

## Code of Conduct for Business Partners

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## Foreword

We, Hoftex Group AG and our subsidiaries (in the following referred to as HTG), are an internationally operating group of companies in the textile industry. As such, we have a corporate responsibility towards our customers, employees, investors, the public and the environment. This responsibility dictates that we comply with established laws, respect basic ethical principles and act sustainably. We have formulated binding guidelines for responsible action in our internal Code of Conduct. The contents of this CoC are an expression of our basic values.

In keeping with our corporate strategy, we also expect our Business Partners (e.g. all contract partners that supply HTG with goods, materials, or services, such as consultants, agents, sales representatives, etc.) and their employees to act responsibly. We, along with our Business Partners, are responsible both for our own actions and our choice of partners.

If third parties (e.g. subcontractors or representatives) in the context of their business relationships with us will be hired, then we expect our Business Partners to also require these third parties to adhere to the basic principles outlined in this Code of Conduct.

In individual cases, we reserve the right to have experts verify Business Partner compliance with the requirements outlined herein a) on site; b) after providing advance notice; c) during normal business hours; d) in the presence of the Business Partner's representatives; e) in accordance with the respectively applicable law; and f) in particular with consideration to data protection regulations and confidentiality requirements.

You will also find this Code of Conduct for Business Partners on our website.

The Management Board

## **1. Avoiding conflicts of interest**

Business Partners must make decisions solely based on factual criteria without being influenced by financial or personal interests or relationships.

## **2. Free and fair competition**

HTG Business Partners must comply with valid competition and antitrust regulations. In particular, they will not enter into anti-competitive arrangements or agreements with competitors, suppliers, customers or other third parties and will not abuse their market dominance, should it exist. They will respect fair and free competition and ensure that there is no exchange of sensitive information under competition law or any other conduct that unduly restricts competition or could unduly restrict competition.

## **3. Corruption/ Corruptibility/ Third- party contributions**

We will not tolerate corrupt practices, and we demand that action be taken against such practices. HTG expects its Business Partners to reject and prevent all forms of corruption. Business Partners will ensure that their employees, subcontractors, or agents neither grant, offer nor accept bribes, grafts, unauthorised donations or other inadmissible payments or benefits to customers, government officials or other third parties.

## **4. Import and export (customs regulations)**

All applicable legal regulations and specifications pertaining to the import and export of goods, services and information must be observed. Lists of sanctions and possible embargoes must also be observed.

## **5. Prevention of money laundering**

Business Partners will ensure compliance with the respectively valid regulations against money laundering. They will only maintain business relationships with Business Partners whose integrity they are convinced is beyond reproach.

## **6. Protection of trade secrets/ Data privacy**

Business Partners must take appropriate measures to protect trade secrets and ensure that information worthy of protection is properly collected, processed, secured and erased.

Business Partners' employees must be also obliged to protect trade secrets and refrain from disclosing confidential information to third parties or making said information available in any other form without prior authorisation. Legal regulations must be observed.

Compliance with the respectively applicable data protection regulations is mandatory for all processing of personal data belonging to employees, customers and Business Partners.

## **7. Anti- discrimination and fair treatment of all employees**

Business Partners will refrain from all forms of discrimination, for example on the basis of skin colour, gender, ethnicity, religion, nationality, sexual orientation, age, social origin, mental or physical impairments, membership in a trade union or political beliefs, insofar as these are based on democratic principles and tolerance towards those with different opinions.

Employees must be selected, hired and promoted according to their qualifications and abilities. Business Partners are expected to treat men and women equally.

No form of employee harassment will be tolerated. Business Partners must ensure respectful treatment of all individuals and that employees are not subject to inhumane treatment, whether physical or psychological, corporal punishment or threats.

## **8. Human rights and employee rights**

Business Partners are obliged to observe and comply with the human rights and conduct themselves accordingly. We expect our Business Partners to reject the deliberate use of any and all forms of forced labour along with any types of modern slavery and human trafficking. All employment relationships are voluntary, and employees may terminate them at their own discretion and within a reasonable period of notice.

Child labour is strictly prohibited. The minimum employment age depends on the respectively valid laws. In the absence of government regulations, Conventions 138 and 182 of the International Labour Organisation (ILO) apply.

Business Partners must comply with statutory regulations on working hours. Business Partners must ensure that employees under the age of 18 do not perform overtime or night work. The respectively applicable laws on working hours must be observed.

Business Partners agree to adhere to legal or collective agreement regulations concerning minimum wage and to pay employees a wage that is at least as high as the prescribed minimum. Provided no statutory requirement exists, wages should be in line with industry-specific compensation and benefits packages that are typically offered in the respective locale and provide employees and their families with a commensurate standard of living.

Business Partners recognise the basic right of all employees to form and join trade unions and workers' representation associations. Employees' right to freedom of association, freedom of assembly and the right to collective bargaining and tariff negotiations will be respected at all times – provided this is legally permissible and possible in the country in question. If this right is restricted by local laws, then employees will be encouraged to seek alternative, legally compliant employee representation options.

## **9. Compliance with occupational and health safety standards**

HTG Business Partners agree to comply with the respective national occupational and health safety laws. A process must be established to steadily reduce occupational health and safety hazards while continuously improving occupational health and safety. Business Partners will appoint suitable specialists as representatives for these topics and provide proof of these appointments at HTG's request.

## **10. Environmental and climate protection**

Business Partners will comply with legal regulations and standards regarding environmental protection that affect their respective operations and act in an environmentally conscious and sustainable manner at all of their locations.

Within the scope of said regulations and standards, we expect our Business Partners to create, apply and maintain a suitable environmental management system (for example, certification pursuant to DIN EN ISO 14001 or a plausible, more advanced version of said standard). Business Partners must provide proof of certification to HTG in writing on request. HTG must be informed immediately in writing of any changes in the certification status.

In all business processes, from development to recycling, HTG expects Business Partners to be good stewards of the environment, treating natural resources responsibly and minimising the environmental impact of their production processes and products. Business Partners must contribute to a reduction of energy consumption and CO<sup>2</sup> emissions.

This also means avoiding the use of substances and materials that are hazardous to health and the environment. Business Partners are required to exercise due diligence with respect to the relevant raw materials. The long-term objective is to create eco-friendly, resource-saving alternatives. Business Partners are obliged to register, declare and, if necessary, obtain approval for the substances in accordance with the legal requirements in the respective markets.

The respectively applicable product safety regulations and specifications must be observed at all times, including but not limited to legal requirements related to safety, labelling and packaging of products and the use of hazardous substances and materials.

The aim is to avoid waste in general and to achieve disposal of waste by using reutilisation and recycling methods.

## **11. Legal consequences of violations against the rules set forth in this Code of Conduct**

If a Business Partner does not comply with the basic principles outlined in this Code of Conduct, then we reserve the right to end the business relationship with this Business Partner by means of extraordinary termination.

HTG may, at its discretion, waive any such consequences and instead take alternative actions if the Business Partner can provide credible assurances and can prove that it immediately introduced the appropriate countermeasures to avoid any future violations.

## **12. Reporting violations**

HTG is aware that compliance with and adherence to the many rules in the course of daily work is a complex issue. However, we can actively and sustainably advocate for compliance with the law and internal rules, especially in cases of human rights violations, environmental and climate issues.

If something is not going correctly that is difficult to address openly, you can contact HTG in confidence at any time.

Various reporting channels have been set up for this purpose:

We have a compliance officer who can be contacted at any time with questions and tips (compliance@hoftexgroup.com).

In addition, an external ombudsman office has been set up. The ombudsperson is bound by confidentiality and can pass on information anonymously to the compliance office for clarification. The ombudsman office can be reached at

<https://www.hoftexgroup.com/hoftexgroupag-en/verantwortung/compliance/>

HTG always examines violations in context and will not let anyone suffer disadvantages if misconduct is reported internally with good intentions.