
Code of Conduct

Preamble

Companies in the German, and generally in the European or worldwide textile and fashion industry are committed to their social responsibility in their area of operations and their supply chain. In accordance with this global development, CHAPS Merchandising also faces these challenges of globalization, for whose achievement our company is committed to a social, ecological, and economic design of the entire textile value chain following our due diligence.

Therefore, there is no question for us: The needs of our customers determine our daily actions to a large extent. Basically, we at CHAPS Merchandising do not forget anyone who is part of our business processes. We sincerely appreciate the trust placed in us and do not want to disappoint anyone - socially and ethically as well as ecologically.

As we do not have our own production facilities, humanity and fairness are particularly important to us with regard to our suppliers. No one should be exploited or treated inhumanely if they are involved in any of the production processes surrounding our goods. Therefore, this Code of Conduct is guided by internationally recognized principles that address the protection of human and labor rights as they are described in the UN Guiding Principles on Business and Human Rights, the ILO Core Labor Standards, and the OECD Guidelines for Multinational Enterprises. In addition, broader goals and initiatives are pursued related to memberships in the Partnership for Sustainable Textiles and other certifications.

CHAPS Merchandising places high demands on itself, but also on its suppliers. These are defined in this Code of Conduct. Both we, and our partners see the adherence to these principles as a self-commitment, whereby we at CHAPS make every effort to go beyond these minimum standards - insofar as this is feasible.

Table of Content

1. Scope	1
2. Basic Understanding of Socially Responsible Corporate Management	1
Legal and Statutory Compliance	1
Ethical and Integral Business	1
Transparency	1
3. Occupational Health and Safety	2
Respect for Human Rights	2
Working Conditions	2
Freedom of Association and Collective Bargaining	2
Hiring Practices	2
No Child Labor and Protection of Young Workers	2
No Discrimination	3
No Abuse	3
Working Time	3
Remuneration	4
Employment Circumstances	4
Health, Safety and Hygiene	4
Accommodation	5
Humane Treatment	5
4. Protection of Species and Nature	5
Chemical Safety	6
Water	6
Greenhouse Gas Emissions	6
5. Animal Welfare	6
6. Bribery and Corruption	7
7. Purchasing and Management Practices	7
8. Communication	7
9. Monitoring & Grievance	7
10. Implementation and Violation	8

1. Scope

This Code of Conduct forms the basis of all business relationships. It concerns all processes and locations that are relevant to the processing of the commercial goods we purchase. Each business partner of CHAPS (suppliers, their producers, and subcontractors) guarantees to comply with the principles of this Code of Conduct.

The demands for the members of CHAPS' supply chain and all trading partners of any kind will be formulated in this document.

2. Basic Understanding of Socially Responsible Corporate Management

Legal and Statutory Compliance

CHAPS itself as well as all business partners must comply with internationally and nationally applicable laws. This is primarily aimed at the social and labor regulations and explicitly includes the requirements for environmental protection. The Code of Conduct may not be circumvented by passages in employment contracts or similar agreements.

To ensure compliance with laws and the rules set forth in the Code of Conduct, Suppliers are not allowed to subcontract deliveries to be produced by other, unknown suppliers.

Ethical and Integral Business

CHAPS Merchandising interprets all its economic activities in accordance with legal business practices and thus takes into account principles relating to fair competition, industrial property rights of third parties, antitrust, and competition law regulations. Accordingly, corporate objectives are aligned with the mitigation of corruption and bribery, as well as the promotion of appropriate principles of corporate governance, such as transparency, accountability, responsibility, openness, and integrity. This includes respecting the rights of intellectual property of third parties and maintaining records regarding sub-contracting activities.

Transparency

Transparency is an important part of due diligence and therefore also for our sustainability strategy.

Business partners shall disclose all processing steps involved in the manufacturing of products purchased by CHAPS Merchandising. This information should be gathered by the supplier and provided to the respective party upon request.

3. Occupational Health and Safety

Respect for Human Rights

In general, the protection of human rights is the responsibility of the respective states in which the enterprises operate. However, respect for human rights by these companies and all their partners can support the respective states in fulfilling this obligation. Therefore, companies should conduct their activities in a way that does not compromise human rights and ensures their dissemination. This, in particular, is part of the due diligence of businesses, from which adverse effects must be identified, avoided and redressed.

Working Conditions

In accordance with the mentioned standards, CHAPS creates a humane working environment.

Freedom of Association and Collective Bargaining

The right of employees and employers to form associations, whose purpose is to promote and protect the interests of employees or employers, the right to join such associations, and the right to freely elect their representatives without prior authorization and at their own discretion, shall be respected. Every business shall respect the right of employees and employers to bargain collectively on wages and working conditions. Employees shall not be disadvantaged with respect to their employment because of their membership in employee organizations.

In countries where the principles of freedom of association, the right to organize and collective bargaining are not respected or the exercise of these rights is restricted or prohibited, companies should allow their workers to freely elect their own representatives, with whom they can engage in dialogue on workplace issues. Companies should respect the right of their employees to raise grievances without prejudice of any kind; such grievances should be of any kind; these complaints should be dealt with in an appropriate procedure.

Hiring Practices

Economic activity based on forced or compulsory labor, debt bondage, or serfdom is not accepted by the companies. This includes any type of work or service required of a person under threat of punishment and for which he or she has not volunteered.

No Child Labor and Protection of Young Workers

According to the provisions of the International Labor Organization, the minimum age for admission to employment or work may not be less than the age at which compulsory education ends. Legal regulations should be based on this norm. For CHAPS Merchandising, the welfare and protection of children is central, which is why appropriate mechanisms for

age assessment in recruitment procedures are mandatory for all trading partners, so that child labor can be identified and prevented at an early stage.

No Discrimination

Discrimination has no place at CHAPS. We and our producers apply the principle of equal treatment, according to which there are no differences in treatment between workers and employees. Discriminations on the basis of

- national
- skin color
- race
- ethnic origin
- gender
- ideology
- believes
- sexual identity
- appearance
- age
- physical constitution
- political attitude

are forbidden. Bullying and sexual harassment are strictly prohibited. In addition, every employee undertakes to respect the privacy of others.

No Abuse

Any kind of assault or abuse by persons, whether in physical or digital form, is prohibited and must be sanctioned with an appropriate measure. In the event of uninvolved observation of one or more assaults or abuses, these facts must be reported to the responsible supervisors immediately.

Working Time

The labor legislation of the respective country and the fundamental principles of the International Labor Organization (ILO) regulate working hours. Importance is attached to compliance with these principles and a maximum working time of 48 regular hours per week plus a maximum of 12 hours of overtime per week is assumed.

In addition, CHAPS sets the goal of giving all employees the right to rest breaks on every working day, observance of public holidays and the granting of a day off after six consecutive working days.

Remuneration

Depending on which is higher, the remuneration of the employees corresponds to the statutory or industry-standard minimum wage. All business partners must ensure that this is the case and that the wage level covers the basic needs of the workers and employees. Overtime bonuses are mandatory and must be in accordance with the law or at the level that is customary in the industry. It is also essential that all employees receive the statutory social benefits.

Unjustified and illegal deductions from wages, which are indirect or direct disciplinary measures, are prohibited. The composition of their remuneration must also be communicated to employees in a comprehensible manner at regular intervals. Whether in the form of a bank transfer, check or other form: Every employee must receive their wages in a practical way.

Employment Circumstances

Employment contracts or comparable documents that set out the terms and conditions of employment form the formal basis for employment. This is guaranteed by all business partners, and the following things must be clearly regulated:

- wages
- payment
- time period
- vacation entitlement
- benefits
- cancellation period

It is prohibited to circumvent the working conditions defined in this document as well as legal regulations regarding social security and labor law. Contract work and apparent training programs designed to evade the contents of the Code of Conduct are also prohibited.

Health, Safety and Hygiene

CHAPS does not compromise on workplace safety. We expect all contractors, business partners and employees to comply with safety regulations. Awareness of hazards of all kinds in the workplace and attentive thinking are also required. This includes providing access to

adequate sanitary facilities and break rooms, providing necessary protective equipment, and offering adequate health and safety training.

If accidents are detected, narrowly avoided or situations are assessed as potentially dangerous, these facts must be reported immediately to the responsible supervisors.

Accommodation

The organization shall ensure sufficient lighting and living space that meets safety standards and applicable laws in the housing situation of its employees. Furthermore, the physical and structural integrity of the living quarters shall be guaranteed by experts, while every person should have at least a minimum area needed per person.

Humane Treatment

CHAPS Merchandising and affiliated companies treat their workers with dignity and respect. All forms of undignified treatment, abuse, harassment, intimidation, and unlawful punishment of employees will be refrained from. Disciplinary action will be in writing and in a form the employee can understand.

4. Protection of Species and Nature

Environmental protection plays a major role at CHAPS, which is why it is a clear corporate objective. The economic use of resources of all kinds is decisive for the manufacture of our products. These guiding principles must be followed:

- ✔ We burden our environment as little as possible, conserve all-natural resources and reduce the burden on people and nature as much as possible.
- ✔ We are guided by what is necessary for an intact environment and align development and design, production processes, packaging, and shipping accordingly - this also applies when we improve our processes and introduce new products.
- ✔ Important environmental protection standards, such as the OECD Guidelines for Multinational Enterprises, create the basic standard by which actions are to be guided concerning environmental issues.
- ✔ We count on our business partners to comply with all legal requirements relating to environmental protection.

In order to raise employee awareness, employees are to participate in training courses on environmental protection. We expect waste to be disposed of in the most environmentally friendly manner possible, taking into account economic aspects. The responsible departments within the company or - starting from there - the authorities must be notified immediately if environmentally harmful incidents occur.

If these standards are not already accomplished, business partners shall set the goal to meet the given needs within a reasonable time period.

Chemical Safety

To prevent chemicals from endangering the health of consumers and workers and from polluting water, care must be taken in purchasing and in the general choice of partners to ensure that processes for refining or raw material treating are selected that are low in chemicals and meet the general requirements of the MRSL (Manufacturing Restricted Substances List) and RSL (Restricted Substances List). The MRSL prohibits the use of certain chemicals completely or restricts them to specified dosages, while the RSL lists substances and substance groups that may only be detectable in the final product to a limited extent or not at all.

In particular, factories that utilize wet processes have to be especially aware of the use or avoidance of certain materials on these lists.

Water

In order to minimize the high risk of dying waters and an associated loss of biodiversity due to sewage sludge and ingredients that are difficult to degrade, these factors are particularly taken into account and checked in the supplier, process and disposal form.

Greenhouse Gas Emissions

The choice of partners also plays an important role in the avoidance of greenhouse gas emissions, as most emissions occur in the value chain. At this point, CHAPS attaches great importance to a sustainable approach, which is why, for example, companies such as DHL, which already relies on green energy, are chosen for transport. Furthermore, savings through green energy, sustainable travel, and an adapted production method are to be strived for.

5. Animal Welfare

CHAPS considers the principles of animal welfare as indispensable. This shall ensure animal husbandry and appropriate use of animals. For this purpose, the Washington Convention on International Trade in Endangered Species (CITES) is recognized for the protection of animals and plants of endangered species. Therefore, no products are accepted that are based on inappropriate treatment of animals.

6. Bribery and Corruption

Corruption or attempted corruption of any kind, including extortion and bribery, and other unlawful practices will not be tolerated in the course of business relations.

Suppliers may not directly or indirectly offer, promise or demand bribes or other unjustified benefits in order to obtain or maintain an obligation or other unfair advantage. Nor may bribes or other unjustified benefits be demanded or expected from suppliers.

The OECD Guidelines for Multinational Enterprises apply:

<http://www.oecd.org/berlin/publikationen/oecd-leitsaetze-fuer-multinationale-unternehmen.htm>

7. Purchasing and Management Practices

Regular communication with clients and suppliers with regard to deliveries to be fulfilled is essential in order to avoid delays or unfair working conditions due to deficient agreements concerning time, volume or entitlement.

The management of any business partner has to comply to these policies, while the contents of the code of conduct have to be forwarded to the employees, so they are aware of their rights and duties. In order to meet the given requirements and the applicable laws, the employer shall establish at least a minimum set of management functions concerning the enforcement.

8. Communication

All employees and business partners must be able to read this Code of Conduct. This requires free access, good visibility, and, if necessary, translation into the appropriate local language. Anyone who notices a violation of content must contact and inform CHAPS immediately. This is the only way to sanction violations and avoid them in the future.

9. Monitoring & Grievance

Producers receive a code of conduct. The receipt of which is documented and the implementation of which is verified. This includes the creation of grievance mechanisms and appropriate remedial actions through which the workers of the respective company can contact their employer or CHAPS as a contractor directly, whereupon a suitable solution to the described problem will be implemented as quickly as possible. As well as all the factors included in the Code, accessibility for workers within the production facilities is also verified. This mechanism must be at least fair, transparent, and accessible. For complaints received or

negative impacts identified, the resolution process described shall include appropriate mitigation and remediation measures according to an assessment of the severity of the problem in accordance with a predefined process.

In the CHAPS Merchandising company, a large number of emerging problems and conflicts are communicated directly in an open discussion and a solution is found that is satisfactory for all parties. This is possible due to the close personal relationship that exists between all employees. Besides, there is also the possibility of anonymously submitting a concern in a complaint box.

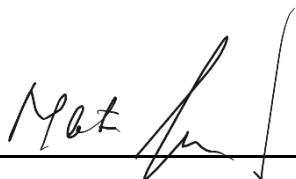
10. Implementation and Violation

CHAPS is aware that the mentality of our suppliers may differ from ours, which could cause violations of this code of conduct. It will most likely be determined during different kinds of factory assessments. Depending on the extent of the violation different actions from cooperating to find an improvement strategy to an immediate ending of the contract can be executed.

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In printed character

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