



Responsible Business Conduct

Safilin

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1. Definition and goals of the Responsible Business Conduct and Responsible Practices

Safilin's "Responsible Business Conduct and Responsible Practices" (hereinafter, the "Code") is the updated and consolidated version in a single document of existing policies and regulations in Safilin Group. The basis of this Conduct is OECD DUE DILIGENCE GUIDANCE FOR RESPONSIBLE BUSINESS CONDUCT. If there are any ambiguities or deficiencies in this document, one can refer to the principles outlined by the OECD, as this document fully aligns with those principles.

The Code provides the action lines which must be followed by the Safilin Group (hereinafter, "Safilin" or the "Company") and its employees in the performance of their professional duties.

The goal of this Code consists of exacting an ethical and responsible professional conduct from Safilin and its entire workforce in the conduct of their business. For such purposes, the principles and values which shall govern the relationship between Safilin and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined.

Therefore, the Code:

- ✓ Allows gaining awareness and enforcing Safilin's business culture, deeply rooted in respecting human and labour rights and in the effective inclusion within the company of the whole group of employees, respecting their diversity.
- ✓ Lays down the principle of due diligence regarding the prevention, detection and removal of irregular conducts, regardless of their nature, including, among others, risks review, definition of liabilities, training of employees and, where appropriate, of third parties linked to the company, and procedures standardization, namely to give notice and to immediately remove irregular conducts.

2. Scope of application

The Code applies to all the factories and employees of Safilin, regardless of the office they hold and the duties they perform.

The enforcement of the Code, in full or in part, may extend to any physical and/or natural person linked to Safilin, where this is expedient to achieve its goal and possible, given the nature of the relationship.

Notice of this Code shall be given in person to all the Directors, Officers and any other person representing Safilin, where the type of relationship with the company so requires, and they shall undertake in writing to abide by it. Likewise, this obligation to enforce the Code shall be

expressly provided in the employment agreements entered into with the employees, who will receive a copy of the Code upon joining the company.

3. General principles

The Responsible Business Conduct is defined as an ethical commitment that includes basic principles and standards for the proper development of the relations between SAFILIN and its principle stakeholders wherever it carries out its business activities.

The Code is based upon the following principles:

- ✓ All the operations of the Safilin Group shall be developed under an ethical and responsible perspective.
- ✓ Compliance with laws and regulations.
- ✓ The conduct of Safilin's employees shall follow in letter and spirit the provisions of this Responsible Business Conduct and Responsible Practices.
- ✓ All persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with Safilin shall be treated in a fair and honourable manner.
- ✓ All the activities of Safilin shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

Employees

The Safilin Group does not employ anyone who has not reached the age of 18.

The basic document for employees is the existing Work Regulation.

No one who is employed at Safilin shall be discriminated against because of their race, physical disability, illness, religion, sexual orientation, political views, age, nationality or gender.

Safilin forbids any manner of physical, sexual, psychological or verbal harassment or abuse to its employees, as well as any other behavior which may create an intimidating, offensive or hostile environment

The employees of Safilin have their right recognized to associate or organize themselves or to bargain collectively.

Working hours and overtime shall not exceed the statutory limit set forth in the laws and regulations of each country. Overtime shall always be voluntary and paid according to law.

Safilin's employees are paid wages in accordance with the duties performed, always respecting the agreements with employees' representatives and local rules.

All Safilin's employees perform their work in safe and healthy workplaces.

Customers

Safilin undertakes to offer to all its customers a high standard of excellence, quality and safety in all its products, and to have a smooth and transparent communication with them. Such products shall be manufactured in an ethical and responsible manner.

Shareholders

Safilin will perform its activity pursuant to the social interest, it being understood as the feasibility and maximization of the company's value in the long run in the common interest of all the shareholders.

Business partners

Safilin's business partners are bound to comply with the contents of this Code.

Suppliers

Manufacturers which produce the goods sold by Safilin are bound to comply with the Responsible Business Conduct for Manufacturers and Suppliers and with this Code, as applicable. The remaining suppliers of goods and services for Safilin shall comply with both Codes, as applicable to them.

Likewise, they shall allow any monitoring by Safilin or any authorized third parties, to verify such compliance.

Society

Safilin undertakes to collaborate with the local, national and international communities if applicable.

4. Conduct and responsible practices commitments

4.1. Compliance with applicable laws and internal regulations

Regulatory compliance is a prerequisite of this Code. Safilin's workforce must comply with all applicable laws and regulations in Poland, and more generally UE, where it distributes and sells its products. Enforcement of this Code shall in no event entail infringing any of the prevailing legal provisions in force in any country where Safilin operates.

Safilin undertakes to provide all required means for its employees to be aware of and to understand the internal and external regulations required for the performance of their duties.

In the event of any breach of this Code, the Company relies on a procedure to make enquiries and to give notices which allows anyone involved with the company to report in a confidential manner any irregularity which may entail an infringement of the Code.

4.2. Enforcement of agreements and conventions

Safilin makes its own, as part of its internal regulations, the contents of any national and international agreements and conventions to which it has adhered, and undertakes to promote and enforce them.

A list of the main agreements and conventions to which Safilin has adhered is attached hereto as Schedule 1, which shall be updated at all times.

4.3. Relationship with employees

Safilin considers individuals to be a key business factor, it upholds and promotes observance of human and labor rights and undertakes to enforce the regulations and best practices in the field of employment conditions and health and safety at work.

The workforce shall contribute to the strict observance of applicable employment standards and to the prevention, detection and removal of any irregularity with this respect. All employees shall be bound to interact with other employees, pursuant to criteria of respect, dignity and justice, taking into account the different cultural background of each individual, without allowing any manner of violence, harassment or abuse in the work place, or any manner of discrimination on account of race, religion, age, nationality, gender or any other personal or social condition beyond qualifications and capacity, especially considering attention and assimilation into working life of disabled or handicapped people.

All employees shall be responsible for strictly meeting any health and safety at work standards and for ensuring their own security and that of the individuals affected by their activities.

The use of any substance which may have a negative effect on the due performance of professional obligations is expressly forbidden.

4.4. Relationship with customers

All employees shall be bound to act, in their relationship with customers, pursuant to criteria of respect, dignity and justice, taking into account the different cultural background of each individual, without allowing any manner of discrimination on account of race, religion, age, nationality, gender or any other personal or social condition beyond qualifications and

capacity, especially considering attention and assimilation into working life of disabled or handicapped people.

Safilin protects its customers by setting forth and enforcing mandatory standards on all its suppliers in the field of health and safety of the product, and ensures that all goods it sells are not hazardous for their health and or safety. Safilin's employees shall make sure that the above referred standards are duly met, as well as any other standardized regulations and procedures, regarding labeling, quality and features of garments.

In the course of their business activities, Safilin's employees shall promote goods of the company based upon objective standards, without distorting their description or features. The company shall carry out promotional activities in a honest manner so as not to provide false or deceptive information which may mislead its customers or third parties.

4.5. Market practice

Safilin is a loyal competitor within the market and it does not admit any misleading, dishonest or malicious conduct whatsoever.

Safilin's employees shall carry out any search for commercial or market information without infringing any regulations protecting it. Employees shall reject any information about any competitor improperly gathered or gathered in breach of the confidentiality kept by the lawful owners of such information. Namely, especial attention shall be drawn to not breaching any secret of the company where professionals from other competing companies of the sector would join Safilin.

Workforce shall likewise refrain from disclosing any malicious or false information about the competitors of the company.

Employees shall require compliance with all regulations regarding processes of new registrations or declaration of origin of goods, supervising compliance with the standards and procedures laid down by the company and laws in this field.

4.6. Relationship with suppliers

Safilin's employees shall maintain a lawful, ethical and respectful relationship with its suppliers.

The choice of suppliers shall be governed by principles of objectivity and transparency, combining the interest of the company in achieving the best conditions, with that of maintaining stable relations with ethical and responsible suppliers.

Any and all suppliers working with Safilin shall undertake to observe human and labor rights of all employees recruited and to involve its business partners and convey these principles to them. Under no circumstance shall Safilin accept the violation of any of these principles.

Any activity within the scope of purchases and procurement will be carried out in full compliance with the prevailing corporate regulations and procedures in force. All decisions made within this scope shall be evidenced, that is they shall be supported and checked in the event of a review by any third parties or by the control-exerting bodies within Safilin. Safilin's personnel are bound to protect any commercially sensitive information regarding the terms and conditions set forth by the company

regarding its procurement chain.

Safilin's employees shall not demand or accept from suppliers any information regarding the terms agreed with any of Safilin's competitors.

As stated in the Anti-Corruption Code, no Safilin's employee may offer, grant, apply for or accept, either directly or indirectly, any gifts, handouts, favors or compensations, whether in cash or in kind, regardless of the nature thereof, that might have an impact in the decision-taking process in connection with the performance of the duties pertaining to their office.

Any gifts or handouts received in breach of the provisions of this Code shall be forthwith returned and this fact must be reported to the Committee of Ethics. Should this return not be reasonably likely, these gifts or handouts shall be delivered to the Management Board, which, further to the issuance of the pertaining receipt, shall contribute them to a charity.

Specifically, no Safilin's employee may offer, grant, apply for, or accept any gifts or handouts from any individuals or body corporate with whom Safilin has any manner of relationship whatsoever for an amount whether on its own or added up within one year which exceeds Euro 100 or the equivalent amount thereof in local currency. Cash gifts are expressly forbidden.

4.7. Relationship with public authorities and servants

As stated in Anti-Corruption Code, Safilin's employees shall maintain lawful, ethical and respectful relationships with the authorities and public institutions. Such employees involved in any relationship with representatives of public authorities shall have the prior express authorization of the company for such relationship.

Any staff members involved with public administrations shall formally document all decisions made and evidence compliance with internal and external regulations, in order to help any third parties and control bodies within the company to review regulatory compliance in this field.

As a rule of thumb, no employee of Safilin may offer, grant, demand or accept, whether directly or indirectly, any gifts or donations, favors or compensations, regardless of their nature, to or from any public authorities or servants.

The foregoing does not apply, however, to such gifts and tokens of scarce economic value, equitable and reasonable according to local practice, and transparent, and which are given on account of lawful, socially accepted interests, and which are occasional to avoid that their contents or recurrence might lead any independent third party to question the good faith of the employee or the company. Cash gifts are expressly forbidden.

It is incumbent on each employee to be duly informed and to appropriately assess local practices, taking into account the interest and good name of the company. In case of any doubts, they shall be addressed to the Committee of Ethics.

Anyway, usual practices about gifts and tokens shall be duly monitored, assessed and registered by the company.

Safilin's employees shall refrain from making any facilitating or expediting payments, consisting of giving out money or any other valuables, regardless of their amount, in order to ensuring or speeding up any bureaucratic proceeding, regardless of its nature, vis-à-vis any court, public administration or official agency.

Employees shall avoid getting any undue tax benefit for Safilin and shall make sure that the information reported in this field to the tax authorities is true and accurate and fairly presents the real status of the company. They shall also make sure that aid demanded or received from public authorities is duly allocated and that the application for such aid is transparent, without resorting to tampering the application so as to be granted such aid, or allocating it to any use other than the one for which it was granted.

4.8 Conflicts of interest

Safilin's employees shall avoid any situation which might entail any conflict between their personal interests and those of the company. They shall also refrain from representing the company and from taking part or having a say in any decision making wherein they may have, either directly or indirectly, either themselves or through any related party thereto, any personal interest. They may not avail themselves of their position in the company to obtain any economic or personal benefit, or any business opportunity for them.

No employee of Safilin may render services as consultant, director, officer, employee or advisor to any of Safilin's competitors, except for such services which may be rendered at the request of Safilin or with the authorization of the Committee of Ethics.

Safilin respects the private life of its employees and therefore the private sphere of their decisions. In the framework of this policy of respect, employees are urged to report to the Committee of Ethics any personal conflicts of interest or any conflicts of interest involving their relatives, that might jeopardize the necessary objectivity or professionalism of their duties within Safilin, so that, in the respect of the confidentiality and privacy of individuals, the relevant measures might be taken for the mutual benefit of the company and of the affected individuals.

Namely, the cases below shall be considered as potential situations of conflict of interest and they shall be reported to the Committee of Ethics:

- ✓ The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business which is the same, similar or supplementary to the business conducted by Safilin.
- ✓ The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business which involves an exchange of goods and/or services, regardless of the remuneration system agreed.
- ✓

4.9 Exercise of other activities

Safilin's employees shall only be able to develop any working or professional activities other than those carried out for Safilin, where same shall not diminish the efficiency required in the performance of their duties.

Any occupation or professional activity alien to Safilin that might affect the working hours for the company shall be previously authorized by the Committee of Ethics.

Any relationship that the Safilin Group may have with any governments, authorities, institutions and political parties shall be based upon the principles of legality and neutrality.

Contributions, whether in cash and/or in kind that might be made by the company, where applicable,

to any political parties, institutions and public authorities, shall always be made in accordance with the current legislation in force and ensuring the transparency thereof; for such purposes, a previous report of the Legal Department evidencing that any such contributions are lawful, shall be required.

The right of the employees to take part in lawful political activities is hereby acknowledged, provided that said activities would not interfere with the appropriate performance of their work for the company and that they would take place during non working hours and outside any of Safilin's facilities so that these activities may not be attributed to the company.

4.10 Use of goods and services of the company

The employees of Safilin shall secure an efficient use of the goods and services of the company and shall not use any goods for their own profit.

With this respect, the employees of Safilin shall never use any equipment made available to them by the company to install or download any software, application or contents whose use is illegal, which infringe the regulations of the company or which may damage its reputation. They shall not use either any monies or cards of the company to pay for any proceedings not inherent in their professional activity.

Employees shall be aware that documents and data included in IT systems and equipment of Safilin may be subject to review by relevant units within the company or any third parties appointed by the company itself, where necessary and whenever prevailing regulations in force so permit.

4.11 Confidentiality of information and personal data protection

Safilin's workforce shall protect the information and know-how generated within the organization, the property of Safilin or under its custody.

Employees shall abstain from using for their own benefit any data, information or document obtained in the course of their professional activities. Likewise, they shall not disclose any information to any third parties, except where this is required by the applicable laws, nor the internal regulations of the company or where they are expressly authorized to do so. Additionally, they shall not use any confidential data, information or document originating in any third company without its express authorization in writing.

Safilin's staff undertakes to keep confidential, and to use them pursuant to the internal regulations in this field, any data, information or documents obtained in the performance of their duties within the company. As a rule of thumb, and unless otherwise stated, any information available to them shall be deemed confidential, and shall be used exclusively for the purposes for which it was obtained.

Likewise, employees shall not copy, reproduce or use the information for any purposes other than what is required for the performance of their duties, and they shall not store it in any IT systems other than those the property of Safilin, unless where expressly authorized.

The confidentiality obligation shall remain even after termination of work with Safilin and it shall include the obligation to return any material connected with the company that the employee has in his/her hands when upon termination of his/her relationship with the company.

Safilin's employees shall respect the personal privacy and the privacy of the family of any individual, whether employee or otherwise, whose personal data are made available to such employees. The authorization to use any data shall be granted in connection with specific and duly supported

applications. Safilin's employees shall strictly comply with any regulations, whether internal or external, set forth to ensure the due processing of information and data provided to the company by any third parties.

Regarding the gathering of personal data of customers, employees, suppliers or any individual or company involved in any contractual relationship or otherwise with Safilin, Safilin employees shall obtain the required mandatory consents, and they undertake to use such data for the purposes expressly consented.

Employees shall report to the relevant department or area any incidence they might detect concerning confidentiality of information or personal data protection.

4.12 Protection of intellectual and industrial property

Safilin is committed toward protecting intellectual and industrial property, whether of its own, or of others. This covers, among others, copyrights, patents, trademarks, domain names, reproduction rights, design rights, database extraction rights and rights on technical expertise.

Safilin shall be accountable for the originality of its own products and shall make sure that its suppliers ensure that the products they provide the company with are original.

It is expressly forbidden to any staff member to use any works, creations or distinctive signs of intellectual or industrial property of third parties, without the prior evidence that the company relies on the relevant rights and/or licenses.

Safilin's employees shall take all necessary steps to protect the intellectual and industrial property rights, and they shall procure that all processes and decisions within this field are traceable, in that they should be documented and duly supported and subject to verification, especially, through the titles to the works, creations or distinctive signs and the enforcement of such clauses which ensure originality and peaceful use of industrial and intellectual property rights of third parties.

Such intellectual and industrial property rights resulting from the work of employees while they work for the company and connected with current and future business of Safilin shall remain the property of the company.

4.13 Record of transactions

Any and all transactions carried out by Safilin which may have an economic impact shall be clearly and accurately shown on the appropriate records of accounts, as a true representation of the transactions carried out, and they shall be made available to the internal and external auditors.

Safilin's employees shall enter the financial information on the company's systems in a full, clear and accurate manner, so that they would show, as at the relevant date, their rights and obligations in accordance with the applicable regulations.

Safilin undertakes to implement and maintain an appropriate internal control system on financial reporting, ensuring the regular supervision of the effectiveness of such system. Accounting records shall be at all times made available to the internal and external auditors. For such purposes, Safilin undertakes to provide its employees with the necessary training for them to understand and comply with the commitments undertaken by the company regarding the internal control on financial information.

4.14 Social and environmental commitment

At Safilin, Company Social Responsibility understood as a social and environmental commitment in the conduct of its business, beneficial for all its stakeholders, is an integral part of its business mode.

Safilin's social commitment materializes in the performance of sponsorship, patronage and social action activities, carried out by the organization itself or channeled with the help of non-profit organizations or charities.

Likewise, Safilin shall encourage and advocate the collaboration of its employees with non-profit organizations or charities wherever it operates.

Safilin undertakes to minimize the environmental impact throughout the life-cycle of its products, from the purchase of commodities, or from the generation thereof based upon natural resources, through the final disposal thereof, implementing in every stage of the design, manufacture, distribution, and end of use processes, measures to reduce and set off such impact.

In the performance of their work, Safilin's employees shall encourage the social and environmental sustainability of the company as a way of creating value for all its stakeholders in a responsible manner.

Safilin is fully committed to friendly and eco-aware production of its products, including GOTS standards, if applicable. The company creates the list of chemical substances that are not allowed in its processes and

5. Code Compliance and Committee of Ethics

5.1. Committee of Ethics

In order to ensure compliance with this Code, a Committee of Ethics exists within the organization, composed of:

- ✓ The Logistics Manager
- ✓ The Chief Accountant
- ✓ The Human Resources Coordinator

The Committee of Ethics may act of its own motion or at the behest of any employee of Safilin, manufacturer, supplier or any third party with a direct relationship and a lawful business or professional interest, further to a report made in good faith.

For such purposes, notices given under this Code, whether reporting any breach of the Code, or including any enquiries regarding the construction or implementation thereof, may be addressed to the Company by any of the following means to the HR Department.

The Committee of Ethics reports to the Managing Director and has the following duties:

- a) To supervise compliance with the Code and the internal circulation thereof to Safilin's personnel.
- b) To receive any manner of written instruments with regard to the enforcement of this code and to send them, where appropriate, to the relevant body or Department which may be

- responsible for dealing with and settling such instrument.
- c) To monitor and supervise the management and settlement of any file.
 - d) To solve any doubts which may arise, regarding the enforcement of the Code.
 - e) To propose to the Managing Director, any explanation or implementation rule which the enforcement of the Code may require, and at least, an annual report to review its enforcement.
 - f) To supervise the Whistle Blowing Channel and compliance with the Procedure.

In the performance of its duties, the Committee of Ethics shall ensure:

- a) The confidentiality of all the information and background and of the acts and deeds performed, unless the disclosure of information is required by law or judicial order.
- b) The thorough review of any information or document that originated its action.
- c) The commencement of such proceedings that adjust to the circumstances, where it shall always act with independence and full respect of the right of the affected person to be heard as well as of the presumption of innocence.
- d) Non-retaliation against any complainant as a result of bringing complaints in good faith to the Committee.

The Committee of Ethics shall have all required means to ensure the enforcement of this Code.

Decisions of the Committee of Ethics shall be binding for any factory of Safilin.

6. Publicity of the Code

The Code shall be made available to the employees in their own language, and remain posted on web site of Safilin, and shall be subject to the appropriate disclosure, training and awareness-raising actions to be properly understood and implemented within the whole organization.

Schedule 1: Codes and global commitments willingly undertaken by Safilin

- ✓ This RBC Policy is based on based on GOTS 7.0 and the Manual for the Implementation of GOTS, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, OECD Due Diligence Guidance for Responsible Business Conduct, OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector and other relevant international human rights standards, such as the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.
- ✓ The RBC Policy applies also to the GOTS Chemical Input Criteria, Environmental Criteria, Human Rights and Social Criteria, and Governance Criteria.
- ✓ The United Nations Global Compact (www.globalcompact.org). A United Nations initiative to encourage social dialogue between companies and the civil society.
- ✓ Ethical Trading Initiative (ETI) (www.ethicaltrade.org). This is a dialogue Platform to improve working conditions of workers in developing countries. It is an alliance between companies, international trade unions, and non-governmental organizations.
- ✓ International framework agreement and protocol with the International Textile, Garment and Leather Workers Federation (ITGLWF) (www.itglwf.org). To promote essential human and social rights within Safilin's supply chain, including the definition of mechanisms of joint action within the supply chain to implement the Responsible Business Conduct for Manufacturers and Suppliers.

Schedule 2: Definitions

For the purposes hereof, the following terms shall have the following meanings:

Safilin.- The Polish factories that are part of the Safilin's. Unless otherwise provided herein, the word "company" shall be deemed to apply to each and every company within the Safilin Group.

Staff or employees.- All directors, officers and other employees of Safilin, regardless of their employment agreement, when they act in such capacity, that is, for and on behalf of Safilin, both if they do so directly and indirectly in person or through any third party, company or controlled entity of any kind.

Related person.- Any person who is linked to any employee of Safilin as:

- Their spouses or any other person with similar relation of affectivity.
- Their ascendant, descendant or brother or sister.
- The ascendant, descendant, or brother or sister of the spouse or of any other person with similar relation of affectivity.

Suppliers.- Manufacturers of the raw materials or any goods and services which are engaged in any direct business relationship with Safilin.

Business partners.- Any company engaged in a business relationship with Safilin through the setting of any manner of joint ventures or franchises.

