

Our global economic system is often based on the excessive use of raw materials, pollution and socially questionable production conditions. While economic activity has solved many problems, it also has created new ones. As a company, we are aware of the impact on the ecological, social and economic conditions which we have. It is our firm belief that our business activities should be directed at solving as many problems as we can while not creating (too many) new ones. This requires a socially and ecologically responsible business conduct along the whole supply chain.

Our Responsible Business Conduct (RBC) policy is aligned with our overall business strategy and accepted and supported by all relevant company staff including management.

Commitments regarding our own activities

FUNDMATE's business success is based on the balance between social responsibility, environmentally responsible action and economic success. Therefore, FUNDMATE assumes responsibility for sustainable purchasing practices and constantly deepens its knowledge to prevent and mitigate negative impacts, especially on factory workers in production locations but also along the whole supply chain. To do so, it is crucial to identify, mitigate, remediate and prevent supply chain risks. FUNDMATE maps these in a country specific risk profile for each existing and potential production location that is updated regularly. The risk mapping identifies risks on a country, factory, sector, business model, sourcing model and product specific level and focuses on the Code of Labour Practices. Each step of the supply chain risk mapping should include workers' voices. FUNDMATE therefore strongly supports the strengthening of the worker representation and the integration of their opinion into decision making processes. FUNDMATE is willing to cooperate with other (Fair Wear member) brands to commonly identify, mitigate, remediate and prevent occurring risks.

While doing business, FUNDMATE aims at implementing equal, trustworthy and long-term partnerships with its suppliers that are favorable for improvement in all areas of cooperation. The supplier selection process is done according to strict criteria noted down in the supplier selection process, containing a thorough due diligence including human rights. When having an ongoing relationship, we collaboratively plan order quantities and adequate lead times, fair payment terms and sustainable costing. We follow a fair negotiation approach. In the case when offers are not competitive, we collaborate with suppliers to find mutually beneficial solutions rather than exercising pressure. When terminating a business relationship with a supplier, FUNDMATE does not take ad hoc decisions. The exit is a process of years and from the beginning onwards it is communicated transparently to the supplier in question. Decisions related to the exit are taken responsibly and in consultation with the supplier. If possible, FUNDMATE is willing to cooperate with

other (Fair Wear member) brands to commonly identify, mitigate, remediate and prevent occurring risks.

All FUNDMATE employees are aware of the corporate social responsibility along the supply chain and relevant staff in charge of CSR and purchasing is regularly made aware to identify potential risks along the supply chain and monitor these risks closely and mitigate them.

Expectations vis-a-vis our business partners

We strongly believe that business relationships should be designed for the longterm because both parties benefit from ongoing and longterm relationships and real change is only possible when mutual trust and financial commitment is prevalent. We therefore refrain from quickly introducing new products from new suppliers because we would like to make sure that the products can prevail in our portfolio for a long time. A thorough market research, customer survey and human rights and social responsibility due diligence is conducted before launching a new product.

Our goal is to work with business partners that share our ambitions and values regarding human rights, labour practices, social standards, gender equality and the environment. We will only enter into contractual relationships with suppliers who respect and support the Code of Labour Practices and comply with the laws of the relevant national legal systems.

1. Employment is freely chosen

We refuse any collaboration with suppliers that employ people in prison, forced and slave labour or in debt servitude.

2. No discrimination, abuse or harassment in employment

We urge suppliers to engage in the prohibition of discrimination against people during their hiring, remuneration, access to auxiliary services and educational opportunities, advancement and dismissal, be it on the basis of sex, religion, ethnicity, national origin, marital status, political opinion or sexual orientation, and to promote equal opportunity. Any kind of physical, psychological, sexual or verbal abuse or harassment, or physical or mental coercion or physical punishment is forbidden. We require that all employees be treated with dignity and respect.

Gender inequality is a big topic in the garment industry. We are aware of the risks and try to monitor inequalities and e.g. promote equal pay for equal work independent of the sex.

3. No exploitation of child labour

We do not accept child labour. Employees may be hired only if they have passed the age for compulsory schooling or are at least 15 years old (Convention of the International Labour Organization, hereinafter referred to as the ILO, no. 138). Children aged between 15 and 18 are not permitted to perform work that is harmful to their health or safety or is immoral. Employees who are minors are to be allowed access to legitimate training and transition programmes.

4. Right to freedom of association

Employees have the right to organize themselves in trade unions or to join an association of their choice without restrictions or consequences (Art. 28 Federal Constitution, Art. 11 ECHR and Art. 22 UN Pact II). Employees also have a right of consultation on working conditions.

If the right to freedom of association and collective bargaining is restricted, the employer may not prevent other forms of collective bargaining and the organization of workers.

According to Country Specific Possibilities we support workplace training for workers and management to build an understanding of their rights and skills to engage in workplace dialogue and collective bargaining.

5. Wages and benefits

We require our suppliers to pay their employees appropriate remuneration and to pay at least the standard minimum wage applicable in the relevant country or sector, provided no statutory minimum requirements apply. They are also required to pay the support allowances that apply to the relevant region. We strongly encourage suppliers to reveal the effect of wage increases on buying prices in such a way that we can help to support the payment of living wages.

6. Working hours

Employees' maximum weekly working hours, leisure time and breaks must be in line with national legislation.

7. Safe and healthy working conditions

We expect our suppliers to provide their employees with safe working conditions and a work environment that is not harmful to their health. The suppliers must take preventive measures to avoid accidents and occupational illnesses. Access to clean drinking water and sanitary facilities must be guaranteed.

8. Legally-binding employment relationships

We require our suppliers to uphold legally-binding employment relationships in written employment contracts.

Apart from the criteria of the code of labour practices, we urge our suppliers to respect human rights and take measures to reduce the impact of their production on the environment. We refrain from bribery and corruption and would terminate supplier relationships immediately in the case of such an attempt.

Requirements for new supplies in non high-risk countries

All potential suppliers from non high risk countries (as classified by FWF) must pass the supplier selection process. Amongst other criteria we require the future supplier to have external audit experience, because we believe that suppliers which have passed several audits before adhere to high standards on average and are used to disclose and provide relevant information. Also they are more used to implementing professional monitoring and compliance processes.

We require audit reports from a credible initiative, such as e.g. BSCI. Once the supplier takes on production, we usually perform a documented visit by one of our staff representatives, using our on site checklist.

The supplier also must sign the FWF Questionnaire before the start of production and needs to demonstrate its commitment with respect to the Code of Labor Practices as well as post the Workers Information Sheet in the factory. The supplier must sign the Consent Letter and display open and transparent communication and auditing

We prefer suppliers who have no subcontracting. When necessary in the production process, the supplier needs to disclose all information on subcontracted processes.

We also require suppliers to share our vision of a long-term partnership and common progress and have high social ambitions

We encourage our suppliers to have high environmental ambitions, produce with sustainable materials and transfer all related supporting documents, such as certificates.

Requirements for new suppliers in high-risk countries

In addition to the already high requirements for our suppliers in non high-risk countries, we have 2 important additional requirements for suppliers in high-risk countries as classified by FWF.

First, the supplier needs to be willing to be audited regularly. In compliance with FWF requirements, we commission a detailed FWF audit of each supplier at least once every three years.

Second, we require full commitment in regards to working on improvement needs raised in the audit - comprising the so-called corrective action plan. The supplier must adhere to the

highest quality and professional standards in the collaboration process, show openness and timely improvement of the recommendations and needs for action.

Planning

We commit ourselves to collaboratively plan along the purchasing process including realistic and agreed timeframes so that suppliers are able to plan and manage their production during regular working hours, thus preventing excessive overtime and subcontracting.

This includes but is not limited to the following:

- Orders have to be placed with sufficient lead time - usually 6 months even though suppliers require a shorter time span
- Orders have to be matched with suppliers production capacity
- Orders have reasonable order quantities to allow for an efficient and economic production process
- (New) products have to be aligned to suppliers technical capabilities to ensure all production steps can be done in house, otherwise products have to be modified if possible
- Except for extraordinary circumstances, order sizes are not modified in the short-term after placement. Should there be a modification, we take measures to keep potential negative impacts as small as possible
- All unforeseen modifications in order placement have to be confirmed by supplier and must not lead to suppliers detriment
- Orders have to be as well as possible adapted to supplier planning and should not come into conflict with suppliers peak seasons. Our order cycles are well aligned with suppliers, stable throughout the years and communicated well in advance.

Pricing

We aim at paying prices that allow for the payment of living wages and the full adherence to social standards along the value chain. We encourage suppliers to engage in a transparent pricing process (e.g. open costing) as far as the suppliers are willing to participate.

- In case that pricing is not competitive, negotiations are done on the basis of all aspects of this policy
- Payment terms and conditions are agreed between suppliers and FUNDMATE to be mutually beneficial
- In case of unforeseen order modifications, payments are still carried out in time or in accordance with suppliers



- Pricing must at least allow for the payment of legal minimum wage set by the government in supplier countries. However, we aim at prices that allow for the payment of living wages and therefore encourage the supplier to transparently show the relationship between the buying price and the wages
- Suppliers have to provide specific information regarding costing, such as pay slips, wage rates and pay periods

Overall, our RBC policy aims at implementing human rights due diligence in the purchasing and business practices of FUNDMATE. We believe that responsible business practices are at the essence of prevailing and long term customer and supplier relationships - the core ingredient to a successful business.