



Supplier Ethical & Sustainable Business Code of Conduct

COTTON ON

As a global retailer, we know that our responsibility goes far beyond selling great products. Our purpose and Ethical Framework guide our every move whilst we work to prioritise people and the planet and create products our customers love - products 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 strategise 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 Programme, and all other policies and programmes 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 or corruption in any shape or form in dealings with the Cotton On Group.
- Acknowledge that we have zero tolerance for all forms of human trafficking and child labour, and 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 from which 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 that do not align with our requirements and values.

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 are entrenched within our Supplier Agreement.

Our 14 Rules to Trade cover all four points set out by the International Labour Foundation’s Fundamental Principles and 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 HYGIENIC

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, organise 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 maximise 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.

We do not partner with suppliers until we have received evidence of their compliance with our 14 Rules to Trade. The 14 Rules to Trade represent an ongoing commitment, and we continually monitor all of our suppliers’ compliance. If, at any point, a supplier is unable to demonstrate compliance with our 14 Rules to Trade, we reserve the right to immediately terminate the partnership.

A summary of the 14 Rules to Trade is available in poster format in English, Chinese, Bengali, Vietnamese, and Hindi, and must be displayed in an accessible location where it is clearly visible to all factory workers.



Ethical Sourcing Program

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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 our products.

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

ONBOARDING SUPPLIERS AND FACTORIES

All goods supplied to the Cotton On Group must be manufactured in factories that are registered within the Group's internal supply chain systems. Prior to placing any orders, both the Cotton On Group and the supplier must agree on the specific factory from which goods or services will be sourced, manufactured, or stored.

Approval to supply will be granted only upon successful submission of independent evidence demonstrating compliance with the Group's 14 Rules to Trade. Suppliers and their factories will be assessed and graded based on their level of compliance, as outlined in the Audit Grading section.

New suppliers and new Tier 1 factories must adhere to the Cotton On Group's onboarding guidelines and meet all minimum audit requirements to be approved for production. Production or service delivery may only begin once the supplier and factory have been formally notified of their 'Approved' status.

All onboarding documentation must be completed in full and submitted for review, along with factory photos taken within the last seven days.

Our suppliers must ensure that agreements with third-party factories include clauses that:

- Confirm the third party is aware of and agrees to comply with our Ethical Sourcing Program.
- Grant us or our authorised third-party agent full access to any premises where our products are manufactured.
- Require any approved or existing factory that changes location to undergo the onboarding process again, as all factory relocations are treated as new factories.

ETHICAL SOURCING AUDIT PROGRAM

Our Ethical Sourcing Program is supported by a strong framework of auditing, corrective actions, and remediation. All suppliers and factories are expected to operate with full transparency and cooperation, ensuring compliance with this Ethical Sourcing Guide and providing verified evidence of adherence to the 14 Rules to Trade through audits.



Ethical Sourcing Program

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AUDIT SCHEDULING

Cotton On Group Ethical Sourcing audits will be prioritised based on the following criteria and may be conducted on an unannounced, semi-announced, or announced basis.

- Risk or impact level and strategic partners along with their approved Tier 1 factories
- New factory being onboarded to Cotton On Group supply chain
- Priority of audit grading; RED, BRONZE, SILVER and GOLD, with outstanding critical findings
- Existing factory with expired audit cycle
- Existing factory with significant changes in operation (i.e. new premises or new location, new ownership, expanded facilities)
- Existing factories subject to rotation spot audits or shadow audits

MUTUAL RECOGNITION REQUIREMENTS

We will review and recognise external international social compliance audit schemes to onboard suppliers in accordance with the Cotton On Group's 14 Rules to Trade and Ethical Sourcing Program. A full Cotton On Group Ethical Sourcing audit may be conducted within 12 months from the approval date. The approved list below of external international social compliance audit schemes will be reviewed annually and may change without notice.

All schemes must also meet the following criteria:

- Conducted within the last 12 months.
 - Includes a full copy of the audit report, Corrective Action Plan, related audit certificate with rating
 - Factory photos, no older than seven days, must be submitted using the provided photo template.
 - Sedex members must ensure the audit and caps are uploaded onto the Sedex platform with any non-conformances detailed.
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- ✓ Amfori Business Social Compliance (BSCI)
 - ✓ Worldwide Responsible Accredited Production (WRAP)
 - ✓ SEDEX Member Ethical Trade Audit (SMETA)
 - ✓ SA8000
 - ✓ Initiative Clause Sociale (ICS)
 - ✓ Better Work/ILO
 - ✓ International Council of Toy Industries (ICTI)
 - ✓ Social and Workforce Compliance Programme (SLCP)

Ethical Sourcing Program

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SUSTAINABLE BUSINESS AND SUPPLY CHAIN PERFORMANCE (SEDEX)

We utilise the Sedex platform for the secure exchange of ethical sourcing data with suppliers. If our suppliers and factories are members, they are required to ensure that ethical sourcing audits and non-conformances are shared on the Sedex platform and uploaded by an approved auditor.

ETHICAL SOURCING FACTORY AUDIT GRADING

The table below sets out the criteria against which audit results will be assessed to provide a colour coded grading for each factory which determines the frequency of re-audit.

Ethical Sourcing Audit Grading for existing suppliers/factories:

AUDIT GRADE	APPROVAL STATUS	AUDIT FREQUENCY	
Gold	Approved	12 months	0 Zero Tolerance, 0 Criticals
Silver	Approved	12 months	0 Zero Tolerance, Less than 5 Criticals
Bronze	Approved	6 months	0 Zero Tolerance, Between 5 - 7 Criticals
Red	Conditionally Approved	3 months	1 Zero Tolerance OR 8+ Criticals *Verification audit required in 2 months vs CAP date. The independent audit cost is to be born by the factory
Black	Not Approved	No further audit required	More than 1 Zero Tolerance OR Failed verification audit

ZT REMEDIATION AND ESCALATION PROCESS

We maintain a zero-tolerance policy on critical issues including child labour, forced labour, falsified documentation, invalid business licenses, harassment and abuse, failure to pay minimum wage, unauthorised Tier 1 factories, bribery, and corruption. Any zero-tolerance findings identified by an auditor must be reported to the Head of Ethical Sourcing within 24 hours.

Findings may also be identified by any of the following means:

- Factory employees via the Confidential Reporting Service in all countries where we operate.
- Factory visits by our staff.
- Media reports.
- Government or civil society inspection reports, including those from the Bangladesh RMG Sustainability Council (RSC).

The Zero Tolerance Protocol will be activated for factories with zero-tolerance allegations, triggering a thorough investigation. The supplier will also be formally notified of the zero-tolerance findings and the required corrective actions. If the allegations are substantiated, the factory may receive a RED grading for 12 calendar months and or face potential commercial consequences.



Ethical Sourcing Program

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The Ethical Sourcing team will keep the relevant Cotton On Group production management team informed of critical findings that could impact production status and business outcomes.

REFUSAL OF ENTRY TO AUDITORS

As a condition of the Supplier Agreement, factories must provide access to Cotton On Group team members and authorised representatives to enter and inspect the factories.

If a supplier refuses entry for an announced, semi-announced, or unannounced audit, the matter should be escalated to the Head of Ethical Sourcing.

The brand and/or the Head of Ethical Sourcing will contact the supplier directly to ensure they understand the requirements set out in the Supplier Agreement.

BANGLADESH RMG SUSTAINABILITY COUNCIL (RSC) - FIRE, ELECTRICAL AND BUILDING SAFETY

We are signatories of the RSC, an independent agreement designed to make all garment factories in Bangladesh safe workplaces. It includes independent fire safety inspections at factories, electrical and structural engineering assessments, and public reporting of the inspection results.

COTTON ON GROUP SUPPLIER AND FACTORY TRACEABILITY PROGRAM

Suppliers must obtain approval from Cotton On Group before using any factories to manufacture our products. They are required to disclose all factories involved in production - including final-stage factories, input factories, component factories, and raw material suppliers. Both suppliers and factories must allow inspections by Cotton On Group or authorised third-party auditors without refusal.

We require suppliers to provide full supply chain disclosure through our traceability audit, conducted twice annually.

If suppliers wish to make any changes to their supply chain, they must submit a written notification of the proposed change and receive audit approval before production starts.



Ethical Sourcing Program

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RESPONSIBLE SOURCING: ANIMAL WELFARE, SUSTAINABLE MATERIALS & ENVIRONMENTAL COMMITMENT

We are committed to sourcing fibres, materials, and manufacturing processes more sustainably to reduce our impact.

Learn more about our suppliers’ commitment to animal welfare, certified sustainable materials, and chemical management [here](#).

SUSTAINABILITY COMMITTEE

Our Board has an active role in sustainability and ethical sourcing. Our Sustainability Committee helps develop our sustainability strategic framework and objectives, ensures alignment on key programs, and reviews progress.

Input to our Ethical Sourcing and Sustainability programs is provided by the Steering Committee, internal leadership teams, subject matter experts, and external consultants.

[JM1]Will need to add after the animal policy is updated and uploaded first.