

SUPPLIER ETHICAL AND SUSTAINABLE BUSINESS

Code of Conduct

As a global retailer, we know that our responsibility goes far beyond selling great product. Our purpose and Ethical Framework guide our every move whilst we work to prioritise people and the planet, and create products our customer loves that we can all be proud of. We take a zero tolerance approach to unethical behaviour and in partnership with our suppliers we're committed to complete transparency at all levels of our supply chain.

We work together with our suppliers, to strategize and develop our ranges and aim to improve the livelihoods of everyone we touch. Our Supplier Ethical and Sustainable Business Code of Conduct details the expectations entrenched as our core values within the agreement we have with all of our suppliers. Our 14 Rules To Trade, Ethical Sourcing Program and all other policies and programs outlined within this document support our purpose to make a positive difference in people's lives.

We're proud of the great working relationships we have with each of our suppliers, and we continue to work closely with them to ensure the environments our products are made in are safe, fair, sustainable and responsible.

Compliance with the Law

We only partner with suppliers that agree to and comply with our Supplier Agreement. Our

Suppliers:

- Must comply with all applicable laws, regulations, ordinances, and all other legal requirements concerning the manufacture, packaging, packing, marking, import, export and delivery of our products.
- Acknowledge that we have zero tolerance for bribery and corruption and are obliged to notify us immediately if they become aware of bribery and corruption in any shape or form in dealings with the Cotton On Group.
- Acknowledge that we have zero tolerance to all forms of human trafficking and child labour and our Suppliers must comply with all laws preventing human trafficking, child labour and slavery.
- Must ensure they comply with the Australian Illegal Logging Prohibition Act 2012 and all equivalent logging legislation in the countries our products are supplied.

We have the ability at any time to request our Suppliers provide evidence of their compliance and may immediately terminate partnerships which do not align with our requirements and values.

14 Rules to Trade

All of our suppliers and their factories across all levels of our production process are required to understand and comply with our 14 Rules To Trade which is entrenched within our Supplier Agreement.

Our 14 Rules To Trade cover all four points set out by the International Labour Foundation's Fundamental Principles to Rights at Work, the prohibition of regular and excessive overtime, and provisions to protect worker health and safety.

1. **NO CHILD LABOUR**
Suppliers and factories must not employ children under the age of the local legal minimum working age.
2. **NO FORCED LABOUR**
Suppliers and factories must not allow any form of forced labour including bonded, involuntary, prison labour or acts of human trafficking.
3. **RESPECTFUL WORKING ENVIRONMENT INCLUDING DIVERSITY, EQUALITY AND INCLUSION**
Suppliers and factories must promote and support diversity, equality and inclusion for all employees. There must be no discrimination in the recruitment of employees or in employment practices. Every employee must be treated with respect and dignity. No physical, sexual or verbal harassment or abuse will be permitted.
4. **WORKING CONDITIONS ARE SAFE AND HYGENIC** Suppliers and factories must ensure all operations are safe and clean. All factories must be structurally sound, consistent with all applicable laws and regulations and must hold a valid building safety and fire safety certificate.
5. **ADVANCING TO LIVING WAGES**
Suppliers and factories must ensure that wages paid for a working week must be at least the minimum national standard or collective bargaining agreement. Suppliers and factories must be on the journey towards payment of living wages where wages are enough to meet an employee's basic needs and provide some discretionary income.
6. **NO BRIBERY AND CORRUPTION**
Under no circumstances will the Cotton On Group tolerate the practice of bribery and corruption in any shape or form in dealings with a supplier or factory or any of their employees, or associated parties.
7. **FAIR WORKING HOURS**
Working hours and benefits for all employees must comply with national / local laws and industry benchmark standards. Employees must be compensated for overtime hours at the rate legally required in the country of manufacture and all overtime work must be consensual.
8. **ALL EMPLOYMENT LAWS ARE FOLLOWED**
Suppliers and factories must ensure that work performed must be on the basis of recognised employment relationships established through national laws and practices. This must be supported by providing each employee with a clear, understandable labour contract containing all legally required employment terms, entitlements and conditions.
9. **DISCLOSURE OF ENTIRE SUPPLY CHAIN**
Suppliers must not use factories for Cotton On Group production without Cotton On Group's prior approval. Suppliers must disclose all factories (including final stage factory, inputs factory, components suppliers and raw material suppliers) used for Cotton On Group production, and both suppliers and factories must not refuse inspection from any Cotton On Group or third party auditor.
10. **RESPECT FOR FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**
Suppliers and factories will respect the rights of employees to associate, organize and bargain collectively in a lawful and peaceful manner, without penalty or interference. This includes the right to form and join trade unions or other employee associations of their own choosing. Where the rights to either are restricted under law, the appropriate channels to ensure a reasonable and independent exercise of such rights must be designed.
11. **REDUCE ENVIRONMENTAL IMPACT**
Suppliers and factories must strive to maximize sustainable resources to reduce their carbon footprint and improve environmental performance. Suppliers and factories must comply with all applicable national and international environmental laws, standards and regulations.
12. **RESPONSIBLE SOURCING - RAW MATERIALS AND PRACTICES**
Cotton On Group prohibits specific materials and practices for all Cotton On Group products. This includes: materials sourced from high risk regions; harmful chemicals; animal testing of any product or formulation either during production or on finished products; and those legally required in the country of manufacture and/or sale.
13. **A VALID BUSINESS LICENSE AND BUILDING PERMIT MUST BE HELD**
A business license to manufacture and a building permit fit for use must be held by any Cotton On Group producing factory.
14. **IMPLEMENTATION AND PROVING COMPLIANCE TO THE 14 RULES TO TRADE**
Suppliers must implement and promote Cotton On Group's 14 Rules to Trade throughout their entire supply chain (including final stage factory, inputs factory, components suppliers and raw material suppliers). Suppliers and factories must maintain relevant records regarding their operations and provide this information upon request. Factory inspection is to be permitted during any time of operation. No disciplinary action, dismissal or discrimination against any employee for providing information concerning observance of these rules is permitted.

14 Rules to Trade (cont)

We do not partner with suppliers until we have received evidence of their compliance with our 14 Rules to Trade. Our 14 Rules To Trade is an ongoing commitment and we continually monitor all of our suppliers' compliance. If at any point they are unable to demonstrate their compliance with our 14 Rules of Trade, we have the ability to immediately terminate partnerships.

A summary of the 14 Rules To Trade is available in a poster format in English, Chinese and Bengali and is required to be posted in an accessible location where it is visible by all factory workers.

Cotton On Group Ethical Sourcing Program

Our Ethical Sourcing Program, which encompasses our 14 Rules To Trade, guides and governs the sourcing, manufacturing and supply of all of our products.

Our Ethical Sourcing Team consists of team members not only located at our Global Support Centre in Australia but also on the ground in regions where our suppliers are located.

Onboarding Suppliers and Factories

Goods supplied to the Cotton On Group must be manufactured in factories which are registered with Cotton On Group internal supply chain systems. Therefore, before entering into any order, the Cotton On Group and the supplier needs to agree on which factory the supplier may source the Goods/Services from and at which factories the Goods will be manufactured or stored.

Approval to supply to the Cotton On Group will be determined upon successful receipt of independent evidence of compliance to the 14 Rules To Trade. All suppliers and their factories will be graded according to the level of compliance which is detailed in the Audit Grading section.

New Suppliers and new Tier 1 factories must follow the Cotton On Group supplier and factory onboarding guidelines and must meet all minimum audit requirements in order for the onboard process to be successful and to obtain approval to commence production. Supply of goods or services can only commence upon advice of an 'Approved' supplier & factory status.

Our suppliers are also required to ensure that agreements they enter into with third party factories contain clauses that:

- Acknowledge the third party is aware of and will comply with our Ethical Sourcing Program
- Allow us or our third party agents to have full access to any premises where our products are being manufactured
- If any of our approved or existing factories changes location, the factory is required to go through the onboarding process again as we classify all factory re-locations as completely new factories.

Ethical Sourcing Audit Program

Our Ethical Sourcing Program is underpinned by a robust auditing, corrective action and remediation process. All Supplier and factories must be transparent and cooperative to ensure full compliance with the requirements of this Ethical Sourcing Guide and provide evidence of full compliance against the 14 Rules to Trade via audits.

