Code of Conduct and Business Ethics

Introduction and purpose

At The Cotton Group, we believe that human rights, environmental protection, a strong moral code, and consistent set of values, go together with business, and that we have a role to play in society both socially and environmentally. We strive to meet and exceed the expectations of our key stakeholders to ensure that our efforts generate concrete positive results.

The greatest reward for our efforts in terms of sustainability is to see a concrete and continued upgrade of the working conditions of our people, whether directly or indirectly engaged in our value chain as well as measurable reductions of our environmental impact.

As a cornerstone of our sustainability commitment, The Cotton Group is inspired by the UN Global Compact and its guiding principles for Corporate Responsibility on human rights, labour, environment, and anti-corruption.

As part of The Cotton Group, we are all responsible for following this Code of Conduct and Business Ethics wherever we work and whatever our role is. Our Code of Conduct and Business Ethics means more than just following the law and our policies. It's about using our values to guide our conduct and decision-making to ensure that we always do the right thing and conduct our business in a fair, open and honest way.

Knowing our policies, applying good judgement, being honest and speaking up are just some of the ways that we can build pride in The Cotton Group and in our brands to help build a stronger, more sustainable, and lasting business.

It is the responsibility of each person to comply with these standards, and if in doubt, the employee must seek guidance from his or her manager or local HR.

If you suspect the standards of The Cotton Group or national and local laws are being violated, you should report your suspicion immediately.

Any person disclosing, in good faith, violations or suspected violations of legal requirements or The Cotton Group Code of Conduct and Business Ethics will not be subjected to retaliation or retribution. You can call the Group office on +45 53 63 89 00 for guidance or can file a report with The Cotton Group's Helpline via the following link: https://thecottongroup.integrityline.com/

Scope

This Code of Conduct and Business Ethics applies to:

- All The Cotton Group directors, managers, employees (full and part time) and temporary workers (such as consultants, contractors or sub-contractors) no matter the location or the scope of work.
- All geographic locations and functions within The Cotton Group.
- All subsidiary companies, branches and offices.

We expect all our suppliers, factories, agents, distributors, and joint venture partners to comply with this Code of Conduct and Business Ethics by participating in our compliance program, adopting similar ethical standards and periodically monitor their performance to ensure on-going compliance.

Employees

We value the uniqueness of individuals and the various perspectives and talents they provide.

Employees are our Company's most valuable resource and are essential to our success. In the course of our daily work, we use our creativity, experience, technology and perseverance to find innovative and practical solutions to all challenges that arise. As an employee, you are expected to:

- assume personal responsibility for performing your duties with fairness and integrity;
- agree to do your part to achieve The Cotton Group's objectives to the extent of our abilities, while making decisions consistent with the Code of Conduct and Business Ethics, and without compromise;
- understand and comply with the Code of Conduct and Business Ethics and review it from time to time.

Health and safety

We provide a safe and healthy working environment and do not compromise the health or safety of any individual

Our aim is to create an accident-free workplace and we are committed to continuous improvement in health and safety performance throughout our operations and tier one suppliers.

We have high standards of care for the safety of our people, products, and operations and for the environment in which our people work. Young workers below the age of 18, new and expecting mothers and persons with disabilities, shall receive special protection.

We provide the necessary training and resources to allow for the safe performance of day-to-day activities and will as a minimum comply with local health and safety laws in every country where we operate. Effective safety management requires the active involvement of every employee.

Labour rights

We are committed to internationally agreed standards of human rights and labour standards as set out by the UN, the International Labour Organisation (ILO) and the OECD guidelines.

We believe that all employees and other types of workers should be treated fairly, whether employed by The Cotton Group or its suppliers, this includes:

- Receiving fair compensation in line with the higher of the minimum wages or the industry wages, providing a sufficient salary to afford a decent standard of living for them and their families.
- Working hours that comply with applicable laws and industry standards. Workers should not be required to work more than 48 standard hours per week with at least one day off every 7th day. When allowed by law and in exceptional situations, employees be required to work overtime and on rest days.
- Working relationships shall be legally binding and all obligations to employees under labour or social security laws and regulations shall be respected. Employees shall have the freedom to form and join trade unions – or to refrain from doing so. Collective bargaining shall be recognised and respected.

- Zero-tolerance for any forced or involuntary labour whether prisoned, bonded, endangered etc.
- No employment of children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO apply.

Respect, diversity, and inclusion

We view diversity as personal and cultural differences, as well as different work and life experiences, to be an important part of our business.

Inclusion is our approach to promoting diversity, whereby we enable all employees to contribute in line with their full potential and make use of it in our daily business. We treat all workers with respect and dignity.

We believe diversity and inclusion represent sources of innovation and tools to fulfil customer expectations in our global marketplace, and view them as a means to attract, develop and retain talent. Working together as a team and utilising the unique competencies and everyone's know-how is crucial to our success. To benefit from all our diverse perspectives, we are committed to a culture of inclusion in our workplace and to provide equal opportunities and similar treatment regardless of race, ethnicity, nationality, religion or belief, gender, sexual orientation, gender identity or expression, age, disability, marital or family status, political affiliation, membership of unions or any other characteristic that could give rise to discrimination. However, we do not accept personal engagement, sponsorship, or membership of illegal organisations.

Employees must in all situations act with dignity, integrity, and respect. We do not accept any form of violence, intimidating or disrespectful behaviour, bullying, harassment, unwanted sexual advances or economic or psychological abuse and it is never acceptable for any person in a managerial position to act in a manner that could be perceived as exploitation of their position of power and authority.

Environment

We promote sustainable development and aim to minimise our impact on the environment.

We strive to run efficient operations that; minimise waste and reduce any negative effect of our business activities on the environment,

- Reducing any harmful effects of the operations on the natural environment.
- Continually looking for ways to reduce the environmental impact of our operations and products.
- Providing information and advice to our customers regarding sustainable and renewable products and supply such products where appropriate.
- Encouraging all employees to conduct their work to the highest environmental practices and minimising the waste of natural resources.
- Reviewing and reporting regularly on the extent of the Group's environmental performance, initiatives and objectives.

Each brand is responsible for identifying and setting their own environmental improvement targets and initiatives to achieve their objectives such as improving recycling and reducing CO2 emissions, chemicals, and water consumption.

Environmental responsibility means operating our business and providing products and services in a way that minimises environmental impact and contributes to a more sustainable future.

We actively work to improve our environmental performance in our own operations and do our utmost to influence the performance of our suppliers and customers. We seek to set the standards.

We use a risk-based sustainability perspective when identifying environmental aspects and determining ways to reduce or minimise the impact of our business on the environment. We take positive, precautionary actions if we discover that our activities may harm the environment.

Animal welfare

Animal welfare is important to us, and no animals should be harmed in the making of our products.

- In businesses where animals are used in the production (fur, wool, leather, silk etc.) such animals must be fed and treated with dignity and respect and no animal must deliberately be harmed nor exposed to pain in their lifespan.
- Taking the lives of animals must, at all times, be conducted using the quickest and the least painful and non-traumatic method available and approved by national and acknowledged veterinarians and only conducted by trained personnel.
- None of the chemical and substances used for our production of fabrics or for the production itself is subject to testing on animals.

Bribery and Corruption

We have a zero-tolerance policy towards any form of bribery and corruption

- Bribery in broad terms, is the receiving or offering of undue reward or anything of value, including payments to secure a business advantage, to which the company is not entitled. Anything of value can be a bribe, including a gift in kind or some other favour such as an offer of employment to a relative of the person being bribed.
- Corruption can include gifts, bribery, kickbacks, facilitation payments or other forms of improper business practice. Corruption like bribery can be summarised as the misuse of power or office that has been given to someone, whether in the public or private sector, for private or company gain.
- Kickbacks arise when payments are made, or benefits are given to anyone – either an individual or organisation different than the legal party originally being invoiced or in other situations where invoices are knowingly being used to misrepresent the cost towards the actual cost bearer. Facilitation payments are small bribes to officials with an aim to expedite or speed up routine processes to which the payer is already entitled. Examples include payments to speed up customs clearances and extra fees to officials to secure electricity connections.
- Excessive hospitality can be seen as either giving or receiving a bribe. Such hospitality can include gifts, entertainment, invitations to events (for example sporting events) or other social activities.

Competition

All of our brands and personnel compete vigorously but fairly and legally

We must comply with all competition and antitrust rules in the countries in which we operate. We believe competition is in the best interest of our company, our customers, our employees, and society at large, as it drives efficiency and innovation, which are the basis of a well-functioning market economy.

We respect competition laws in all the markets in which we are active and ensure that employees where relevant are knowledgeable about competition law and have access to legal advice, to assist employees in navigating competition laws.

Gifts and hospitality

We compete and do business based only on quality and competence.

Employees may only offer or accept 'reasonable' and 'proportionate' hospitality (such as dinners or sporting events) and gifts which are appropriate under the circumstances. Gifts, meals, or entertainment shall not be accepted or offered if such behaviour could create the impression of improperly influencing the respective business relationship. All gifts and hospitality offered or accepted must comply with The Cotton Group's Gift, hospitality, and travel guideline as well as local laws and regulations, including the recipient's own rules (bearing in mind that government rules on offering and receiving gifts or benefit are often particularly tight).

Personal conflicts of interest

We must disclose any personal conflict of interest or perceived conflict to our manager

A conflict of interest arises, when an individual's personal interest, activities or relationships interfere, or have the potential to interfere, with their objective judgment, decision-making or behaviour, and as a result conflict or potentially conflict with the interests of the company. A conflict of interest can be direct or indirect as it refers not only to personal interests, but also to the interests of family members and friends. Such interests include but are not limited to, financial interest, personal relations, and involvement in external organisations. This could be the employment of friends or family members within the company, entering contracts with business partners, where friends or family members are working, or investments in competitors, customers, or suppliers. All employees should promptly discuss any direct or indirect personal interest, that may create, or be viewed to create a conflict of interest in their role in the company, with their immediate manager.

An employee in a managerial position, who is in or has entered into a family or personal relationship with a colleague, is always a potential conflict of interest, regardless of whether the colleague reports to the manager. Such relationships must be disclosed to the immediate manager who will discuss with the Brand CEO, whether both employees can continue in their positions. If neither of the persons in the relationship have a managerial position i.e., have other employees reporting to them, it is not required, that the relationship is disclosed as such, but if a potential conflict arises involving the two employees, the relationship should be immediately disclosed to both parties' immediate managers.

If you are in doubt, please consult with group office in Copenhagen. The company's interest as judged by its management shall always prevail in case of employees' conflict of interest.

Confidential information

We value and protect our confidential information and we respect the confidential information of others

Confidential information consists of any information that is not or not yet public information. It includes trade secrets, business, marketing and service plans, consumer insights, engineering and manufacturing ideas, designs, databases, records, personal data and any non-published financial or other data.

Unless required by law or authorised by the Board of Directors, personnel shall not disclose confidential information or allow such disclosure. This obligation continues beyond the termination of employment. Furthermore, we must use our best efforts to avoid unintentional disclosure by applying special care when storing or transmitting confidential information.

We respect that third parties (suppliers, factories, agents, distributors, and joint venture partners) have a similar interest in protecting their confidential information. If third parties share confidential information with The Cotton Group, such information shall be treated with the same care as if it was The Cotton Group's own confidential information. Employees are never allowed to use confidential information for their own gain or stock trading purposes.

Protection of personal information

Personal information is any information directly or indirectly related to an individual.

We are committed to the protection of personal information of our employees and persons with whom we engage and handle personal information responsibly and in compliance with laws and regulations in countries where we operate.

We keep accurate and complete records

We believe that the integrity and accuracy of our business records are of utmost importance. We maintain well-managed and accurate records consistent with all applicable legal requirements and industry standards. This applies to each detail of our business.

Suppliers, factories, agents, distributors, and joint venture partners

We could be seen as liable for the acts of people that act on our behalf

We take responsibility for the suppliers, factories, agents, distributors, and joint venture partners with whom we cooperate and expect the same level of integrity, honesty and ethical behaviour from them as they can expect from us.

We partner with third parties with whom we can build mutually beneficial relationships and deal with them in a fair and transparent manner, guided by criteria of fair competition, impartiality, compliance with laws, equity in pricing and quality of goods.

We expect all our suppliers, factories, agents, distributors and joint venture partners to comply with this Code of Conduct and Business Ethics by participating in our compliance program, adopting similar ethical standards and we periodically monitor their performance to ensure on-going compliance.

Compliance with the guidelines

It is each person's responsibility to comply with these standards and to report it promptly if The Cotton Group standards or national and local laws are being violated.

Any person disclosing, in good faith, violations or suspected violations of legal requirements or The Cotton Group Code of Conduct and Business Ethics will not be subjected to retaliation or retribution.

Likewise, failure to comply with the provisions of the Code of Conduct and Business Ethics will not be tolerated, and it is regarded as a breach of the employment agreement.

We must all work together to ensure prompt and consistent action against violations of this Code of Conduct and Business Ethics. In some situations, however, it is difficult to know if a violation has occurred. Because we cannot anticipate every situation that will arise, it is important that we have a way to approach a new question or problem. These are the steps to keep in mind:

- Ask yourself: What specifically am I being asked to do? Does it seem unethical or improper? Use your judgement and common sense. If something seems unethical or improper, it probably is.
- Discuss the problem with your manager. This is the basic guidance for all situations. In many cases, your manager will be more knowledgeable about the questions, and will appreciate being consulted as part of the decision-making process.
- In cases where it would be inappropriate or uncomfortable to discuss an issue with your manager, or where you believe your manager has given you an inappropriate answer, seek help locally with your local HR and / or the next management level. You are also welcome to reach out to the Group office on +45 53 63 89 00 in office opening hours 9 am – 4 pm CET.
- You may report ethical violations in confidence without fear of retaliation. If your situation requires that your identity be kept secret, we'll do our best to protect your anonymity to the maximum extent consistent with the Company's legal obligations. The Company in all circumstances prohibits retaliation of any kind against those who report ethical violations in good faith.
- **Ask first, act later.** If you are unsure of what to do in any situation, seek guidance before you act.

You can also file a report with The Cotton Group's Helpline via the following link:

https://thecottongroup.integrityline.com/