

2024

SOCIAL & ENVIRONMENTAL CODE OF CONDUCT

**APPAREL
GROUP**
SINCE 1996
EXCEED EXPECTATIONS EVERYDAY

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APPAREL GROUP

SOCIAL CODE OF CONDUCT

Apparel Group is committed to upholding the highest standards of Environmental, Social, and Governance (ESG) practices. We expect our suppliers worldwide to adhere to these principles, ensuring responsible and sustainable business conduct.

This Code of Conduct is grounded in Human Rights Principles and key International Labour Organization (ILO) conventions and recommendations (a detailed list can be found at the end of this document). By signing this Code, the supplier agrees to adhere to its guidelines and ensure that their subcontractors and partners are equally committed to its principles.



Compliance with this Code of Conduct is a fundamental and non-negotiable condition of our business relationship.



1.1 MANAGEMENT SYSTEM, TRANSPARENCY AND TRACEABILITY

1. The supplier shall establish and maintain a robust internal management system designed to ensure the following:

- i. All employment relationships are duly recognized and documented in accordance with applicable laws, customs, practices, and international labor standards, from recruitment to the termination of employment. This includes special categories of employees such as young workers, migrants (both international and national), seasonal workers, homeworkers, piece-rate workers, interns or apprentices, contract workers, and temporary workers.
- ii. All business operations, including sales and management activities, are conducted with full transparency and are accurately recorded in the supplier's official registers.
- iii. The principles of this Code are effectively communicated and consistently implemented throughout the supplier's organization.
- iv. The supplier shall identify and address any actions that violate the principles of this Code. This includes conducting root cause analyses for any issues and implementing corrective measures in accordance with national laws, customs, practices, and international labor

standards.

v. Those responsible for implementing this Code, as well as those handling related legal matters concerning employment law, health and safety, and environmental protection, shall be adequately informed and trained.

vi. The supplier shall actively prevent and take decisive action against all forms of corruption, extortion, embezzlement, and bribery.

vii. The supplier shall assess its impact on the local community, natural resources, and the environment. Appropriate procedures must be established to prevent and mitigate any adverse effects resulting from the supplier's operations. established to prevent and mitigate any adverse effects resulting from the supplier's operations.

2. Obligations to Circulate the Code of Conduct Throughout the Supply and Subcontracting Chain:

a. The supplier commits to disseminating the principles of this Code throughout its entire supply and subcontracting chain. Prior to any order placement, the supplier shall provide APPAREL GROUP with a comprehensive list of all factories owned by the supplier, as well as any subcontractors (entities authorized by the supplier to manage all or part of the final production assigned to the supplier). APPAREL GROUP strictly prohibits its orders from being produced in any factory that does not comply with this Code. Once an order has been confirmed by APPAREL GROUP, the supplier is prohibited from altering the previously disclosed list of factories or subcontractors without prior written approval

from APPAREL GROUP. Should any changes be required, written consent must be obtained from APPAREL GROUP before any modifications are implemented.

b. The supplier is responsible for ensuring that all factories and subcontractors within APPAREL GROUP's production chain comply fully with the principles outlined in this Code.

c. Should the supplier become aware of any violations of this Code within its supply or subcontracting chain, the supplier is obligated to promptly notify APPAREL GROUP. The supplier must also implement an immediate corrective action plan to address the non-compliance by the relevant supplier or subcontractor. If the non-compliant supplier or subcontractor refuses to cooperate with the corrective measures, the supplier shall commit to terminating its relationship with the offending party.

1.2 MINIMUM AGE, CHILD LABOUR AND YOUNG WORKERS

a. The supplier shall adhere to the applicable minimum age requirements for employment, ensuring that no person under the legal age for completing compulsory education is employed. In no case shall the minimum age for employment be less than 15 years old. However, if local legislation permits a lower minimum age of 14, in accordance with the exceptions provided under ILO Convention 138 for developing countries, this lower age may be applied.

b. The supplier shall not engage in the recruitment or exploitation of children in any form. If children are found on the production site (with the exception of designated childcare facilities), the supplier shall take immediate steps to resolve the situation in a manner that prioritizes the child's best interests, ensuring a sensitive and satisfactory outcome.

c. The supplier shall not employ young workers under the age of 18 in nighttime shifts or in any conditions that may endanger their health, safety, or moral integrity. Additionally, the supplier shall ensure that the employment of young workers does not jeopardize their physical, mental, spiritual, moral, or social development, in strict compliance with ILO Convention 182.

1.3 FORCED LABOUR

a. All work shall be performed voluntarily and without coercion, threat of penalty, or sanction.

b. The use of forced, compulsory, or unpaid labor in all its forms, including prison labor not in compliance with ILO Convention 29, and uncompensated overtime work, is strictly prohibited.

c. The supplier shall not require workers to provide unreasonable deposits or financial guarantees and shall not confiscate identification documents, such as passports or identity cards. All wages must be paid



In no case shall the minimum age for employment be less than 15 years old.

in a timely manner without undue delay.

d. Bonded labor is prohibited. The supplier shall not engage in or allow bonded labor practices, nor shall it encourage workers to incur debt through recruitment fees or other means.

e. Indentured labor is prohibited. The supplier shall respect workers' rights to terminate their employment following proper legal notice and allow workers to leave the workplace freely after their shift.

The Advisory Board consists of three members, two males, and one female, all of them of different nationalities. The management board also consists of three members, out of which two are male and one female.

The Board of Directors and executive management provide steadfast guidance and support to enable responsible business management and strategic decision-making. They define the Group's core objectives and ensure accountability across our business spectrum.

1.4 NON-DISCRIMINATION

a. The supplier shall promote equal opportunities in recruitment, compensation, access to training, promotion, termination, and retirement.

b. The supplier shall not engage in or tolerate any form of discrimination based on gender, age, religion, marital status, race, caste, social background, disability, pregnancy, ethnicity, nationality, union membership, political affiliation, sexual orientation, or any other personal characteristics, in any aspect of employment including hiring, promotion

and termination.

c. Employment decisions shall be based on an individual's ability to perform the job and not on personal characteristics or beliefs.

1.5 DISCIPLINARY PRACTICES, HARASSMENT AND ABUSE

a. The supplier shall treat all workers with respect and dignity at all times.

b. The supplier shall not engage in, condone, or tolerate any form of bullying, harassment, or abuse.

c. The supplier shall establish clear and understandable written disciplinary procedures, ensuring all disciplinary actions are documented and consistently applied.

1.6 FREEDOM OF ASSOCIATION AND GRIEVANCE MECHANISMS

a. Workers shall have the right to freely join or form trade unions and to engage in collective bargaining without interference from the supplier's management. The supplier shall not obstruct or interfere with these activities.

b. Where local laws restrict or prohibit freedom of association or collective bargaining, the supplier shall provide alternative means for independent and free representation and negotiation in alignment with ILO Conventions.

c. The supplier shall not discriminate or retaliate against worker representatives or trade union members for their participation in legitimate union activities.

d. Worker representatives shall have access to the workplace to carry out their responsibilities as stipulated by ILO Conventions.

e. The supplier shall maintain or participate in an effective grievance mechanism that allows individuals and communities to raise concerns.

f. In regions where legal restrictions on freedom of association exist, alternative mechanisms should be provided to ensure employees can express concerns and safeguard their interests.

1.7 WORKING HOURS AND OVERTIME

a. Working hours shall comply with national laws and ILO Conventions, whichever provides greater protection for workers' health, safety, and well-being.

b. The standard workweek shall not exceed 48 hours, excluding overtime, and workers shall not be required to regularly exceed this limit.

c. Overtime work shall be voluntary, not exceed 8 hours per week, and shall not be demanded regularly.

d. Workers shall have the right to at least one day of rest in every seven-day period, as well as paid annual leave and recognition of national and local holidays as prescribed by local laws.

1.8 REMUNERATION AND BENEFITS

a. The supplier shall compensate workers with wages, overtime pay, and benefits that meet or exceed legal minimums, industry standards, or collective agreements, whichever is higher.

b. Recognizing the fundamental importance of fair remuneration, the supplier shall strive to ensure that wages exceed minimum legal requirements and are sufficient to meet basic needs and provide discretionary income.

c. All overtime work shall be compensated at a premium rate, as stipulated by law and applicable agreements.

d. The supplier shall provide legally mandated benefits, including paid leave, to all workers.

e. Unlawful wage deductions or deductions as disciplinary measures are strictly prohibited.

f. Workers shall receive written and clear information about their employment conditions, including wages, prior to employment. Regular, detailed wage statements shall be provided during each pay period.

g. All work must be based on a legally recognized employment relationship, compliant with national laws and ILO Conventions, whichever provides greater protection.

h. The supplier shall not use labor-only contracting, excessive use of fixed-term contracts, apprenticeship schemes without genuine training, or any similar arrangement to evade obligations to workers under labor and social security laws.

1.9 HEALTH AND SAFETY

a. The supplier shall provide a safe and clean working environment and residential facilities, where applicable, with clear procedures for occupational health and safety.

b. Adequate measures shall be taken to prevent accidents and health risks related to work, with personal protective equipment provided as necessary.

c. Access to adequate medical assistance and facilities shall be ensured for all workers.

d. The supplier shall ensure that all workers have access to clean toilet facilities, drinking water, and, where applicable, sanitary facilities for food preparation and storage.

e. Residential facilities provided for workers must be clean, safe, and secure.

f. A senior management representative shall be responsible for health and safety compliance.

g. Regular, documented health and safety training shall be provided for workers and management, with refresher courses given to new or reassigned personnel.

h. Adequate fire safety measures shall be in place, and the structural safety of buildings and equipment, including residential facilities, shall be maintained.

i. Workers and management shall receive appropriate training in waste management and the handling and disposal of hazardous materials.





1.10 ANTI-CORRUPTION

- a. Supplier represents, warrants and undertake that it shall:
- i. not engage in any activity, practice or conduct which would constitute an offence under any applicable anti-corruption or anti-money laundering laws including, but not limited to the UAE Penal Code;
 - ii. perform all actions required to prevent any kind of bribery acts and corrupt practices;
 - iii. not be involved in or engage in offering, promising, paying or transferring any payment or granting any financial or other benefit, or unlawful advantage to any officer or employee of Buyer.
 - iv. not perform any action, directly or indirectly, in violation or infringement of any applicable anti-corruption law or regulation; and not commit any act punishable under any applicable criminal code.
- b. Supplier must comply with all applicable trade control laws and regulations in the import, export, re-export or transfer of goods and services (including software and technology). All invoices and any customs or similar documentation submitted to Buyer or governmental authorities in connection with transactions involving Buyer must accurately describe the goods and services provided and the price thereof.
- c. Supplier will use only subcontractors or other third parties who comply with all applicable laws and regulations, and who adhere to the same (minimum) standards set forth in this guide.
- d. Supplier shall comply with Anti Money Laundering laws.

1.11 MONITORING

Apparel Group may conduct annual compliance surveys to confirm Supplier's compliance with this Supplier Code of Conduct. However, Apparel Group expects that Supplier will actively audit and monitor their day-to-day management processes with respect to this Code of Conduct and provide evidence to Apparel Group upon request.

APPENDIX

The supplier is required to comply with:

- i. OECD Guidelines for Multinational Enterprises, 2011.
- ii. UN Guiding principles on business and human rights, 2011
- iii. International conventions on fundamental human rights:
 - The International Covenant on Civil and Political Rights, 1966
 - The International Covenant on Economic, Social and Cultural Rights, 1966
 - The Convention on the Elimination of All Forms of Discrimination against Women, 1980
 - The Convention on the Rights of the Child, 1990
 - The Convention on the Rights of Persons with Disabilities, 2007
- iv. Fundamental international labour standards as defined by the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up:
 - C87, Freedom of Association and Protection of the Right to Organise Convention, 1948
 - C98, Right to Organise and Collective Bargaining Convention, 1949
 - C29, Forced Labour Convention, 1930
 - C105, Abolition of Forced Labour Convention, 1957
 - C138, Minimum Age Convention, 1973
 - C182, Worst Forms of Child Labour Convention, 1999
 - C100, Equal Remuneration Convention, 1951
 - C111, Discrimination (Employment and Occupation) Convention, 1958
- i. Other applicable international labour standards, such as:

- The ILO call for Decent Work
 - C1, Hours of Work (Industry) Convention, 1919
 - C14, Weekly Rest (Industry) Convention, 1921
 - C95, Protection of Wages Convention, 1949
 - C131, Minimum Wage Fixing Convention, 1970
 - C135, Workers' Representatives Convention, 1971
 - C155, Occupational Safety and Health Convention, 1981
 - C161, Occupational Health Services Convention, 1985
 - R85, Protection of Wages Recommendation, 1949
 - R116, Reduction of Hours of Work Recommendation, 1962
 - R135, Minimum Wage Fixing Recommendation, 1970
 - R164, Occupational Safety and Health Recommendation, 1981
 - R184, Home Work Recommendation, 1996
 - R190, Worst Forms of Child Labour Convention Recommendation, 1999
- ii. Applicable national and/ or local legislation.
 - The provisions of this Code constitute minimum and not maximum standards.
 - This Code shall not be used to prevent international labour standards or national and/or local legislations from being exceeded.

APPAREL GROUP

ENVIRONMENTAL CODE OF CONDUCT

APPAREL GROUP expects its suppliers to fully adhere to this Environmental Code of Conduct (“the Code”). By signing the Code, the supplier agrees to implement it and to require the same commitment from its subcontractors and partners.

The supplier must establish an effective internal management system to ensure:

- The consistent circulation and application of the Code’s principles throughout the supplier’s organization.
- The detection and resolution of any violations of the Code, with appropriate corrective actions taken in compliance with national laws, customs, and international employment standards.

2.1 ENVIRONMENTAL MANAGEMENT SYSTEMS

- a. The supplier must circulate the Code’s principles throughout its entire supply and subcontracting chain:
 - i. Before any order is placed, the supplier must disclose to APPAREL GROUP the list of factories under its control, including subcontractors involved in production. Production is not allowed in non-compliant factories. Changes to the approved factory list must be pre-authorized by APPAREL GROUP.
 - ii. The supplier must verify that all factories and subcontractors comply with the Code’s principles.
 - iii. If breaches are detected, the supplier must notify APPAREL GROUP immediately and implement a corrective

action plan. If the offending supplier or subcontractor refuses to cooperate, the supplier must terminate the relationship.

- b. The supplier shall maintain an efficient internal environmental management system ensuring:

- i. Management controls over environmental activities are implemented and responsibilities assigned.
- ii. All staff responsible for applying this Code understand environmental risks and impacts.
- iii. Compliance with applicable environmental laws is consistently monitored.
- iv. Relevant personnel stay up to date on applicable legal requirements.
- v. A management representative is responsible for coordinating environmental activities.
- vi. All employees are informed and trained on environmental health and safety issues pertinent to their roles.

2.2 ENERGY USE, TRANSPORT AND GREENHOUSE GASES

- a. The supplier shall comply with all local legal requirements and permits related to energy use, transport, and greenhouse gas emissions.
- b. Energy consumption and greenhouse gas emissions, including fuel used for on-site transport, must be tracked and monitored.
- c. The supplier must ensure that energy wastage is minimized, including fixing steam or compressed air leaks and maintaining energy-intensive equipment.

2.3 WATER USE

- a. The supplier shall comply with local legal requirements and permits related to water usage.
- b. Water consumption must be tracked and monitored.
- c. Equipment, pipelines, and machinery using water must be regularly maintained to prevent leaks and water waste.

2.4 WASTEWATER AND EFFLUENT

- a. The supplier shall comply with local legal requirements and permits related to wastewater management and effluent discharge.
- b. All wastewater generated must be treated in an effluent treatment plant (ETP) before being discharged into the environment.
- c. A drainage plan must be in place, and the supplier must have a clear understanding of wastewater flow and discharge points.
- d. The supplier must identify wastewater contaminants, assess potential impacts, and demonstrate compliance with legal effluent quality standards.
- e. An emergency procedure for the ETP must be established.

2.5 EMISSIONS TO AIR

- a. The supplier shall comply with local legal requirements and permits related to emissions to air, including monitoring.
- b. An inventory of point source emissions and ozone-depleting substances must be maintained, considering potential fugitive emissions.
- c. Air emissions from stack sources must be tested, and equipment such as heavy machinery must be maintained to

comply with legal standards.

- d. Equipment containing ozone-depleting substances must be regularly serviced to minimize emission risks.

2.6 WASTE MANAGEMENT

- a. The supplier shall comply with local legal requirements and permits related to waste management.
- b. The supplier must:
 - i. Implement proper procedures for the management, storage, and transportation of hazardous waste.
 - ii. Prohibit on-site waste burning or uncontrolled landfill practices.
 - iii. Ensure proper segregation of hazardous and non-hazardous waste.
 - iv. Train employees on waste handling and segregation.
 - v. Maintain records of all waste disposal and treatment, both on-site and off-site.
- c. Waste contractors must be regularly

2.7 POLLUTION PREVENTION, HAZARDOUS AND POTENTIALLY HAZARDOUS SUBSTANCES

- a. The supplier shall comply with local legal requirements, permits, and international standards on pollution prevention and hazardous substances.
- b. A qualified management representative must be appointed to oversee chemical management.
- c. An inventory of hazardous substances must be maintained, along with up-to-date Material Safety Data Sheets (MSDS).
- d. Documented procedures must be in place for:
 - a. Reducing worker exposure to chemical hazards.
 - b. Ensuring the safe

storage of hazardous substances. c. Safe transportation and unloading of chemicals. d. Incident reporting to the authorities, in accordance with legal requirements.

e. Employees handling chemicals must be trained in chemical management and safety.

f. Operational eyewash and shower stations must be available in areas where chemicals are stored and used.

2.8 EMERGENCY RESPONSE MANAGEMENT

a. The supplier shall comply with local legal requirements and permits related to major incident prevention and response.

b. Potential emergency situations must be identified, and appropriate prevention and response measures must be established.

c. A trained emergency response team must be in place, equipped to handle pollution prevention and response.

d. A comprehensive site emergency plan must be developed, with clear guidelines and training provided for major incident response. This plan should be communicated

¹ A major incident could be for instance a fire emergency, an earthquake (or another natural disaster), a major chemical spill or explosion, an effluent treatment plant overflow or an accidental discharge of wastewater directly into the environment. This list is not exhaustive.

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ESG Report 2024