Business partners of Seidensticker Group must not falsify any information or participate in the falsification of information or any act of misinterpretation in the supply chain.

Personal data (including that of employees, business partners, customers, and consumers in their sphere of influence) must be collected, used, and processed with reasonable care. The collection, use and processing of personal data must comply with applicable privacy and information security laws and regulatory requirements, especially in e-commerce and other digital business formats.

Business partners of Seidensticker Group shall comply with the applicable import and export control regulations and fulfill the legal requirements for the prevention of money laundering.

All business partners should promote free and fair competition, not tolerate anti-competitive agreements and must ensure that they act in accordance with applicable antitrust laws. Additionally, Seidensticker Group rejects any attempt to gain a competitive advantage through unfair business practices.

## PRODUCT SAFETY AND CONSUMER INTERESTS

Ensuring product safety is a central to Seidensticker Group's business activities. Therefore, business partners shall take appropriate measures to ensure the safety and quality of offered products. Business partners must ensure that the products comply with the relevant statutory consumer protection regulations. Please refer to the requirements outlined in Annex B Technical and Quality Conditions and Annex C Chemical Requirements, which must be taken into account and complied with in any case.

Business partners should only make sustainability-related claims and statements about their products or services that are substantiated and can be verified with evidence.

## MATERIAL AND PRODUCT-RELATED REQUIREMENTS

Business partners shall gradually work towards achieving transparency regarding the origin of natural raw materials. Origin relates to the geographical location and ownership of producers and processors. Information on the progress as well as on the actual origin must be disclosed to Seidensticker Group upon request.

### COTTON

Most products of Seidensticker Group contain cotton. The use of cotton fibers dominates over other types of fibers.

In accordance with ILO Conventions 29 and 105, Seidensticker Group prohibits the use of cotton harvested under forced or compulsory labor (including state-imposed forced labor). As risks relating to child labor, forced labor or other human rights violations cannot be excluded in some cotton regions, the use of cotton from these high-risk regions is prohibited. Turkmenistan and the Xinjiang Autonomous Region in China are currently classified as high-risk areas. In this respect, business partners should ensure traceability beyond the country level. Seidensticker Group supports the use of cotton that has been harvested in accordance with the cultivation methods listed below, according to the following hierarchy:

1. cotton from organic cultivation (e.g., certified according to GOTS or OCS);
2. recycled or regenerated fibers (e.g., certified according to GRS);
3. cotton sourced from verified conversion/transition programs for sustainable or organic cotton;
4. cotton from mass balance systems (e.g., Better Cotton or Cotton made in Africa);
5. cotton from conventional cultivation.

### WOOL

The use of wool from countries where mulesing practices are commonly applied is not permitted. Seidensticker Group's business partners should be able to provide full traceability beyond

country level. Wool from producers who practice regenerative animal husbandry and hold a GOTS, RWS, ZQ Merino, Nativa, SustainaWool or GRS certification should be preferred.

## ANGORA WOOL

Angora wool is derived from angora rabbits. Currently approx. 95% of the angora wool traded worldwide is produced in China. The conditions under which the animals are kept are often questionable and do not ensure compliance with the Five Domains. Due to the absence of production practices for angora wool that are compatible with animal welfare principles, angora wool may not be used.

## SILK

The production of silk fibers is associated with considerable risks in terms of animal welfare and environmental protection. Silk fibers, yarns and fabrics that are GOTS-certified should be preferred.

## DOWN

The production of down is associated with considerable risks in terms of animal welfare. In the clothing industry, down is mainly used as a heat-insulating material in jackets. In addition to live plucking, ducks and geese often suffer from poor husbandry conditions. Down that is a by-product of the meat industry and/or is certified by the Responsible Down Standard, Global Traceable Down Standard or Downpass should be preferred.

In addition, please refer to Annex E – Animal Welfare Policy.



## **GRIEVANCE PROCEDURES**

Our business partners shall establish effective grievance mechanisms at company level for individuals or communities that may be adversely affected (e.g. employees, residents, etc.). Suppliers shall establish and implement a written policy for handling complaints. Worker representatives must be involved in the process. Business partners should maintain a grievance register in which the submitted complaints and the handling of each case are documented. Further, business partners shall implement and promote an external back-up grievance mechanism to which affected stakeholders can turn if internal mechanisms are unable to bring a consensual agreement.

Complaints or indications of violations of the Seidensticker Group Code of Conduct can also be reported in anonymized form at any time. The reporting person is required to report only those complaints and information about which he or she is in good faith about the correctness of the corresponding report. All business partners guarantee to refrain from disadvantageous measures or disciplinary action against the reporting person.

### **Contact information:**

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