



Erve Group Responsible Business Conduct Agreement 01.08.2022

Erve Group aims to implement its mission and vision sustainably. Growth is what we stand for – growth for our customers, partners and workforce. Erve Group aims to produce clothing in a socially and environmentally sustainable manner. This involves our entire supply chain.

As well as producing products of the highest possible quality, we are dedicated to our people and planet. We make a constant effort to reduce our environmental footprint, use resources efficiently and guarantee healthy and safe workplaces for all.

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1. Introduction

At Erve Group, we care for our collections, the materials and the entire supply chain related to our carefully selected garments. We aim for long-term relationships with our business partners, not only to co-create the best products, but also to take care of the people who manufacture them. We want to gain insight into the social and environmental impact of our products and to work on improvement where needed. Transparency of production units (suppliers) and supportive units working on our products are of great importance.

Erve Group has a responsible purchasing policy, endorsed by our top management, based on social and environmental basic principles for the supply chain.

The policy is based on international standards, conventions and guidelines. Working in compliance with all applicable laws and regulations on human rights, the environment and product safety is of great importance; however, international standards take precedence if they are more stringent.

We ask all our suppliers and supportive units, from raw material to end product, to support us in our corporate responsibility programme and to work according to the standards set out below.

2. Due Diligence: Our Common Responsibility

The Erve Group has internal processes to ensure that sustainability and due diligence are incorporated in the daily operations of the entire supply chain. Due diligence is the process of identifying, preventing and reducing the actual and potential negative impact of a company's actions on people and the environment and its accountability in dealing with the identified risks. We aim to act in an ethical and transparent way which contributes to the health and welfare of society. This is in line with the UNGPs¹ and OECD Guidelines.²

Erve Group supports the Conventions of the **International Labour Organisation (ILO)** and expects suppliers to act in accordance with its conventions. These conventions, along with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, form the basis for our responsible business conduct.

In accordance with the **OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector**, Erve Group is committed to carrying out due diligence following the six steps described below, and expects this of all its supply chain partners:

1. Embed a Responsible Business Conduct Policy and create a management system

[Our RBC policy is mainly based on the requirements of Amfori BSCI, ETI base code, SMETA, Disney ILS standards, SA8000.

2. Risk analysis: identify and assess human and environmental risks

Erve Group sources from high-risk countries and is aware that there might be potential risks in the supply chain. We are in daily contact with our Beconnected offices to seek out and monitor these risks on the ground. Our Beconnected offices report to Erve through facility checklists and daily quality checks.

We identify risks in our supply chain and work to minimise actual and potential impacts. When negative impacts on people and the planet are identified, we work in close cooperation with the supplier to take action. When analysing risks, we also assess materials, processes and purchasing practices. We have set priorities based on severity and likelihood. The likelihood of risks is determined by the actual likelihood of their occurrence. Likely risks include, for example, health and safety in times of Covid, the vast amount of water used during cotton production, payment of a living wage and the lack of freedom of association in China and India.

¹ The UN Guiding Principles on Business and Human Rights are a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations. <http://www.ungpreporting.org/>

² The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. <http://www.oecd.org/corporate/mne/>

3. Act upon risks: cease, prevent and/or mitigate, starting at the highest risk

When potential risks are identified, Erve Group asks suppliers to analyse them and provide a corrective action plan. In conjunction with the supplier, Erve Group conducts further investigations and, if necessary, prevents or mitigates any adverse impact of the risk. We support our suppliers in meeting the required labour standards and provide training on them when required. We endeavour to incorporate the assessment of possible risks in our purchasing behaviour and practices, treating our suppliers with respect and consideration during our cooperation.

4. Verify and monitor policies, instruments and actions

Continuous verification and monitoring makes it possible to assess whether the company's policies are being implemented and if actions have been effective and efficient. Monitoring also contributes to the improvement of policymaking and the instruments/actions used.

5. Be transparent and communicate

Erve Group communicates through different channels on their due diligence. On the website on the 'we care' and 'we improve' pages as well as the newsletter page. Through LinkedIn and via mailings.

6. Offer operational grievance mechanisms and remedy where appropriate

Erve Group implements the guiding principles of the UN on business and human rights. As a member of Amfori BSCI, it is mandatory for Erve Group to install an effective grievances mechanism in all our production facilities. The effectiveness of these mechanisms is checked during audits. Grievance mechanisms are also part of the auditing process of Accord. Any complaints that are reported will be handled by the factory, Amfori/Accord and the brands. Erve Group also has its own 'support channel' for communicating workplace information. All Erve Group's agents and business partners are obligated to notify and address non-conformities and breaches of human rights.

Erve Group is in constant communication with Amfori, Centexbel, RCS (Accord), Modint, ETI, Arisa, customers, licensors, and third-party organisations.



3. Our sourcing and buying behaviour:

As part of the value chain, and we aim to take appropriate responsibility when sourcing and buying. It is very important to inform us if our buying behaviour does not comply with the international social and environmental principles set below.

The OECD Garment Guidance incorporates the expectation that companies address their purchasing practices as part of their due diligence. Erve Group has verified the requirements of good purchasing practices highlighted by the OECD and already implements many of them. You can find the details in Annex 5: Sourcing and buying behaviour.

4. Basic Principles Related to Sector Risks

By mutual agreement (Agreement on Sustainable Garment and Textile) and in discussion with stakeholders, we have identified nine specific principles in relation to responsible international business conduct which currently merit the priority attention of enterprises operating in the garment and textile sector.

These principles are, in no particular order:

- No child labour
- No forced labour
- No discrimination; gender equality
- Freedom of association and collective bargaining
- Payment of a living wage
- Safe and healthy workplace
- The use of preferred materials
- Minimal use of water and energy. No water, soil and air pollution and no use of hazardous chemicals
- Animal welfare

Based on the ILO conventions and OECD for the garment industry, we have added the following:

- No sexual harassment and sexual and gender-based violence (SGBV) in the workplace (social principle 3)
- Reasonable working hours (social principle 6)
- Legally binding employment relations (social principle 8)
- Ethical trade, no bribery and corruption (social principle 9)
- Grievance mechanism for workers (social principle 10)
- Responsible sourcing from home workers (social principle 8)

We will conduct due diligence and devote particular attention to these principles and we expect our suppliers to do so as well. With regard to these principles, suppliers will therefore identify any possible adverse impact in the supply chain, set specific objectives and take measures which are suitable in the light of the insights resulting from their due diligence process.

The following sections contain more information the basic principles. We ask you to inform us of any possible risk regarding human rights violation, animal abuse and environmental hazards related to our products and to cooperate in minimising these risks.

5. Social Principles

Production units, in addition, must ensure that the responsible business conduct is also implemented by supportive units involved in production processes. Within the scope of options for action and appropriate measures, supplier companies should aim at the implementation and reporting of the following principles in a development approach.

Erve Group declares that we will not, in any case, work directly with supportive units. We ask for transparency to know where our products are made and to be able to ask questions regarding social and environmental conditions.

The ILO is the only tripartite UN agency. Since 1919, the ILO has brought together the governments, employers and workers of 187 member States to set labour standards, develop policies and devise programmes promoting decent work for all women and men. Below are the most important ILO conventions related to human rights in the work place.

5.1 Prohibition of Child labour; Working Conditions of Young Workers

ILO Conventions 10, 79, 138, 142 and 182 and Recommendation 146.

There shall be no use of child labour. “The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years.” “There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Young workers [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals.” Children and young persons under 18 shall not be employed at night or in hazardous conditions.

Where young workers are employed, business partners should ensure that the kind of work is not likely to be harmful to their health or development; their working hours must not prejudice their attendance at school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programmes.

Business partners shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers, with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes.

Child Labour Due Diligence Bill:

By signing this RBC you subscribe to our Due Diligence Policy and undertake to do all you can to identify, prevent and if necessary address the issue of child labour in our supply chain.

We are obliged to comply with the Dutch Child Labour Due Diligence Act (*Wet Zorgplicht Kinderarbeid*) aimed at combating child labour in global supply chains, which came into force in January 2022. Dutch companies and their supply chain business partners have to declare that they have addressed the issue of child labour in their supply chains. This law requires companies to identify, prevent and if necessary address the issue of child labour in their supply chains. We ask our suppliers to be transparent about subcontractors and sub-suppliers, and possible risks within our product supply chain, so we can cooperate in combating child labour. Risk assessments show that severe risks mainly occur in cotton farming and during the wet processing stage in spinning mills.

Erve Group should be informed of high risk situations, for example when cotton comes from countries or facilities where forced labour is likely and so the risk of child labour occurring is high. Ask your suppliers about their social management systems, latest audit reports or certifications such as WRAP, SA 8000, Fair Trade, GOTS, Better Cotton Initiative or Organic Content Standard, or any other standard that relates to child labour.

5.2 Prohibition of Forced and Compulsory Labour and Disciplinary Measures

ILO Conventions 29 and 105

There shall be no use of forced labour, including bonded or prison labour. All forms of forced labour, such as lodging deposits or the retention of identity documents from personnel upon commencing employment, are forbidden, as is prison labour that violates basic human rights.

5.3 Prohibition of Discrimination

ILO Conventions 100, 111, 143, 158, 159, 169, 183 and 190

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 of workers' organisations including unions, political affiliation or opinions, sexual orientation, family responsibilities, marital status, or any other condition that could give rise to discrimination.

5.3.1 No Sexual harassment and Sexual and Gender-Based Violence (SGBV) in the Workplace:

Our business partners are encouraged to adopt a zero-tolerance policy on sexual and gender-based violence and strict measures against sexual harassment in its own operations. The enterprise should express its expectations of suppliers and other business partners likewise to adopt a policy on sexual harassment and sexual and gender-based violence. Enterprises are encouraged to include the following in their internal policies:

- A commitment to foster an environment at work free from harassment, bullying and violence
- Clear consequences for breaking the enterprise's standards
- A commitment to hear grievances, to provide a "reprisal-free" complaints mechanism (e.g. operational-level grievance mechanism) and to maintain the confidentiality of workers or employees who raise complaints

5.4 Freedom of Association and the Right to Collective Bargaining

ILO Conventions 11, 87, 98, 135 and 154

The right of all workers to form and join trade unions and bargain collectively shall be recognised. The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions.

5.5 Payment of a Living Wage

ILO Conventions 26 and 131

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

5.6 Working Hours

ILO Conventions 1 and 14 and ILO Recommendation 116.

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

5.7 Safe and Healthy Working Conditions

ILO Convention 155

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimise health risks as much as possible. Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

No Sandblasting:

Erve Group does not accept the use of the sandblasting process for our products, since affects the health of workers.

5.8 Legally Binding Employment Relations

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Younger workers shall be given the opportunity to participate in education and training programmes.

Responsible Sourcing from Home Workers

Erve Group aims to minimise the risk of the marginalisation of homeworkers, particularly the victims of extortion, including through formalisation and legalisation efforts with the objective of promoting

responsible supply chains while creating economic and development opportunities for homeworkers.

Ethical Trade: No Bribery and Corruption

Enterprises should consider the good practices put forth in the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance, which include:

- Strong, explicit and visible support and commitment from senior management to the company's internal controls, ethics and compliance programmes or measures for preventing and detecting bribery, including the bribery of foreign public officials;
- A clearly articulated and visible corporate policy prohibiting bribery, including the bribery of foreign public officials; and
- Oversight of ethics and compliance programmes or measures regarding bribery, including the bribery of foreign public officials, including the authority to report matters directly to independent monitoring bodies such as internal audit committees of boards of directors or of supervisory boards, is the duty of one or more senior corporate officers, with an adequate level of autonomy from management, resources and authority.

5.9 Grievance Mechanism

Erve Group requires a commitment to hear grievances from workers, to provide a "reprisal-free" complaints mechanism (e.g. operational-level-grievance mechanism) and to maintain the confidentiality of workers or employees who raise complaints.

Our Support channel is used for all customers and for specific customers, the worker information sheet and code of labour practices of Fair Wear is requested. We work with the Fair Wear Foundation (FWF) for the brands Zeeman, JBC and Takko.

Almost all our suppliers are Amfori BSCI member and have a complaints box installed. We request that you visit the Amfori BSCI complaints website. [The amfori External Grievance Mechanism Form | amfori](#)

To follow up on the status of your grievance or submit any queries, please send an email to grievance@amfori.org

6. Environmental Principles

Suppliers should assess significant environmental impact of operations and establish effective policies and procedures that reflect their environmental responsibility. They should implement adequate measures to prevent or minimise adverse effects on the community, natural resources and the overall environment.

Erve Group requires suppliers to have procedures and standards in place regarding the purchase of materials, the use of water and energy, the handling and disposal of chemicals and other dangerous materials, waste management, emissions and effluent treatment. The procedures and standards must meet the following international guidelines and national and international legal requirements:

6.1 No use of energy of non-renewable sources and minimising greenhouse gas emissions

Suppliers shall keep records of the current energy sources and emissions and reduce the use of energy of non-renewable sources. Targets will be set for the use of with green energy sources and thus the reduction of emissions to air.

The consumption of energy of non-renewable origin is one of the main causes of greenhouse gas emissions. The production of textile and garments is an energy intensive process. Measuring GHG emissions is a critical first step to reducing the carbon footprint of an enterprise's activities. It helps an enterprise to assess its impact on the climate and to design cost-effective emission reduction plans.

- Establish an energy management plan at site level that includes company-wide coordinated measures for energy management. We ask our suppliers to measure, report and minimise their energy consumption and GHG wherever possible.
- Make use of renewable energy sources such as wind and solar power, and research and use technologies which use less energy, such as LED lighting.
- Implement best available techniques (BAT) as defined by Best Available Techniques Reference Documents for the sector or sub-sector.
- Implement energy efficiency measures (e.g. energy conservation technology, optimisation of steam generation and pressurised air, waste heat recovery from waste water and waste gas, process optimisation, etc.).
- Implement energy conservation measures (e.g. implementation of energy saving through improvements in the process and reaction conditions).
- Increase efficiency and quality so as to reduce need for re-processing due to failures.
- Install and operate accurate meters and/or measuring software as a fundamental step towards benchmarking performance and initiating efficiency improvement.

6.2 Clean wastewater and reduced water footprint

The supplier shall measure water use and determine whether it can source from water-stressed areas responsibly – for example, by promoting water efficiency and/or reducing process dependence on fresh water amongst its suppliers. Waste water must be treated and tested before being released into the environment. The supplier shall comply with national waste water legislation.

Throughout the production of textiles, a lot of water is used. In general, the most water is used for cotton cultivation (2/3 or more of the total volume). Textile processing uses far less water but causes the most water pollution. This puts great pressure on the availability and the quality of water in areas where cultivation and processing take place. Water use, water sourcing and wastewater in wet

processing also deserves serious attention because of its local pollution impact.

- We ask our suppliers to deliver a (waste)water policy, testing procedure and/or a certification of one of the standards named in the annex.
- We ask our suppliers to provide (LCA) data on water, energy, chemicals and emissions.
- Use the ZDHC Wastewater Guidelines and the Unido Water Calculation Tool.
- We wish to be informed about the water source used (rain, groundwater, lake, etc)
- We offer suppliers more information on a cleaner production process in the ZDHC Wastewater Guidelines, OECD Guidance or MODINT Factsheets.

6.3 No hazardous chemicals

No hazardous chemicals shall be used in the processing stage and released into water or air. Employees shall be protected by appropriate safety measures accompanied by appropriate training. Chemicals shall be stored and labelled accurately.

Chemicals are used everywhere in the production of goods. Apart from the pesticides and fertilisers in the natural fibre production, the major issue, mainly in the textile chain, is the use of chemicals in bleaching, dyeing, printing and finishing and how it effects workers, water and air effluents.

- Design phase: the base of the use of chemicals lies in design choices. We ask our business partners to inform us if any design decision leads to the use of hazardous chemicals.
- Production phase: from here it is important for our company to know which specific chemicals are used (chemical inventory) and how they are used in the processing. The use of harmful chemicals during these stages of production could affect the environment and the workers and may leave traces in the final product and thus reach the consumer.
- Make a Chemical Risk assessment:
 - o An environmental or human health risk assessment includes hazard identification, hazard characterisation, exposure assessment and risk characterisation.
 - o The first two steps are regarded as the process of hazard assessment. The methodology of the environmental risk assessment should align with the OECD Guidance. See OECD Environmental Risk Assessment Toolkit.
 - o The methodology of the health risk assessment should align with the World Health Organisation guidance. See International Programme on Chemical Safety, WHO Human Health Risk Assessment Toolkit: Chemical Hazards. Health risks are also addressed in Module 5, Occupational Health and Safety.

6.3.1. RestrictedSubstances List (RSL)/ManufacturingRestrictedSubstances List (MRSL)

The restricted substances list (RSL) in the annex is intended to inform our suppliers on international (upcoming) regulations restricting or banning the use of chemicals in apparel products including accessories attached to garments such as zip fasteners and buttons, and packaging materials. The RSL takes most of the world's regulations into account (including REACH, POP), as well as harmful chemicals listed by NGOs.

- We ask our suppliers to purchase materials without harmful substances. Please inform your fabric or yarn supplier about the RSL/MRSL and risk matrix where chemicals are related to certain raw materials and processing steps and inform Erve Group about test results based on risk assessments.
- If the supplier buys directly from chemical agencies, make sure these are firms with a CR

management system.

- Make use of the (ZDHC)MRSL, which provides suppliers with a harmonised approach to managing chemicals during the processing of raw materials into ready-made fabric within our supply chain. The MRSL achieves this by providing a clear list of priority chemicals and specifying the maximum concentration limit of each substance within commercial chemical formulations.
- We ask our suppliers to inform us about wet processing management (of sub suppliers) to eliminate hazardous chemicals from our products, to keep a chemical inventory and to work with Material Safety Data Sheets for workers. Inform us if you or your sub-suppliers comply with ZDHC, SAC (Higg Index) or Amfori BEPI.
- Implement best available techniques (BAT) as defined by Best Available Techniques Reference Documents for the sector or subsector. (See Integrated Pollution Prevention and Control, Best Available Techniques Reference Document for the Textiles Industry, 2003).

6.4. Wet processing standards

Wet processing is carried out to improve the properties of textile fabrics by processing steps like pre-treatment, colouring, finishing and garment dyeing or printing. A lot of water, energy, and chemicals are used with the risk of chemical pollution and poor health and safety conditions in facilities.

A valid health OEKO-TEX® Standard 100 product certificate covers most legal requirements of our RSL. Processing standards are of higher value, such as Blue Sign or STeP by OEKO-TEX®.

These standards, in Annex 2, are aimed at ensuring that that no harmful chemicals are used in processing.

- When commercially acceptable, we ask our suppliers to apply one of the following or similar standards as much as possible and to provide us with a copy of the scope and transaction certificates.
- It is important to work with accredited audit organisations (e.g. accredited by Textile Exchange.)

6.5. Material use and standards

Erve Group aims to lower the impact of our raw materials. Cotton, for example, is among the fibres that cause the most pollution and yet it is featured prominently in our collections. We therefore wish to work with better, low impact options.

We ask our suppliers:

- To keep records on the content and source of our raw materials;
- To source sustainable or preferred raw materials (indicated in annex) and offer alternatives to conventional materials;
- To measure, reduce and reuse material waste where possible.

6.5.1. Natural fibres

Natural fibres are divided in two main categories: plant fibres and animal fibres. For animal fibres we refer to the next section. The cultivation of plant fibres, like the number one natural fibre cotton, often requires a high use of water and pesticides and there is a high risk of poor social and health conditions in cotton fields. Linen and especially European flax is often produced with a low environmental and social impact.

Erve Group does not accept natural fibres that are harvested and processed under unethical

circumstances. We reject child and forced labour practices and wish to be informed when cotton comes from high risk areas, such as Xinjiang (China), Uzbekistan or Kazakhstan. We ask our suppliers to make use of verified preferred natural fibres mentioned in the annex.

6.5.2. Man-made fibres

Man-made fibres are divided in two types: cellulose-based fibres and oil based fibres.

Oil based variants such as polyester and polyamide are made of non-renewable crude oil, and the processing techniques are very energy and chemical intensive, with the risk of toxic emissions. We therefore ask our suppliers to search for preferred synthetic materials mentioned in the annex.

6.5.3. Man-made cellulosic fibres

Man made cellulosic fibres are made from wood or other cellulose based sources such as recycled cotton and are chemically processed, often using toxic chemicals, in the case of most viscose or modal options, and sometimes with organic solvents, in the case of lyocell. Recycling of chemical substances and water can reduce the hazardous impact on the environment.

Erve Group does not accept products (Viscose, Rayon, Modal and Lyocell) deriving from illegally logged sources, ancient and endangered forests, as listed in the IUCN Red list as critical endangered, near threatened, endangered, extinct in the wild, or vulnerable. Erve Group prefers sustainably certified wood products (e.g. FSC).

The standards and certifications listed below, related to sustainable raw materials like organic or recycled cotton, aim to reduce the impact during cultivation and/or processing of textile fibres. The standards and certifications relate to the fibre production phase which impacts water, chemical and energy use, effluents and possibly labour conditions. They do not relate to the finishing substances used, e.g. dyes, which are included in the processing standards.

- We ask our suppliers to offer available sustainable raw materials and to use/ask for one of the following or similar standards and to provide us with a copy of the scope and transaction certificates or other proof of compliancy.

6.5.4. Packaging:

Since plastic is non-biodegradable, recycling it is a part of global efforts to reduce plastic in the waste stream, especially the approximately eight million metric tonnes of waste plastic that enter the earth's ocean every year. Soft plastics are also recycled, such as polyethylene film and bags.

- We ask our supplier to actively research and offer options which are a better choice for the environment: the reduction of packing materials and/or the use of reusable or recycled materials.

6.5.5. Plastic

We ask our suppliers to use preferred plastics for our products and packaging such as PVC free and recycled (PET) plastics.

6.5.6. Cardboard:

- We ask our suppliers to use recycled or FSC/PEFC certified cardboard.
- We aim to only use cardboard and paper packaging which consists of 100% recycled paper fibre.

6.6. Waste reduction

We ask our suppliers to reduce (raw) material waste as much as possible and preferably to join a recycling programme (for packaging waste, material cutting waste etc.).

7. Management System, Monitoring, Documentation and Verification

The supplier shall define and implement a management system to ensure that the requirements of the Responsible Business Conduct can be met. Management is responsible for correct implementation and continuous improvement by taking corrective measures, as well as the communication of the requirements of the RBC to all employees and supportive units. The supplier shall also address employees' concerns of non-compliance with this Code of Conduct. Erve Group will be informed about non-compliances and take appropriate action. If the buying behaviour of Erve Group impacts the compliance with this RBC, we will be informed immediately.

7.1 Subcontracting Policy (Supportive units)

Subcontractors (supportive units) should be prequalified through similarly rigorous processes to those used for direct contractors. This should be a systematic process in which suppliers apply to be on a pre-approved subcontractor list. Approved subcontracts may be reviewed on a semi-regular (e.g. annual) basis to remain approved. Workers of these sub-contractors (supportive units) should have access to grievance mechanisms, similar to those of direct contractors.

Direct suppliers may subcontract to previously approved subcontractors (supportive units). However, direct contractors should be prepared to disclose the following:

- intent to subcontract work;
- selection of pre-approved subcontractor;
- up-to-date information on subcontractor;
- size of contract allocation.

Where feasible, manufacturers are encouraged to establish ongoing relationships with their subcontractors and become actively involved in the establishment and monitoring of corrective action, where relevant.⁴

7.2 Documents

The following documents should be provided. Where such documents are not available, please provide us with sufficient information to prove the origin and impact of our products:

Social Compliance:

- Documentation indicating the identity of all subcontractors and sub-suppliers (supportive units)
- Company policy on social compliance
- The latest valid audit report
- A regularly update of the Corrective Action Plan (CAP)

Environmental Compliance:

- Management system for water, chemicals, energy and emissions
- Information on memberships, assessments and/or certifications that prove sustainability efforts.
- Where applicable, all other specific information related to environmental impact in connection with our products

7.3 Declaration

We wish to work together to meet the requirements in the Responsible Business Conduct (RBC). These are our common goals. We are open for discussion if suppliers are not capable of meeting these requirements.

We are certain that many of our suppliers set even higher demands for themselves. We therefore ask you to provide us with relevant certifications and reports to confirm this.

By signing this statement, you commit to abiding by the terms of the Erve Group Responsible Business Conduct Agreement.

The undersigned hereby confirms that:

We have read the Responsible Business Conduct Agreement (RBC) and accept the terms required of us as suppliers and will inform and cooperate with our subcontractors and sub-suppliers working on products of Erve Group. We will inform Erve Group and discuss non-compliances and possible adverse impacts involved in our shared supply chain.

Signatures

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Director Erve Group (and directors of related Subcontractors/sub
suppliers)

⁴ <https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-Garment-Footwear.pdf>

Annex 1. RSL/ (ZDHC) MRSL



VDE MRSL
(Manufacturing RestriSubstances List) -_202



VDE-RSL (Restricted
Substances List) -_202

Annex 2. Textile Processing certifications



bluesign®

The bluesign® system focuses on resources, people and the environment. With its holistic approach based on Input Stream Management, the bluesign® system reduces the impact on people and on the environment, ensures responsible use of resources, and guarantees the highest level of consumer safety. The most stringent criteria and monitoring of on-site implementation encourage companies along the entire textile value chain to improve their sustainability performance. To learn more, visit: <http://www.bluesign.com/>



Cradle to Cradle Certified™ Products programme

Products with a Cradle to Cradle certificate have passed the assessment on product safety for humans and the environment, as well as design for material reutilisation like recycling and composting. Cradle to Cradle certification is a five-tiered assessment, consisting of Basic, Bronze, Silver, Gold and Platinum levels to reflect continuing improvement. Certification is only available through the Cradle to Cradle Products Innovation Institute (C2CPII). To learn more, see www.c2ccertified.org



DETOX TO ZERO by OEKO-TEX®

DETOX TO ZERO by OEKO-TEX® is a comprehensive verification and reporting system that prepares facilities along the textile chain for the requirements set by the Detox campaign of Greenpeace. DETOX TO ZERO® provides an annual status report about chemicals used, waste evaluation and wastewater treatment analysis, and environmental protection measures so the facility and its buyers have a continuous monitoring tool focused on achieving Detox campaign alignment. To learn more, visit: www.oeko-tex.com/detoxtozero



ECO PASSPORT by OEKO-TEX®



ECO PASSPORT by OEKO-TEX® offers textile chemical manufacturers a confidential and independent method to reassure their customers that chemicals, colourants, and auxiliaries are in line with the industry's sustainability requirements and initiatives. To learn more, visit: www.oeko-tex.com/ecopassport



EU Ecolabel

The EU Ecolabel helps you identify products and services that have a reduced environmental impact throughout their life cycle, from the extraction of raw materials through to production, use and disposal. Recognised throughout Europe, EU Ecolabel is a voluntary label promoting environmental excellence which can be trusted. To learn more, visit:

http://ec.europa.eu/environment/ecolabel/index_en.htm



GOTS (Global Organic Textile Standard): Processing certificate → Social accountability included

The standard covers the processing, manufacturing, packaging, labelling, trading and distribution of all textiles made from at least 70% certified organic natural fibres. The GOTS standard also includes requirements for the other steps in the supply chain, such as the wet processing phase. GOTS is the worldwide leading textile processing standard for organic fibres, including ecological and social criteria, backed by independent certification of the entire textile supply chain. Regarding working conditions, general provisions are required according to the prevailing knowledge of the industry and of any specific hazards. To learn more, visit: <https://global-standard.org/>



MADE IN GREEN by OEKO-TEX®

MADE IN GREEN by OEKO-TEX® is a traceable product label which allows communication throughout the supply chain all the way to the end-user. The label ensures that MADE IN GREEN textiles are not only tested for harmful substances (certified according to STANDARD 100 by OEKO-TEX®) but also sustainably produced in accordance with OEKO-TEX® guidelines. The label can be awarded to any kind of textile product anywhere in the world at any stage of the textile supply chain. The MADE IN GREEN label offers brands, manufacturers and retailers the chance to promote their responsible practices to their customers clearly on point-of-sale material. To learn more, visit: www.oeko-tex.com/madeingreen



STeP by OEKO-TEX® (Sustainable Textile Production) → Social accountability included



STeP is a certification system for brands, retail companies and manufacturers from the textile chain who want to communicate their achievements regarding sustainable production to the public transparently, credibly and clearly. Certification is possible for production facilities of all processing stages from fibre production to finishing facilities and manufacturers of ready-made textile items. The objective of STeP certification is the permanent implementation of environmentally friendly production processes, optimum health and safety and socially acceptable working conditions. To learn more, visit: www.oeko-tex.com/step

Annex 3. Preferred materials.

Modint Fiber Matrix (below) - or the company's own preferred fibre benchmark



MODINT FIBER MATRIX GUIDING TOWARDS CIRCULARITY

Generic fibers

	BEST	BETTER	PREFERRED	CONVENTIONAL
COTTON	Recycled cotton	(certified) Organic cotton	Preferred cotton	Conventional cotton
MAN-MADE CELLULOSIC FIBERS	Lyocell with recycled content	Preferred viscose	Lyocell	Conventional viscose
WOOL	Recycled wool	(certified) Organic wool	Responsible wool	Virgin wool
POLYESTER	Mechanically recycled polyester	Recycled polyester from PET bottles	(Partially) biobased polyester	Virgin polyester
POLYAMIDE	Mechanically recycled polyamide	Chemically recycled polyamide	(Partially) biobased polyamide	Virgin polyamide
LINEN		(certified) Organic linen	Linen	
HEMP		(certified) Organic hemp	Hemp	

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MODINT FIBER MATRIX GUIDING TOWARDS CIRCULARITY

Examples of fibers from specific suppliers and/or their brand names or relevant certifications. This is not an exhaustive list.

	BEST	BETTER	PREFERRED	CONVENTIONAL
COTTON	Recycled cotton (GRS)	Organic cotton (GOTS)	Preferred cotton Better Cotton (BCI) Cotton Made in Africa (CmiA) Cotton in conversion	Conventional cotton
MAN-MADE CELLULOSIC FIBERS	Lyocell with recycled content Refibra™	Preferred viscose Lenzing Austria Livaeco by Birla Cellulose™ Ecovero™	Lyocell Tenocel™	Conventional viscose
WOOL	Recycled wool (GRS)	Organic wool (GOTS)	Responsible wool (RWS)	Virgin wool
POLYESTER	Mechanically recycled polyester (GRS)	Recycled polyester from PET bottles (GRS) REPREVE®	(Partially) biobased polyester Sorona®	Virgin polyester
POLYAMIDE	Chemically recycled polyamide ECONYL® (GRS)	Chemically recycled polyamide	(Partially) biobased polyamide Sorona®	Virgin polyamide
LINEN		Organic linen (GOTS)	Linen	
HEMP		Organic hemp (GOTS)	Hemp	

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Annex 4. Raw Material Certifications (excl. animal related)

Organic (natural materials)

Certified organic materials are produced in accordance with specific country-level or international organic agricultural standards, integrating ecological processes and avoiding the use of toxic and persistent synthetic pesticides and fertilisers as well as genetically modified (GMO) seeds. To maintain certification throughout processing to final product, the organic cotton must be kept separate from non-certified cotton and be traceable from the farm to the finished product.

The EU regulation 834-2007 is developed for organic farming within and beyond the European Union. It can be applied if 95% or more of the content of a product is derived from organic agricultural ingredients.



GOTS (Global Organic Textile Standard): → Social accountability included

This is a certification for the raw material as well as the processing, so you can find the information with the applicable processing standards (see Annex 2).



BC (Better Cotton Initiative) → Social accountability included

BCI is a multi-stakeholder initiative that works to bring together cotton's complex supply chain, from farmers to retailers, to improve cotton growing conditions globally. BCI has over 850 member organisations representing cotton producers, civil society, suppliers and manufacturers, retailers and brands, whose membership fees help to support farmer capacity building. BCI aims to establish Better Cotton as a mainstream sustainable commodity. To learn more, visit www.bettercotton.org



OCS (Organic Content Standard)

The Organic Content Standard (OCS) is a third-party verified standard that replaces the previous OE Blended and OE 100 by the same organisation. The standard provides chain of custody through the requirements of the Content Claim Standard for raw material inputs certified to national organic regulations. The OCS includes a consumer-facing label to provide better information to consumers. A list of suppliers may be found on the OCS webpage. To learn more, visit: <http://organiccontent.org>

Cotton in Conversion (with GOTS or OCS certificate)

Cotton that has been grown according to organic standards, but may not be labelled as ‘organic’ yet. Establishing an organic management system requires an interim period, known the “in-conversion” period. This varies in time based on the organic standard being applied, but is up to 36 months. During this time, farmers implement all the practices required to achieve organic certification (including not using inputs and practices prohibited in organic farming) and are audited annually by certification bodies according to international organic agriculture standards. In-conversion cotton is the output of the farms during this conversion period. Labelling for in-conversion cotton is only permitted in the EU. Purchasing “organic in-conversion” cotton is a great way to support farmers making the difficult transition to organic.



CCS (Content Claim Standard)

The Content Claim Standard (CCS) is a third-party verified chain of custody standard that provides companies with a tool to verify that one or more specific input materials are in a final product. CCS requires that each organisation along the supply chain takes sufficient steps to ensure that the integrity and identity of the input material is preserved. To learn more, visit: <http://contentclaim.org/>



CmiA (Cotton made in Africa) → Social accountability included

CmiA is a strategic alliance of partners from trade and industry, the public sector and NGOs which contribute to the fight against poverty and environmental degradation in Africa by activating market forces for sustainable cotton. CmiA aims to help local smallholder cotton farmers and their families to raise their own standard of living by building up an alliance of international brands and retailers who use the sustainable African cotton for their products and pay a licensing fee to CmiA. The licence earnings are reinvested in the African project regions to help smallholder farmers help themselves through trade and to improve the social, ecological and economic living conditions of smallholder cotton producers and their families. To learn more, visit: <http://www.cottonmadeinafrica.org>



Fair Trade → Social accountability included

Fairtrade’s goal is to approach the entire value supply chain for textiles to address the challenges in

the textile industry. This comprehensive approach engages producers and workers in the chain to bring about better wages and working conditions, and engages brands to commit to fair terms of trade. Fairtrade standards include environmental criteria, which generally require farmers to work toward best environmental practices, through the use of “Integrated Crop Management” systems, which seek to minimise the use of agrochemicals, and prohibit the use of the most hazardous pesticides. Nevertheless, the use of pesticides and synthetic fertilisers is still allowed, as many poor farmers, without strong support to learn organic methods, would not be able to join the scheme if chemicals were completely prohibited, and as a result, Fairtrade certified cotton is not necessarily organic. The Fairtrade mark on cotton guarantees that the fibre was grown in the developing world, in a country such as India or Africa, where it had the greatest positive impact on the producers involved. To learn more, visit: <http://www.fairtrade.org.uk>



GRS (Global Recycle Standard) → Social accountability included

The Global Recycle Standard (GRS) is a full product standard that incorporates recycled material verification, chain of custody verification through the requirements of the Content Claim Standard, and processing requirements. The standard includes social and environmental responsibility criteria, as well as chemical management. The GRS website provides a list of GRS certified products. To learn more, visit: <http://globalrecycled.org>

Processes and approvals: we strive to give the supplier all necessary information at order booking. Our goal is to minimise changes afterwards. The shipment date, final and licence approved artworks, correct material compositions and measurement sheet are all uploaded from the beginning of the order. The customer may change the measurement sheet based on the sample we have sent. Such measurement changes are always a matter of discussion. Erve will always check with the customer if changes are really necessary because they might have an impact on lead time and sometimes also on the price. This year we implemented a spec library where we keep track of all the most commonly used patterns for all product categories and we have a library per customer and per product category and age from which approved specs can be taken to make samples for an order. This is already a big step further towards having a base with correct information. From this year onwards we started to introduce Delogue as a new platform for following up orders, which for a large part covers the need to have all correct information in a single location. It is a platform on which Erve’s merchandisers and quality department communicate with the merchandisers and quality department of Beconnected. The main goal of using Delogue is to be more open towards our suppliers and to make the information transparent. For example, the Beconnected offices can now see when something has been approved by the customer, as our internal Erve checklist is openly shared on Delogue and all other relevant information is collected in a single location. A screenshot of how Delogue appears is included in the annex.

Annex 5: Buying and sourcing behaviour

Capacity and planning: For lead time we always calculate some margin from the beginning of the order. The lead time we calculate is six weeks for shipment by sea. This means if we give 31/12/2018 as the shipment date to the supplier, in reality we still have two more weeks before the goods need to be shipped. If we have several orders that are placed at the same time, we always inform the supplier of an order of priority indicating which goods need to be finished first if they have different delivery dates. This means we calculate spare time for unforeseen changes.

Forecasting, this is an extremely difficult topic for us to deal with. As of 2023 one of the company KPIs is light forecasting. This refers to the turnover we expect per quarter and in the coming year, and per customer. Since we are in a promotional business, we depend entirely on our customers. For some of our customers, we can make an estimate of what will be ordered in next season because they work with a stock programme. The majority of our customers do not work with this model and they buy what is hot on the market at a specific moment. For example, when a new movie is to be released for a specific licence, the sales of that particular licence will increase. It also depends on the season: sometimes we get a lot of accessory or swimwear orders, while during others seasons our customers prefer the styles of our competitors better. Another reason why it is difficult to make forecasts within the licensing business might be because the licences are not selling due to decreased popularity in a specific country/market during a specific season. Sometimes this situation persists, but sometimes the business increases again the next season; there is a fluctuation in demand. We are currently investigating **price quotation and negotiation**. We are checking if the Beconnected offices work with open costing models before they start to negotiate with Erve Europe. As we are one group and we have adopted the Level 8 approach to leadership in our company, the costing models of our Beconnected office are openly communicated with us. Read more about Level 8 on our website.¹ We do not have these insights for the agents we are working with. Honest and fair discussions take place during pricing, and historical costing is compared with the current production costs.

For **development and design** we already have general rules in place to make sure that the information is complete from the beginning. This year we started to implement working with tech packs for all of our customers, in which all technical and practical details on a design are included. Regarding the sampling of the styles, it is sometimes difficult to forecast if the sampled ratio will result in an equal amount of orders. In most cases, not all sampled styles result in orders. Here we can take a more critical approach, especially in the amount of samples we request, and in deciding whether it is really necessary to sample all different styles, or whether we can sample only a selection and design the rest on paper to check the customer's opinion and establish whether they really need to see the samples first.

Cancellations are monitored by our management. When we have repeat orders, the production sites are confirmed upfront. Regarding production planning and lead times, there is sometimes still a lack of knowledge of how to plan the manufacturing process properly. Regarding **feedback on the sales results** of the products sold, we should still be more open towards our suppliers on how their products are selling. We have a separate finance department which is responsible for payments and is well aware of all terms and conditions. All payments and costs are always negotiated with the entire customer circle (sales, buying, merchandising, design, logistics) to check if payments are to be made by

¹ <https://erve.com/insights/>



the supplier or if Erve will bear the cost, or if we can split the cost. For terms of payment, we use three models: LC at sight, FOB sea and PP at sight, CIF, DDP.

KPIs are used to measure and assess employee *responsible purchasing practices* for example margin monitoring. When employees responsible for purchasing return from a booking trip, they have to justify why a booking has been made at the specific margin. We do this maintain a critical mindset and ensure the margin at which some orders have been booked is justifiable. Management always takes into account the feedback they receive from the marketing/sourcing employees responsible for booking orders.