

Supplier Ethical & Sustainable Business Code of Conduct

COTTON ON

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 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 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.

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. 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, Vietnamese, Hindi and Bengali and is required to be posted in an accessible location where it is visible by 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 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. We require full disclosure of the entire supply chain essential to our production, beginning from the onboarding process. The provided list must be updated twice a year as part of this requirement.

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 auditors 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.



Ethical Sourcing Program

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AUDIT SCHEDULING

Cotton On Group Ethical Sourcing Audit Prioritisation

Cotton On Group Ethical Sourcing audits are prioritised based on risk and impact and may be conducted on an unannounced, semi-announced, or announced basis.

Audit Notification Process

Audits are scheduled within a 4-week window. Once an audit notification is issued, the factory must submit a fully filled self-assessment form within two weeks. The audit will then take place within the 2–4-week window, without a confirmed audit date.

Audit Prioritisation Criteria

Audits are prioritised based risk and impact level.

- Supplier Tier Priority – Tier 1 (T1) factories are prioritised follow by Tier 2–4 (T2–T4).
- Audit Grading Priority – Factories with lower audit ratings are prioritised in the following order:
 - Red/Bronze /Silver / Gold
- Production Status – Factories that have had production in the past 12 months or are planned for production within the next 3 months.
- New Suppliers – Factories to be onboard into the Cotton On Group supply chain.
- Expired Audit Cycle – Existing factories whose audit validity period to be expired in 3 months' time
- Outstanding Non-Conformances – Factories with unresolved critical, major, or other non-conformance findings
- Operational Changes – Factories that have undergone significant operational changes, such as new premises or relocation, change in ownership, expansion of facilities
- Random or Shadow Audits – Existing factories may be selected for random spot checks or shadow audits, which are conducted on an unannounced basis.

MUTUAL RECOGNITION REQUIREMENTS

We will review and recognise external international social compliance audit schemes to onboard as per the Cotton On Group 14 Rules to Trade and Ethical Sourcing program. A Cotton On Group Ethical Sourcing full 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/or change without notice and 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.

Amfori Business Social Compliance (BSCI)

- ✓ Worldwide Responsible Accredited Production (WRAP)
- ✓ SEDEX Member Ethical Trade Audit (SMETA)
- ✓ Social and Workforce Compliance Programme (SLCP)
- ✓ SA8000
- ✓ Initiative Clause Sociale (ICS)
- ✓ Better works/ILO
- ✓ International Council of Toy Industries (ICTI)
- ✓

Ethical Sourcing Program

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ETHICAL DATA EXCHANGE (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 ethical sourcing audits and non-conformances are shared on the SEDEX platform and uploaded by an approved auditor.

AUDIT GRADING

The table below sets out the criteria against which audit results will be assessed to provide a 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 Critical Findings
Silver	Approved	12 months	0 Zero Tolerance, Less than 5 Critical Findings
Bronze	Approved	6 months	0 Zero Tolerance, Between 5 - 7 Critical Findings
Red	Conditionally Approved	3 months	1 Zero Tolerance OR 8+ Critical Findings <small>*Verification audit required in 2 months vs CAP date. The independent audit cost is to be born by the factory</small>
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 approach to critical, high-risk issues within our supply chain. These include Child Labour, Forced Labour, Falsified Documentation, Invalid Business Licences, Harassment and Abuse, Failure to Pay Minimum Wage, Unauthorised subcontractor, Bribery, and Corruption.

Our Zero Tolerance (ZT) requirements form a core component of our Ethical Sourcing (ES) training, which is mandatory for all newly onboarded suppliers. Refresher training is delivered quarterly, together with additional topics aligned with our annual ethical sourcing strategy.

Where a zero-tolerance finding is identified during an audit, the auditor must notify the Head of Ethical Sourcing immediately while still on the factory premises, or at the latest within 24 hours of identifying the issue.

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

- Factory employees via the grievance mechanism.
- Factory visits by our staff.
- Media reports.
- Government/civil society inspection reports (i.e., the Bangladesh RMG Sustainability Council (RSC) on Fire and Building Safety).

We have an internal remediation process to address any Zero Tolerance findings identified at factories. This process requires joint effort to conduct a root cause analysis, implement immediate corrective actions, and develop both short-term and long-term strategies to prevent recurrence. These actions are designed to strengthen monitoring and ensure compliance with legal requirements and our 14 Rules to Trade across the supply chain.

The remediation process and proposed corrective actions are reviewed and approved by our Sustainability Steering Committee, which includes members of the Board of Directors.

If the factory fails to remediate the Zero Tolerance finding within the required timeframe or if more than Zero Tolerance identified during the remediation process, their status within the Cotton On Group supply chain will be moved to 'Not Approved' and will be banned from further use.

REGULAR CORRECTIVE ACTION PLAN MANAGEMENT

Supplier Corrective Action Management Process (Post-Audit)

1. Audit Result Notification

- The supplier receives the audit report and list of critical findings from Cotton On
- The report will specify the severity level and the required response timeline which auditor has emphasised during the closing meeting after audit.

2. Internal Review of Findings

- The supplier must review the audit findings with relevant internal departments (e.g., Quality, Production, Ethical Sourcing officer, Management).
- Each critical finding should be clearly understood, including the requirement that was not met.

3. Root Cause Analysis

- Conduct a structured root cause analysis for each critical finding using recognised methods such as:
- The goal is to identify the actual cause, not only the symptom.

4. Development of Corrective Action Plan (CAP)

For each critical finding, the supplier must prepare a corrective action plan using our CAP template fill in all the required areas of:

- Description of the issue
- Immediate containment action (if applicable)
- Corrective action to eliminate the root cause
- Preventive measures to avoid recurrence
- Responsible person/department
- Target completion date

REGULAR CORRECTIVE ACTION PLAN MANAGEMENT

Supplier Corrective Action Management Process (Post-Audit)

5. Submission of Corrective Action Plan

- The supplier must submit the completed CAP to the auditing organisation within the required timeline (within 2 weeks days after receiving the audit report).

6. Implementation of Corrective Actions

- The supplier implements the corrective and preventive actions according to the approved CAP timeline.
- All actions must be documented and supported with evidence (e.g., revised procedures, training records, photos, system updates).

7. Evidence Submission

- The supplier submits objective evidence demonstrating that the corrective actions have been implemented.
- Evidence should clearly show that the root cause has been addressed.

8. Verification and Closure

- Cotton On auditor reviews the submitted evidence.
- If the corrective actions are sufficient, the critical finding will be closed.
- If additional actions are required, the supplier must revise and resubmit the CAP.

9. Follow-Up Verification

- For critical findings, a follow-up audit or verification review may be conducted to confirm effective implementation.

10. Continuous Monitoring

- The supplier should monitor the effectiveness of implemented actions and ensure the issue does not recur.

ENVIRONMENTAL IMPACT AUDIT SCOPE

The audit assesses the supplier's environmental management practices, with a focus on decarbonisation, renewable energy use, and chemical control. It reviews efforts to reduce emissions, increase the use of renewable energy, and ensure the safe and responsible management of chemicals in operations.

Annual supplier performance is evaluated based on progress in monitoring energy use, water consumption, and emissions, as well as the development and implementation of improvement plans.



Ethical Sourcing Program

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BANGLADESH RMG SUSTAINABILITY COUNCIL (RSC) ON FIRE AND BUILDING SAFETY

We are signatories of The RSC on Fire and Building Safety in Bangladesh, an independent agreement designed to make all garment factories in Bangladesh a safe workplace. It includes independent fire safety inspections at factories, electrical and structural engineering tests, and public reporting of the results of these inspections.

COTTON ON GROUP SUPPLIER AND FACTORY TRACEABILITY PROGRAM

Our suppliers cannot use factories to manufacture our product without our approval.

Our suppliers must disclose all factories (including final stage factory, inputs factory, components factory and raw material suppliers) used for the production of our products, and both suppliers and factories must not refuse inspection from any Cotton On Group or third party auditor.

We require our suppliers to disclose their full supply chain to us via our traceability audit two times per year.

If our suppliers wish to make changes to their supply chain, they must notify us of the proposed change immediately and cannot implement the proposed change unless and until it has been approved. Use of unauthorised subcontractors is strictly prohibited. This constitutes a Zero Tolerance (ZT) violation, and the Zero Tolerance protocol will be applied, which may result in termination of the business relationship

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 supplier's commitment to animal welfare, certified sustainable materials and chemical management, refresh the new link

REFUSAL OF ENTRY TO AUDITORS

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

In the event that a supplier refuses entry to an announced, semi-announced or un-announced audit, this 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 understanding of the requirements set out in the Supplier Agreement.

SUSTAINABILITY STEERING COMMITTEE

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

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