

SUPPLIER

CODE OF CONDUCT



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SUPPLIER CODE OF CONDUCT

HVEG FASHION GROUP

1.Introduction

1.1 Purpose

This Code of Conduct outlines the minimum standards of ethical business practices that we expect from all our suppliers and business partners involved in the sourcing, manufacturing, and production of our products. Compliance with these standards is mandatory for maintaining a business relationship with HVEG Fashion Group and its subsidiaries.

Scope

This Code of Conduct applies to all suppliers, vendors, contractors, and third-party businesses across all tiers (collectively referred to as "Suppliers") that produce or provide goods and services to HVEG Fashion Group, including its subsidiaries:

HVEG Brands Group B.V., Fashion Linq B.V., Low Land Fashion International B.V., Chiba Textiles Ltd., Fashion Linq Asia Ltd., Fashion Connections Textilhandels GmbH, Romath GmbH, Menino GmbH, Fashion Linq GmbH, Belt Fashion Eindhoven B.V., HVEG Accessories Group B.V., Link Ningbo Trading Co. Ltd., Jomo Fashion B.V., Y'Organic B.V., Coconette GmbH, Protex GmbH, Mojo Fashion GmbH, Asian Fashion Group (HK) Limited, MAGIC Bodyfashion B.V., WBL Trading, Sassa and all its subsidiaries (including Sassa Mode AG, GmbH, Europe B.V., SROs, Tin Chun Ltd, Savarie GmbH), W Fashion and all its subsidiaries (including W Fashion B.V., Fashion Home B.V., Kids Connect Fashion B.V., Lumas International B.V.), RNF/Mexx and all its subsidiaries (including Mexx Licensing B.V., Accessories B.V., Retail B.V., etc.), FLQ Loods B.V., HVEG Fashion Concepts B.V., A&Q Fashion B.V., Belt Fashion Industries B.V., BJJI B.V., Low Land Fashion Group B.V.

Disclaimer:

This Code of Conduct also applies to any future entities, including new subsidiaries, affiliates, or joint ventures, that may be added to HVEG Fashion Group after the issuance of this document. All suppliers are expected to adhere to this Code regardless of when a specific entity becomes part of the group.

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1.2 Our Responsibility - Due Diligence

Aligned with the UN Guiding Principles on Business and Human Rights (UNGPs) and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, companies must prevent and mitigate any negative impact on people and the environment through their operations and business relationships within the production and supply chain.

This entails acting ethically and transparently, contributing to societal health and welfare. At HVEG Fashion Group, we use this as the foundation of our due diligence strategy for corporate responsibility.

In accordance with the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS) 1 (General requirements) and ESRS 2 (General disclosures), our due diligence processes incorporate risk-based assessments, own factory audits, stakeholder engagement, and a focus on material sustainability topics.

We support the conventions of the International Labour Organization (ILO) and expect our suppliers to align with these conventions. These conventions, alongside the UN declarations, OECD guidelines, and applicable laws, form the basis of our responsible business practices.

HVEG Fashion Group(or one of its subsidairies) is also committed to or is a member of the following initiatives:

- Amfori Business Social Compliance Initiative (BSCI) & Business Environment Performance Initiative (BEPI)
- The International Accord
- Leather Working Group
- Social and Labor Convergence Program (SLCP)
- Initiative for Compliance and Sustainability (ICS)
- Better Cotton Initiative (BCI)
- Global Recycled Standard (GRS) / Organic Content Standard (OCS) / Recycled Claim Standard (RCS)
- Global Organic Textile Standard (GOTS)
- Cotton made in Africa
- Higg Facility Environmental Module (Higg Fem)

1.3 Integration with CSRD

As part of our CSRD ESRS compliance:

- We perform Double Materiality Assessments (ESRS 2, Disclosure Requirement 2-G1) annually, ensuring the inclusion of financial and non-financial risks and opportunities relevant to our business activities.
- Our risk assessments and own audits in supplier countries are informed by the OECD sectoral guidelines for footwear and garments.
- In addition to CSRD compliance, HVEG Fashion Group requires all suppliers to adhere to emerging due diligence regulations, including the European Union's Human Rights and Environmental Due Diligence (HREDD) directive and the German Supply Chain Due Diligence Act (LkSG). Suppliers must conduct risk analyses, establish grievance mechanisms, and ensure traceability across their value chain. Any non-compliance may lead to corrective action plans or termination of business relationships

1.3.1 Compliance with Future Addendums, Supplier Letters, and Declarations

Scope of Compliance

This Supplier Code of Conduct serves as the foundation for HVEG Fashion Group's ethical, social, and environmental expectations. In addition to the obligations outlined in this document, all suppliers, vendors, contractors, and third-party business partners (hereafter referred to as 'Suppliers') are required to comply with any official addendums, supplier letters, declarations, or policy updates issued by HVEG Fashion Group after the publication of this Code of Conduct.

Legal and Contractual Obligation

Any supplementary documents shall be considered an integral part of this Code and are legally binding upon all Suppliers. They may introduce additional compliance measures in response to:

- Regulatory changes (e.g., European Union Human Rights and Environmental Due Diligence Directive, German Supply Chain Act).
- Evolving sustainability initiatives and industry best practices.
- Amendments to environmental, social, governance (ESG), and quality control requirements.
- Changing customer requirements

Notification and Implementation

HVEG Fashion Group will communicate such updates via official channels, including but not limited to email notifications, supplier portals, or contractual amendments. Suppliers are expected to review, acknowledge, and implement these updates within the stipulated timeframe. Any failure to comply with newly introduced obligations may result in corrective actions, up to and including suspension of business relations, order cancellations, or contract termination.

Supplier Responsibility

It is the Supplier's responsibility to ensure that all relevant stakeholders within their organization and supply chain are informed of and comply with these updates. Suppliers must proactively seek clarification if any new requirements are unclear and provide documented confirmation of compliance when requested by HVEG Fashion Group.

1.4 Key Risk Areas and areas of focus

The key risks identified in our supply chain, as part of our Double Materiality Assessment (DMA) and guided by Environmental, Social, and Governance (ESG) standards outlined in the CSRD, are as follows:

Climate Change

- Mitigation of CO2 Emissions : We focus on reducing our carbon footprint to mitigate climate change impacts and meet regulatory requirements.
- Energy Use: Optimizing energy consumption is crucial for both environmental sustainability and operational efficiency

Pollution

- Soil and Water Pollution : We prioritize preventing contamination to protect ecosystems and comply with environmental regulations.
- Hazardous Substances and Microplastics: Managing these materials are essential to minimize environmental and health risks.

Water Use

- Efficient water management is critical for sustainability and operational resilience.

Circular Economy

- Resource Inflows and Outflows : We focus on optimizing resource use and waste management to support a circular economy model

Workers in the Value Chain

- Working Hours and Adequate Wages : Ensuring fair labour practices is crucial for worker well-being and legal compliance
- Health and Safety : Prioritizing worker safety is essential for ethical operations and risk mitigation
- Discrimination & Gender Equality : We are committed to fostering an inclusive workplace free from discrimination
- Forced Labour and Child Labour : Eliminating these practices from our value chain is a top priority for ethical and legal reasons

Consumers and End Users

- Information for Consumers and End-users : Providing transparent and accurate product information is crucial for building trust and meeting consumer expectations

Corporate Governance

- Strong governance structures are essential for effective risk management, compliance, and stakeholder trust

As outlined in the introduction, this Code of Conduct establishes the framework for our shared commitment to ethical, environmental, and social responsibility.

The following chapters delve deeper into the specific areas of focus, providing clear expectations and actionable guidelines for all stakeholders.

These principles are not just requirements but a reflection of our collective ambition to create meaningful, positive change within our operations, supply chain, and communities. From addressing climate change and encouraging the use of more sustainable materials to promoting fair labor practices and ethical governance, this document serves as a roadmap for aligning business practices with global sustainability and ethical standards.

By adhering to these principles, we aim to drive innovation, enhance transparency, and uphold our core values across every aspect of our business.

In the following document you will find more indepth information on all abovementioned topics.

Please read them carefully, sign the document on the final page and send it back to us.

United in sustainability,

HVEG Fashion Group
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1.5 Supplier Code of Conduct 2025: Summary

1. Environmental Responsibility

✓ CO₂ Emissions & Energy Efficiency

- Implement an environmental management system such as BEPI or Higg/FEM.
- Monitor and reduce CO₂ emissions on factory level and product level.
- Optimize energy efficiency and prioritize renewable energy where feasible.

✓ Pollution Prevention & Resource Management

- Prevent soil and water contamination and monitor mitigation measures and maintain records.
- Properly manage hazardous substances compliant with REACH regulations and HVEG restricted substances lists(RSL) and reduce microplastics.
- Reduce waste, promote recycling, and follow circular economy principles.

✓ Water & Marine Resource Protection

- Improve water efficiency in production processes, especially in wet processes(dyeing,washing).
- Treat wastewater properly and comply with discharge regulations and monitor.

✓ Biodiversity & Sustainable Sourcing

- Source raw materials sustainably (e.g., GOTS, BCI, GRS/OCS) with verifiable certifications.
- Avoid deforestation and comply with emerging EUDR requirements; ensure traceability for high-risk materials.
- Prohibit forced-labor cotton from regions such as Uzbekistan and other high risk regions as mentioned in ILO, OECD and Amfori standards and reports.

2. Social Responsibility

✓ Fair Wages & Working Conditions

- Pay fair wages covering basic needs + 10% discretionary income.
- Follow legal working hours (max. 48 hrs/week + voluntary overtime).

✓ Health & Safety Standards

- Provide safe work environments, including fire safety, PPE, emergency exits, and regular training/drills.
- Offer potable water (with periodic testing), clean canteens/dormitories, and regular first aid training.
- Factories in Bangladesh & Pakistan are encouraged to join the International Accord.
- Conduct regular first aid & health checks.

✓ Child & Forced Labor Prevention

- No employment under age 16 or below the compulsory schooling age.
- No hazardous work for those aged 16-18.
- Zero tolerance for forced labor; no withholding of wages or identity documents.

✓ Diversity & Equal Opportunity

- No discrimination based on gender, race, religion, disability, etc.
- Protection of vulnerable workers.

✓ Freedom of Association & Worker Representation

- Respect workers' right to unionize and collectively bargain; where restricted by law, provide alternative means.

3. Business Ethics & Transparency

- ✓ Anti-Corruption & Fair Business Conduct
 - No bribery, fraud, or money laundering; adopt anti-corruption policies and training.
 - Establish whistleblower protections that allow anonymous reporting.
- ✓ Animal Welfare & Ethical Sourcing
 - No real fur, angora, or mulesing wool.
 - Leather must be a by-product (not from animals slaughtered for skin).
- ✓ Supply Chain Transparency
 - Share supplier tier structure & provide location & certifications of facilities.
 - Allow unannounced HVEG audits & ensure full traceability of materials.
- ✓ Quality and Safety Compliance
 - Adhere to HVEG and customer-specific quality standards.
 - Meet GPSR requirements by providing technical files, product risk assessments, and all documentation needed for safety verification.
- ✓ Unauthorized Subcontracting
 - Do not subcontract any production without prior written approval from HVEG.
 - Monitor approved subcontractors for continuous compliance with social/environmental standards.

4. Compliance & Consequences

- ✓ Regular Audits & Monitoring
 - Maintain and provide documentation proving compliance with the CoC.
 - Cooperate in audits and promptly address corrective actions.
 - Non-compliance may result in contract termination if no remediation or mitigation is offered.
- ✓ Grievance Mechanisms
 - Ensure fair, transparent channels for workers to report concerns confidentially.
 - Communicate grievance procedures to all workers (including temporary and indirectly employed).
- ✓ Commitment to Continuous Improvement
 - Implement relevant management systems (e.g., ISO 9001) to address ESG risks and drive improvements.
 - Conduct periodic self-assessments and engage in capacity-building to close gaps.

Supplier Commitment

By signing, the supplier agrees to:

- Implement and uphold these principles.
- Ensure their subcontractors also comply.
- Allow audits and monitoring.
- Report violations immediately.

2. Environmental Responsibility

2.1 Climate Change Mitigation

Suppliers must comply with all applicable environmental laws and regulations in their operating regions and EU. They are required to implement an environmental management system and integrate environmental considerations into business decisions. A proactive approach to improving environmental performance is expected, with responsibility assigned to a Corporate Sustainable Responsibility (CSR) management representative. Participation in the amfori BEPI programme or HIGG/FEM is encouraged. Suppliers must take a proactive approach to environmental performance improvement and extend these requirements to their own suppliers and subcontractors. They should be prepared to disclose environmental data and agree to separate monitoring for environmental responsibility if necessary.

2.1.1 CO2 Emissions Reduction

Suppliers must have an environmental management system in place and integrate environmental impact into business decisions. They should take a pro-active approach towards improving environmental performance, and require the same from their suppliers and subcontractors. Factories shall continuously monitor, and, if requested, disclose to HVEG Fashion Group their CO2 emissions.

2.1.2 Energy Efficiency

Suppliers must take measures to continuously improve energy efficiency in buildings, transport and production, and make reasonable efforts to use renewable or less carbon intensive energy sources. Factories shall continuously monitor, and, if requested, disclose to HVEG Fashion Group their energy usage.

2.2 Pollution Prevention

Suppliers must assure environmental protection in all their activity and agree to be monitored separately for environmental responsibility if necessary. This includes production procedures, waste management, handling and disposal of dangerous material – such as chemicals – and emissions. HVEG Fashion Group prefers to work amfori's BEPI initiative but will accept HIGG/FEMM or a similar scheme with proven value. Procedures and standards for waste management, handling and disposal of chemicals and other dangerous materials, emissions and effluent treatment must comply with or exceed environmental laws.

2.2.1 Soil and Water Protection

Suppliers must ensure that their operations do not negatively impact soil and water quality. This includes preventing contamination from hazardous substances and waste. Measures must be taken to ensure proper treatment of effluents before discharge and to minimize soil degradation from industrial activities. Suppliers should have detailed policies and procedures for managing spills and accidental discharges and must maintain records of all incidents.

2.2.2 Hazardous Substances Management

Suppliers using chemicals must meet the standards set out in our Restricted Substances List (RSL) and work with HVEG Fashion Group and their own suppliers towards the elimination of hazardous substances from the supply chain. We encourage suppliers to join the Zero Discharge of Hazardous Chemicals (ZDHC) to Zero Programme, commonly referred to as Detox.

Materials containing hazardous substances or derived from unknown, untraceable, or unsustainable sources are strictly prohibited.

Suppliers are fully responsible for ensuring that their products do not contain prohibited substances, including Azo dyes and restricted chemicals as outlined in the HVEG Fashion Group's International Restricted Substances List (IRSL).

If non-compliant goods are delivered, suppliers will bear all associated costs, including destruction of goods, regulatory fines, and reimbursement of HVEG's incurred expenses. Persistent violations will lead to contract termination and listing in the European public database of non-compliant supplier.

2.2.3 Microplastics Reduction

Suppliers are expected to actively minimize the release of microplastics into the environment. This involves adopting innovative production methods, such as using alternative materials or improving filtration systems during washing and manufacturing processes. Suppliers should also explore opportunities to eliminate products that contribute significantly to microplastic pollution, such as glitter and synthetic fibers prone to shedding. Research and collaborative projects on microplastic reduction are strongly encouraged.

2.3 Water and Marine Resources

Suppliers with wet processes (including dyeing and finishing/washing plants) must take measures to continuously improve water efficiency and facilitate reuse & recycling where possible. Suppliers must treat wastewater properly prior to discharge, test the wastewater as required to meet national and local water discharge compliance standards, and share wastewater quality data with stakeholders, upon request from HVEG Fashion Group.

2.4 Biodiversity and Ecosystems

At HVEG Fashion Group, we recognize the importance of protecting biodiversity and ecosystems in line with the Corporate Sustainability Reporting Directive (CSRD) and ESRS E4.

Suppliers must assess and minimize their impact on biodiversity, ensuring responsible sourcing and sustainable practices.

2.4.1 Protection of Natural Ecosystems

Operations must not contribute to deforestation, habitat destruction, or biodiversity loss. Suppliers must not source from legally protected areas or high-risk deforestation zones without traceability documentation.

Land-use changes must be minimized, with conservation measures in place.

2.4.2 Sustainable Sourcing & Agricultural Practices

Raw materials (e.g., cotton, leather, wood-based fibers) must be sourced from certified sustainable programs (e.g., BCI, FSC, ROC).

Suppliers must reduce reliance on harmful agrochemicals and ensure responsible soil and water management.

2.4.3 Water, Soil & Pollution Management

Water-intensive processes (e.g., textile dyeing) must adopt closed-loop systems and prevent contamination of local ecosystems.

Suppliers must implement erosion control and sustainable land-use practices.

2.4.4 Biodiversity Risk Management & Reporting

Suppliers must integrate Biodiversity Action Plans (BAPs) and conduct annual biodiversity impact assessments.

Compliance with international biodiversity conventions (e.g., UN Convention on Biological Diversity, EU Biodiversity Strategy 2030) is mandatory.

2.4.5 Prohibited Practices

No sourcing from illegal wildlife trade, deforestation-linked agriculture, or unsustainable palm oil, viscose, or rubber.

Genetically modified (GM) crops must comply with regulations.

2.5 Resource use and Circular Economy

At HVEG Fashion Group, we recognize the critical importance of sustainable resource management and fostering a circular economy. As our valued suppliers, your role is pivotal in helping us achieve our goals. The following subtopics outline our expectations and collaborative approach:

2.5.1 Resource Management

We rely on you, our suppliers, to ensure the materials entering our production processes meet the highest standards of sustainability. To support this, we ask you to:

- Material Selection:
 - Prioritize organic materials such as organic cotton, hemp, and other natural fibers cultivated without harmful pesticides or synthetic fertilizers.
 - Incorporate recycled materials, such as recycled polyester from post-consumer and post-industrial waste, recycled nylon, and pre-consumer textile scraps.
- Traceability and Certifications:
 - Maintain traceability systems to verify the origins of materials provided to us.
 - Ensure that materials are certified under recognized standards such as Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycled Standard (GRS), and Recycled Claim Standard (RCS).
- Collaboration and Innovation:
 - Work with us to adopt innovative and sustainable material solutions, including bio-based textiles and plant-derived alternatives, ensuring a steady shift towards sustainability.
 -

Suppliers must maintain detailed traceability documentation for all recycled material inputs. Third-party certifications are mandatory to validate claims. Annual reports detailing the percentage of recycled content by product line and progress toward established recycled material goals must be submitted.

2.5.2 Resource Outflows

The products and services we deliver depend on the quality and sustainability of what you help us produce. As partners in this process, we expect you to:

- Eco-Design:
 - Apply eco-design principles to your processes to ensure materials and products are durable, adaptable, and easy to repair.
 - Innovate in modular and multi-functional designs that extend product lifespans and reduce waste.
 - Focus on sourcing materials designed for durability and long-term usability.
- Transparency:
 - Provide comprehensive product information, including lifecycle assessments and material compositions, to ensure traceability and consumer confidence.

2.5.3 Waste Reduction and Recycling

Waste management is a shared responsibility, and we count on your commitment to:

- Minimize Waste:
 - Implement measures to reduce material waste during production, such as pattern optimization and efficient manufacturing techniques.
 - Repurpose production offcuts into new products or materials wherever possible.
- Recycling Partnerships:
 - Work with us to establish take-back programs and recycling schemes that close the loop on textile and material waste.
 - Explore closed-loop recycling processes to maximize material reuse.
- Organic Waste Management:
 - Ensure that biodegradable materials, such as organic cotton or wool, are composted or otherwise naturally decomposed to reduce landfill contributions.

To ensure long-lasting positive impacts, suppliers must focus on sourcing materials designed for durability, repairability, and adaptability for extended product lifespans, aligning with eco-design principles.

2.5.4 Raw Materials

The sourcing of raw materials forms the foundation of sustainable operations. We ask you to:

- Sustainable Practices:
 - Partner with us to source raw materials ethically, prioritizing renewable and sustainable extraction methods.
 - Avoid sourcing from endangered ecosystems or regions with high deforestation risks.
- Innovation in Materials:
 - Diversify material sourcing by incorporating agricultural by-products, lab-grown textiles, and low-impact dyes into your supply chain.

By actively participating in these practices, you contribute to a thriving circular economy and uphold the shared values of environmental, social, and economic responsibility. Together, we can set a benchmark for sustainability and drive continuous improvement across the industry.

HVEG Fashion Group strictly prohibits the use of cotton sourced from high-risk forced labor regions, including regions such as Uzbekistan and other high risk regions as mentioned in ILO, OECD and Amfori standards and reports.

Suppliers must provide full traceability documentation verifying the ethical sourcing of their raw materials.

HVEG Fashion Group retains the right to conduct unannounced audits to ensure compliance. Failure to comply will lead to immediate supply chain disengagement and contract termination.

3. Social Responsibility

Our Social Responsibility requirements are aligned with and based on the Amfori BSCI Code of Conduct.

3.1 Workers in the Value Chain

3.1.1 Working Hours and Fair Compensation

Legal Compliance

All suppliers must comply with applicable national laws on working hours, overtime, compensation, and social benefits. This includes paying at least the local legal minimum wage and providing all legally required benefits, such as official holidays, annual leave, and overtime pay.

Progress Toward Living Wages

HVEG Fashion Group supports the principle that worker compensation should cover basic needs (including food, housing, healthcare, and education), plus a small margin for discretionary spending. We recognize that not all suppliers may already meet this standard; therefore, we require each supplier to:

1. Provide Transparent Wage Records
 - Maintain verifiable documentation of wages paid and hours worked.
 - Cooperate in assessments, audits, or worker interviews that HVEG Fashion Group or third-party verifiers conduct.
2. Engage in Continuous Improvement
 - Work toward gradually closing any gap between current wages and credible living-wage benchmarks (e.g., industry, NGO, or multi-stakeholder initiatives).
 - Take part in capacity-building or training sessions, if requested, to improve wage-related policies and practices.
3. Disclose Challenges and Progress
 - Inform HVEG Fashion Group if legal minimum wages or other local conditions limit the immediate realization of a living wage.
 - Report annually on wage levels and improvement efforts in a format agreed upon with HVEG Fashion Group.
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Monitoring and Reporting

- HVEG Fashion Group will periodically review wage practices through audits, documented self-assessments, or external verifications. We will use these findings to evaluate each supplier's progress toward fair compensation. Outcomes and any corrective action plans may be shared with relevant stakeholders, in accordance with privacy laws and contractual obligations
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Working Hours and Overtime

- Regular work hours should not exceed legal limits, and employees must receive at least one rest day in any seven-day period.
- Overtime must be voluntary, limited in duration, and compensated at a premium rate.

3.1.2 Occupational Health and Safety

Right to a Safe Environment

Workers have the right to associate freely and communicate openly with management about working conditions without fear of reprisal. Factories located in Bangladesh and Pakistan are encouraged to join the International Accord program if possible.

General Safety Standards

A safe and hygienic working environment must be provided in accordance with best occupational health and safety practices. Employers shall identify potential safety hazards and take all necessary measures to minimize risks. Personal Protective Equipment (PPE) must be supplied at no cost to workers whenever required. Effective regulations shall be implemented to prevent accidents and health risks as much as possible.

Building and Fire Safety

- Factories must have valid building and fire safety permits, and all structural or fire-safety-related installations (e.g., lightning protection) must be inspected at least annually by a qualified third party.
- Production buildings should have properly documented floor-loading capacities, ensuring that operational loads do not exceed safe limits.
- An automatic fire alarm system is required; fire drills and emergency system tests shall be conducted periodically (ideally quarterly).
- In multi-tenant buildings, the Building Certificate and Fire Certificate must cover the entire building, with a centralized fire alarm system and joint fire drills.
- Firefighting equipment must be accessible, well-maintained, and sufficient in quantity. A designated number of workers must receive specific training in firefighting techniques.
- Buildings shall have unobstructed exits and exit pathways, clearly marked and unlocked, with posted evacuation plans near each exit stair. Emergency lighting must remain operational.

Electrical Safety

- Electrical systems, panels, and wiring must be installed and regularly maintained by certified electricians; all must be properly documented and kept in good working order.
- Generators and boilers must be placed separately from production areas with appropriate safety measures.

Potable Drinking Water

- Employers must provide safe, potable drinking water in all production facilities and any provided dormitories.
- Drinking water must be regularly tested (e.g., for bacterial or chemical contamination) to ensure compliance with local health regulations and international safety standards.
- Test reports should be maintained on file and made readily available for inspections or audits.

Ventilation, Noise, and Lighting

- Factories must ensure acceptable levels of ventilation, temperature, and noise to protect workers' health.
- Lighting must be sufficient for safe working conditions.

Canteens and Dormitories

- Any factory canteen must be located separately from production areas, kept clean, and regularly inspected to meet hygiene standards.
- Dormitories, if provided, must be secure, clean, and equipped with necessary fire and safety provisions (e.g., extinguishers, first aid kits, emergency exits).
- Emergency evacuation drills for dormitories shall be conducted regularly. Dormitories are ideally situated on the ground floor, or else must have direct access to at least two unobstructed emergency exits.
- Cooking should take place in a dedicated kitchen area.

First Aid and Health Checks

- 6 months professional training to be arranged for assigned first-aiders through a registered doctor in first aid, and first aid kits must be adequately stocked, accessible, and replenished.
- Periodic occupational health checks by qualified medical personnel are recommended, especially for young or vulnerable workers.

3.1.3 Non-Discrimination and Gender Equality

No discrimination shall be tolerated in hiring, remuneration, access to training, promotion, termination or retirement based on gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in workers' organisations including unions, political affiliation or opinions, sexual orientation, family responsibilities, marital status, or any other condition that could give rise to discrimination. Suppliers should actively promote gender equality—ensuring equal pay for equal work, equal opportunity in leadership and decision-making, and robust measures to prevent gender-based harassment.

3.1.4 Protection of Vulnerable Workers

Suppliers must give special consideration to the rights and well-being of individuals who are most vulnerable to abusive labor practices. This includes but is not limited to women, homeworkers, agency workers, temporary workers, and migrant workers. In practice, suppliers should:

1. Identify and Monitor Vulnerable Groups

- Maintain clear records of workers who may face additional risks due to their status (e.g., migrant or temporary workers) and ensure heightened oversight of their employment terms.

2. Prevent Exploitative Practices

- Ensure these workers receive the same protections and benefits as permanent or local employees, including fair wages, appropriate working hours, and safe working conditions.
- Prohibit any form of discrimination, harassment, or exploitation targeting these vulnerable groups.

3. Guarantee Equal Access to Grievance Mechanisms

- Make certain that grievance procedures are fully accessible to vulnerable workers and address any language or cultural barriers that might hinder reporting.
- Provide assurances that individuals filing complaints will not face retaliation or reduced work opportunities.

4. Promote Dignity and Inclusion

- Implement training programs and policies that foster a culture of respect and integration for all workers, regardless of their background or employment status.
- Regularly review and update policies to ensure alignment with evolving standards and best practices for protecting vulnerable workers.

3.1.5 Prevention of Forced, Prison and Child Labor

All work must be voluntary, with workers free to leave upon reasonable notice.

Forced, bonded, involuntary prison labour or any other form of involuntary work is strictly prohibited. Employers must not retain workers' identity documents or require lodging deposits. Workers shall receive a written contract in their own language and be free to leave the workplace after their shift. There shall be no forms of slavery or practices similar to slavery—such as the sale and trafficking of children, debt bondage, serfdom, or compulsory labour.

The use of child labour is strictly forbidden. The minimum employment age is the age of completion of compulsory schooling or 16 years, whichever is higher. Young workers (16–18 years) must not engage in hazardous work—including night shifts—and should be registered with the local labour bureau in accordance with applicable law, undergo regular health checks, and have access to education or training programmes.

If any use of child labour—or any forced, bonded or prison labour—is identified or suspected, all orders will be halted immediately, contracts dissolved, and the supplier will face direct withdrawal of orders. Continuous non-compliance with these standards will lead to supplier blacklisting

HVEG Fashion Group enforces a zero-tolerance policy towards forced labor in its supply chain. If forced labor is identified, the supplier must immediately remove affected individuals from such conditions and implement appropriate remediation measures—such as providing fair compensation, access to medical or psychological support, and safe repatriation—before the issue is escalated. In severe cases, HVEG reserves the right to terminate contracts, cancel outstanding orders, and hold suppliers financially liable for damages, including reputational harm and regulatory fines. Continuous non-compliance will lead to supplier blacklisting.

3.2 Affected Communities

3.2.1 Community Engagement

At HVEG Fashion Group, we understand that our operations extend far beyond the factory floor; they resonate deeply within the communities where we operate. Recognizing our responsibility as a globally operating company, we are dedicated to being a positive force for change and development. Our journey begins with fostering meaningful relationships with local stakeholders, including governments, non-profits, and educational institutions. By prioritizing local hiring practices, we not only create job opportunities, but also stimulate economic growth within these communities.

Education is at the heart of our community engagement efforts. We invest in skill development programs that equip our employees in all countries with the tools they need for future success. In doing so, we celebrate and preserve local cultural heritage, ensuring that our presence enhances rather than diminishes the rich traditions of the regions we touch. Supporting local suppliers and businesses is another cornerstone of our commitment.

We believe that by fostering economic sustainability within the community, we can create a thriving ecosystem that benefits everyone. Our support extends to local events, sports teams, and cultural activities, enriching community life and fostering a sense of belonging. Environmental stewardship is integral to our mission. Beyond our facilities, we actively participate in sustainability initiatives, demonstrating our commitment to protecting the planet. Open communication with community members ensures transparency; we listen to their concerns and address them promptly. Ultimately, community engagement for all stakeholders is becoming more embedded into the very fabric of our corporate culture. It informs our policies, decision-making processes, and daily operations—reminding us that together, we can create a brighter future for all of our stakeholder upstream and downstream.

3.3 Consumers and End-Users

Suppliers must prioritize the needs of consumers and end-users by ensuring transparency, ethical practices, and high standards in the production and delivery of goods. This includes proactively providing accurate product information to HVEG Fashion Group, adhering to safety standards, and fostering trust through responsible business conduct.

3.3.1 Product Information and Transparency

Suppliers are required to provide detailed and accurate information regarding their products, including data for tiers, Life Cycle Assessments (LCA), and Bill of Materials (BOM) sheets. This information should be made available promptly at the start of order placement to facilitate compliance, transparency, and informed decision-making by stakeholders. Suppliers must actively engage with the communities in which they operate. This involves maintaining open communication channels to understand and address concerns, supporting local development projects, and fostering long-term relationships with community stakeholders. Programs to provide skills training, employment opportunities, and infrastructure improvements are highly encouraged.

3.3.2 Quality and Safety Standards

Suppliers must comply with all applicable international safety and quality standards, including the General Product Safety Regulation (GPSR).

This includes ensuring that products:

1.Meet Safety Requirements

Products must be safe for end-users and free from defects or hazards that could pose risks to health.

2.Are Free from Harmful Substances

Suppliers must ensure no restricted or prohibited chemicals are used in production, following HVEG's Restricted Substances List (RSL) and any additional regulatory requirements.

3. Are Accurately Labeled

- Correct, complete, and legally compliant labeling must be provided for each product, informing end-users of the materials, processes, or potential risks.

4. Adhere to HVEG and Customer Quality Standards

- Suppliers bear the responsibility to comply with both HVEG's quality protocols and any customer-specific product standards or specifications.
- This includes meeting performance, durability, and other requirements outlined in purchase orders or technical documentation.

5. Provide Transparency

- Suppliers must disclose complete information on materials, processes, and potential risks associated with the products.
- Documentation must be made available upon request to enable HVEG Fashion Group or its customers to verify compliance.

6. Support Technical File and Risk Assessment (GPSR)

- In accordance with the General Product Safety Regulation, suppliers must provide all relevant documentation and data required to compile a technical file and conduct a product risk assessment.
- This includes records of product design, material specifications, test reports, safety evaluations, and usage instructions, enabling HVEG Fashion Group or regulatory authorities to confirm product safety and traceability.

By ensuring compliance with these requirements, maintaining transparency, and providing full documentation for technical files and risk assessments, suppliers help safeguard the health and safety of end-users while upholding HVEG Fashion Group's standards, customer expectations, and legal regulations.

3.3.3 Ethical Sourcing

Ethical sourcing practices are mandatory for all suppliers. This includes ensuring that materials are sourced responsibly, with minimal environmental impact and without exploitation of workers. Suppliers must cascade these expectations to their own suppliers and report on compliance annually (see Chapter 5 on Supply Chain Tier Management).

Legal Compliance

1. All employees and business partners must comply with any applicable national and international laws and regulations governing their business activities.
2. If these laws conflict with the HVEG Fashion Group Supplier Code of Conduct, suppliers must choose the provision offering greater protection for workers or the environment. Under no circumstances should compliance with local law be used as a reason to diminish standards outlined in this Code if a higher ethical or environmental standard is reasonably available.

Intellectual Property Rights

1. Suppliers must ensure that intellectual property rights (e.g., trademarks, copyrights, patents) are respected throughout their operations. No unlawful copies or unauthorized products should be produced, offered, or distributed. Any violation of intellectual property regulations may lead to legal consequences and immediate corrective action, up to and including termination of the business relationship.

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4. Corporate Governance and Business Conduct

Suppliers shall conduct their business with integrity and maintain accurate records.

We expect all our business partners to fully comply with this Code of Conduct. We also expect our suppliers and other business partners to be transparent and not intentionally mislead our official auditor bodies. We believe in co-operation and we are willing to work with our suppliers and other business partners to achieve sustainable solutions and to promote suppliers and other business partners who are in compliance. Ethical behaviour is required and any breaches of HVEG Fashion Group Code of Conduct must immediately be reported to local management or to the HVEG Compliance lead CR.

Relevant documentation must be maintained for auditing purposes. We have the right to make unannounced visits to all units producing goods or services for HVEG Fashion Group at any time. We also reserve the right to appoint an independent third party of our choice to conduct audits in order to evaluate compliance with our Code of Conduct. During audits, we require access to all areas of the premises, to all documents and to all employees for interviews. We also demand the right to provide employees with contact details for HVEG Fashion Group.

Suppliers must operate in full compliance with all applicable national and international laws, regulations, and industry standards in the countries and regions where they conduct business. This includes adherence to relevant sustainability laws, such as CSRD, Ecodesign for Sustainable Product Regulations (ESPR), labour laws, environmental regulations, anti-corruption laws, and intellectual property rights.

4.1 Freedom of Association

Suppliers must respect the rights of workers to form, join, and participate in trade unions or other forms of worker representation of their choice. Workers should be free to collectively bargain without fear of retaliation or discrimination. In regions where such rights are restricted by law, suppliers must facilitate alternative means for independent and free association.

4.2 Anti-Corruption and Anti-Bribery Measures

Suppliers must comply with all applicable anti-bribery and corruption laws. They shall not engage in any form of bribery, corruption, extortion, or embezzlement. Suppliers shall also implement appropriate measures to safeguard against money laundering activities. Suppliers must not offer, pay, solicit or accept bribes, including facilitation payments. Suppliers must have an anti-corruption policy and procedures in place, and review them regularly to ensure that they are operating effectively.

4.3 Protection of Whistleblowers

Suppliers must establish secure and confidential mechanisms for employees and stakeholders to report unethical behavior, violations of laws, or breaches of this Code of Conduct. Protections must be in place to ensure whistleblowers are free from retaliation or discrimination. Suppliers are encouraged to adopt whistleblower systems that align with international best practices.

4.4 Animal Welfare

Animal-based materials shall be sourced in an ethical manner, in line with the Five Freedoms of Animal Welfare (freedom from hunger & thirst; freedom from discomfort; freedom from pain, injury & disease; freedom to express normal behaviour; and freedom from fear & distress).

- All products sold are to be produced without causing harm to animals.
- Leathers, skins and feathers must only be obtained as a by-product and not be the sole purpose of the slaughter of an animal.
- No products in full or part are to be sourced from endangered species listed by the Convention on International Trade in Endangered Species (CITES) or International Union for the Conservation of Nature (IUCN).
- Angora, real fur or pelts are not to be used on any products supplied to HVEG Fashion Group.
- Down should have the certificate Responsible Down Standard (RDS).
- Skins should not be obtained while an animal is alive; feathers should not be plucked from live animals. Wool cannot be sourced from producers that use mulesing as part of their animal husbandry strategies.

4.5 Political Influence and Lobbying Activities

Suppliers must conduct all political and lobbying activities with integrity and transparency. Any involvement in lobbying or advocacy must align with the values and principles outlined in this Code of Conduct. Suppliers are required to disclose any political contributions or lobbying efforts upon request.

4.6 Payment Practices

Suppliers must adhere to fair and transparent payment practices. This includes timely payments to workers and subcontractors and compliance with all contractual agreements. Late payments and unfair deductions are strictly prohibited. Suppliers must also ensure that any disputes related to payments are resolved swiftly and fairly.

5. Supply Chain Management

This chapter outlines the principles and practices for ensuring transparency within the supply chain of our textile company, in compliance with current EU legislation. The focus is on tier management, which categorizes suppliers into distinct tiers based on their proximity to the final product. This structure facilitates better oversight and fosters sustainable practices throughout the supply chain.

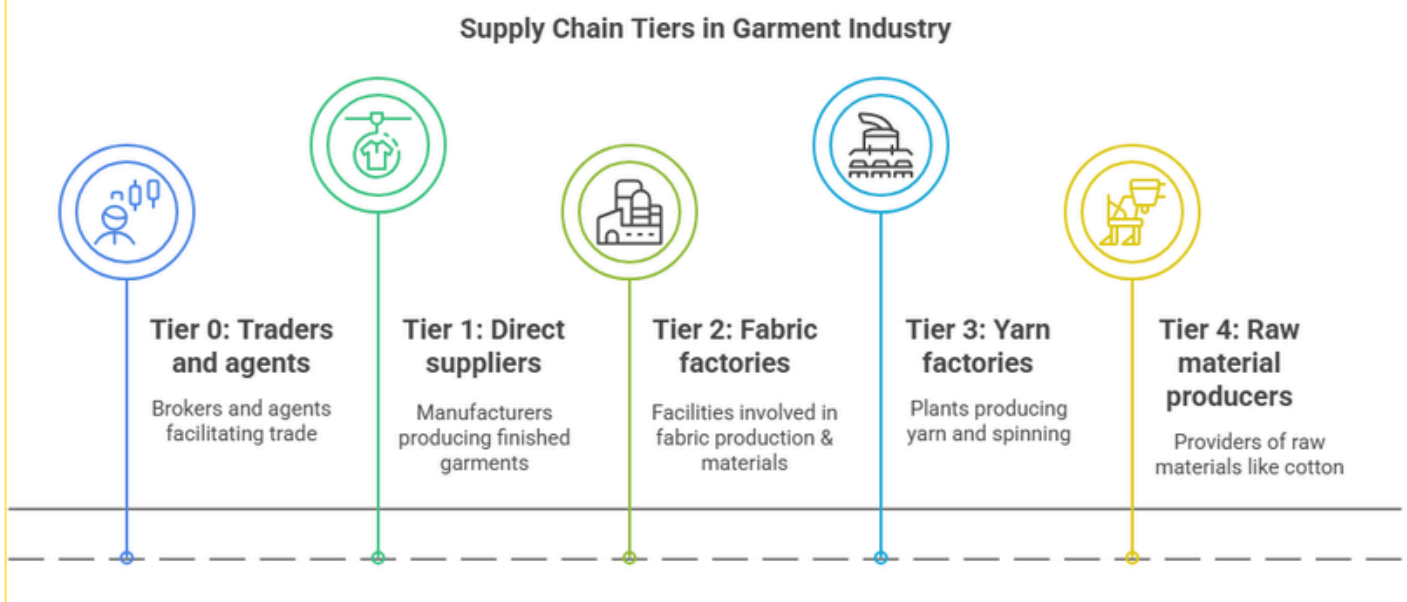
Suppliers to HVEG Fashion Group are obliged to share the tier information.

5.1 Transparency in the Supply Chain

- **Disclosure Obligations:** All suppliers must disclose their identities, locations, and relevant certifications. This includes information about labor practices, environmental impact, and compliance with local regulations.
- **Regular Audits:** Conduct regular audits of Tier 1 suppliers to ensure compliance with ethical standards and sustainability goals. Tier 2 and Tier 3 suppliers should also be audited periodically through collaborative efforts with Tier 1 suppliers.
- **Data Sharing Protocols:** Implement secure data-sharing protocols that allow for real-time tracking of materials from Tier 4 to Tier 1.
- **Suppliers must categorize and manage their supply chains based on tiers, ensuring that each tier's compliance with this Code of Conduct is monitored and maintained.** HVEG Fashion Group reserves the right to audit any tier within the supply chain.

5.2 Supplier Tier Structure

The supply chain is categorized into 5 tiers:



5.3 Risk Management in the Supply Chain

- **Identify Risks:** Assess risks associated with each tier, including environmental impact, labor rights violations, and supply chain disruptions.
- **Strategies:** Develop strategies to mitigate identified risks or investing in sustainable technologies.
- By adhering to this Code of Conduct, HVEG Fashion Group commits to fostering a transparent, responsible, and sustainable supply chain. This approach not only complies with current EU legislation but also enhances our brand's integrity and reputation in the global market.

5.4 Unauthorized Subcontracting

HVEG Fashion Group does not permit subcontracting without prior written approval.

All salesman-sample and bulk production orders must be placed in facilities that have been pre-approved by HVEG Fashion Group—no exceptions.

Direct suppliers are responsible for continuously monitoring all approved subcontractors and sub-suppliers to ensure that they meet or exceed the social and environmental standards set forth in this Code of Conduct.

Failure to comply with these requirements, or the discovery of unapproved subcontracting, may lead to immediate corrective actions, including potential termination of business relationships.

6. Quality Management

6.1 Quality Management System

Suppliers are required to implement and maintain a robust quality management system (QMS) that aligns with internationally recognized standards such as ISO 9001. This QMS should encompass:

- Clearly defined quality objectives and policies
- Documented processes and procedures
- Regular internal audits and management reviews
- Continuous improvement initiatives
- Employee training and competence development.

6.2 Process Quality Control

Suppliers must establish and maintain process quality controls to ensure consistent product quality and minimize defects. This includes:

- Conducting regular quality inspections and testing
- Maintaining calibrated measuring and monitoring equipment
- Implementing corrective and preventive action (CAPA) processes
- Ensuring traceability of materials and products.



7. Implementation and Enforcement

7.1 Monitoring and Auditing

HVEG Fashion Group reserves the right to monitor and audit Suppliers' compliance with this Code of Conduct, including their quality management systems and process quality controls. Suppliers shall maintain all documentation necessary to demonstrate their compliance and provide Fashion Group with access to relevant records and facilities upon request.

7.2 Grievance Mechanism

Suppliers shall ensure that all workers—permanent, temporary and indirectly employed—have access to an effective, transparent grievance mechanism that allows them to raise any work-related concern or report grievances to management without fear of retribution and, if required, anonymously. The mechanism must clearly describe how grievances will be received, assessed and investigated, how feedback will be provided, and the expected timeframes for resolution. Suppliers must communicate the scope and operation of the mechanism to all workers and their representatives, and ensure it is equally accessible to everyone. In addition, suppliers are encouraged to engage recognized third-party platforms—such as Amfori BSCI's Speak for Change—for independent verification of their grievance processes, and to conduct regular awareness-raising sessions so that every worker fully understands and trusts how to use the system.

7.3 Reporting Violations

Disciplinary procedures need to be clearly documented, communicated and easily accessible to all workers. All disciplinary matters shall be recorded, including evidence that the worker knew and understood what he/she was accused of and given the right to contact a trade union or other appropriate representation at disciplinary meetings, which may lead to significant disciplinary penalties or dismissal. HVEG Fashion Group accepts working with amfori's Speak for Change or similar schemes.

7.4 Consequences of Non-Compliance

If a Supplier fails to comply with the requirements outlined in this Code of Conduct, including quality management and process quality standards, HVEG Fashion Group may terminate the business relationship, including the cancellation of any outstanding orders, unless the Supplier takes immediate corrective actions to address the non-compliance issues.

By accepting this Code of Conduct, Suppliers acknowledge their commitment to upholding these standards, promoting ethical and responsible business practices, and maintaining high-quality processes and products throughout their operations and supply chains.

8. Continuous improvement

8.1 Commitment to Continuous Improvement

At HVEG Fashion Group, we expect every supplier to embed a robust management system—such as ISO 9001—that not only ensures full legal and regulatory compliance but also drives ongoing innovation and continuous improvement across environmental, social and ethical performance.

Suppliers must identify and manage all relevant obligations (laws, regulations, contracts and recognized standards), opting always for the higher level of protection when codes conflict.

This system should cascade throughout the supply chain, so that sub-suppliers and subcontractors are fully aware of—and held accountable for—the same sustainability criteria.

Leadership commitment is essential: top management must allocate resources, set clear targets, and empower teams to assess risks, document findings and implement corrective actions.

Accurate records of policies, risk assessments, trainings and audit results should be maintained and made available for review.

By routinely reviewing performance metrics, refining objectives and embedding feedback loops and embedding these management system elements into everyday operations, suppliers not only ensure compliance with HVEG Fashion Group's Code of Conduct but also foster a culture of continuous improvement that benefits workers, communities, and the overall value chain. Together with our suppliers, HVEG Fashion Group aims to foster a culture of shared responsibility—delivering positive impacts for workers, communities and the planet.

9. Appendix

9.1. Supplier declaration

Supplier Declaration

I, the undersigned, acting as an authorized representative of

[Supplier Company Name.....],

hereby declare that:

I have read and fully understand the contents of this Code of Conduct.

Our company agrees to comply with all principles and standards set forth in this document.

We will promptly report any violations or concerns regarding this Code of Conduct to the appropriate contact within your organization.

We understand that adherence to this Code of Conduct is a condition of our business relationship, and failure to comply may result in the termination of our contract.

By signing below, we commit to upholding the principles outlined in this Code of Conduct and to working collaboratively to ensure ethical and responsible business practices throughout our partnership.

Signature:

Name:

Title:

Company:

Date:

We appreciate your commitment to these important principles and look forward to a mutually beneficial and responsible business relationship.

Stamp: