

CODE OF CONDUCT OF ABVTEX PROGRAM

I. Presentation

ABVTEX – Brazilian Association for Textile Retail, founded in 1999, represents the main chains of Brazilian fashion retail that market clothing items, shoes, accessories and textile articles for households. The entity represents the industry before the fashion items production chain, governmental bodies and other entities of civil society and associations tied to the industry.

As a platform for debates, it promotes the analysis and exchange of experiences on the sustainable development of the production chain, free trade, issues connected to quality, sustainability and topics related to the legal and tax sectors. The entity's activities include the ABVTEX Program, a sectorial effort by associated signatory retailers for the best practices in the supply chain and for the fight against poor work conditions, such as slavery-like work, child work and that of undocumented immigrants in Brazil.

The Regulation of the ABVTEX Program can be accessed on www.abvtex.org.br/programaabvtex.

Our values are:

- ✓ Defend ethics in negotiations, abiding by the Brazilian laws and helping competent bodies strengthen good corporate practices;
- ✓ Preserve free competition in the interests of consumers, so that everyone has access to national and imported fashion items;
- ✓ Keep an open and transparent channel with the market, so as to meet the interests shared by manufacturers, retailers, and consumers;
- ✓ Contribute to the sustainable development of the fashion chain.

This Code of Conduct establishes the values and principles that guide how relationships and practices inherent in ABVTEX Program are conducted, by fostering an ethically appropriate treatment for the many situations that maintain its credibility.

The importance of ABVTEX Program in the Brazilian market, the projection of its expansion to international markets and the participation of several players in different companies and geographic regions demand transparent standards of work and compliance with different legal systems.

The reputation, integrity, and credibility of ABVTEX Program are its most important assets, and the ethical principles guiding the work of its several players must help preserve this image, consolidating the reputation of ABVTEX Program as a solid and reliable initiative before the many stakeholders influenced by it: clients, suppliers, workers and entities of civil society.

Compliance with the Code of Conduct reinforces one of the most important goals of ABVTEX Program, namely to preserve and consolidate its reputation in the society.

The rules of this Code of Conduct are minimum standards, not limiting the introduction of additional initiatives based on good market practices, according to the criterion of each signatory retailer. Companies that follow this Code of Conduct must comply with the national laws and other regulatory rules, and in cases where the law and code cover the same topic, one shall follow the one that best protects the workers.

II. Parties Subject to the Code

The guidelines established in this Code of Conduct apply to all players of ABVTEX Program. Players mean any individual or legal entity acting directly or indirectly in favor of ABVTEX Program, in due diligences, administrative controls, Program controls, management of indicators, governance, and other activities. Thus, these are considered players of ABVTEX Program:

- ✓ Due diligence Bodies and Supervising Bodies, in the capacity of legal entities;
- ✓ Auditors;
- ✓ Consulting firms directly or indirectly involved in the operations of ABVTEX Program;
- ✓ ABVTEX associates;

- ✓ Associates of retailers participating in actions directly or indirectly connected to ABVTEX Program (i.e.: auditors, members of Work Groups, among others);
- ✓ Entities and their associates that somehow participate in the governance processes of ABVTEX Program;
- ✓ Fashion retail suppliers;
- ✓ Supply chain subcontractors.

Basic Principles of Conduct

1. Within organizations

As the ABVTEX Program is mainly focused on fighting informal jobs, poor conditions of labor relationships, environmental issues, health and safety, signatory retailers are encouraged to support ABVTEX's efforts to keep the responsibility within the supply chain of the industry. As to the other players involved, it requires the adoption of the same principles within its organizations. Thus, these players must:

- ✓ Promote regular labor according to the law and constantly fight irregular labor and not allow for involuntary work, forced, trafficked, bound, contracted labor or slavery and child labor. This fight includes transportation, accommodation, recruiting, transfer, reception, and control of people by threat, force, coercion, abduction or fraud by labor or services.
- ✓ Prevent workers from being required, by their employers or work agents, to pay recruiting fees or other related fees. Workers must not be bound by jobs by way of coercion, such as financial blackmailing and retention on account of indebtedness.
- ✓ Guarantee the right to freedom of association, making sure that workers have the choice to join forces or create unions by their own initiative and make collective bargaining negotiations. Employers must act openly towards the activity of unions, and not discriminate the employees working actively in them;
- ✓ Promote actions that ensure health and occupational safety, by fostering a healthy and safe work environment, provided that prevention shall prevail over corrective measures;
- ✓ Adopt measures and practices to prevent accidents and damage to health that may emerge, related to or caused by dangers inherent in the work environment;
- ✓ Offer periodic documented training on health and safety to new, regular and transferred employees;
- ✓ Allow for access to clean restrooms and drinking water and, if necessary, have adequate facilities for food storage;

- ✓ Never hire children and young people younger than 18 years-old in night jobs or under risk conditions;
- ✓ Comply with the rules of the International Labor Organization (ILO);
- ✓ Make sure there is no discrimination, with equal opportunities for workers, by religion, philosophical or political conviction, nationality, family economic conditions, origin, gender, color, ethnicity, disability, age, pregnancy, sexual orientation, biotype, health conditions or civil status;
- ✓ Offer freedom so that workers may openly communicate with the management about management practices and conditions, without fear of discrimination, retaliation, intimidation or harassment.
- ✓ Fight any type of harassment, including, but not limited to, moral and sexual harassment, involving any verbal or physical conduct of humiliation, coercion or threat that interferes with individual and/or collective performance or affects the work conditions of the employees;
- ✓ Pay salaries according to the applicable law;
- ✓ Contracts must be written in the worker's mother language, making sure the nature of the job and employment terms are transparent and accurate before the worker is actually hired. The company or hiring agency must not be involved in fraudulent behavior;
- ✓ Not reduce the salary due to disciplinary actions and those not covered by national laws;
- ✓ Respect the work hours under the laws applicable to the industrial sector base, or under the law offering wider protection;
- ✓ Monitor and manage the supply chain;
- ✓ Take care of the environment;
- ✓ Keep an ethical business behavior;
- ✓ Ensure the privacy and confidentiality of information;

2. In Due Diligence Processes

As it is characterized as a program which base is the conduction of regular assessments at the premises of suppliers and subcontractors, ABVTEX Program is focused on ethically and independently conducting this process in relationships between due diligence bodies and their auditors, and the latter with suppliers and subcontractors and their team of employees. The ABVTEX Program is inclusive and aims at developing the supply chain. However, serious deviations in the business conduction by suppliers and their audited

subcontractors must not be tolerated; nevertheless, the principles of opportunity, counseling, and remediation of actions shall prevail.

The ABVTEX Program requires that due diligence processes at the premises of suppliers and their subcontractors be guided by the principles of integrity, professional independence, technical efficiency, impartiality, and confidentiality, as detailed below.

i. Integrity

Integrity offers the basis for the reliability of judgments made by auditors, who must perform their works honestly, diligently and responsibly, with due regard to the applicable legislation in force, and who must never get involved in inappropriate activities and must respect and contribute to the legitimate and ethical goals of ABVTEX Program.

For ABVTEX Program, the following will be deemed to being discredit in the conduction of due diligences:

- ✓ Acts that fail to report irregularities, information or data that is evidenced in field assessments or verification of documents and records, or that dissimulate or present incorrect registrations;
- ✓ Acts that form opinions, supply information or documents that do not properly translate the expression of their best knowledge and that, somehow, hide or deviate facts, leading to misinterpretations.

ii. Professional Independence

The due diligence activity must be independent, and auditors must be objective while performing their duties and shall not subject their findings to the opinions of others.

Due diligence must concentrate its activities on the exercise of verification procedures and refrain from performing actions or participating anyhow in other activities that are incompatible with the premises set forth herein.

It must adhere to the principles of ethics, with due regard to technical rules and due diligence standards, acting independently, and not at its own convenience or that of third parties.

iii. Technical Efficiency

Auditors must know and master the techniques and have other competencies necessary for them to fulfill their individual responsibilities. Moreover, they must constantly focus on developing their proficiency, by raising the efficacy and quality of their services.

The scopes established for due diligence services must be previously assessed by auditors, who will judge whether they are technically viable, in terms of deadlines and information on the company to be checked, ensuring the expected technical performance.

iv. Impartiality

Due diligence must be impartial, free of prejudice and have no conflicts of interest. The auditor's conduct in all manifestations and circumstances must be impartial, and the auditor must not, under any pretext, conditions, and advantage, take sides in the interpretation of facts, in the dispute of interests, in conflicts of parties or in any other event.

v. Confidentiality

Professional secrecy is a mandatory and unquestionable rule in the due diligence exercise. Auditors must rely on data and information of which they are the only ones aware while providing the services designated to them. Unless otherwise determined by law or expressly authorized by competent authorities, no document, data or information may be supplied or disclosed to third parties, nor may auditors use it, directly or indirectly, for their personal interests or those of third parties.

3. In relationships between players and with the suppliers and their subcontractors

Signatory retailers are expected to support ABVTEX's efforts to foster the basic principles of relationship between the parties, as detailed below:

- ✓ Fair and equal treatment;
- ✓ No form of discrimination because of religion, philosophical or political conviction, nationality, family economic conditions, origin, gender, color, ethnicity, disability, age, pregnancy, sexual orientation, biotype, health conditions, civil status or any other classes and/or status, association with an union or political party, whether in the engagement, remuneration, access to training, promotion, dismissal or in other situations;
- ✓ No type of harassment, including, but not limited to, those of moral and sexual nature, involving any verbal or physical conduct of humiliation, coercion or threat that interferes with individual and/or collective performance or affects the work conditions of the person involved, or the corporate relationships among the players of ABVTEX Program.

4. Privileged information

Information conveyed for the purposes of ABVTEX Program is owned by the Program itself and, ultimately, by ABVTEX. Decisions on sharing or disclosing this information shall always be restricted to the interested parties. Non-disclosure agreements shall govern the sharing of such information. Therefore, it is strictly forbidden:

- ✓ To disclose information of ABVTEX Program that is not in public domain;
- ✓ To disclose any information that, if disclosed, is harmful to ABVTEX Program or to any of the Program's players;
- ✓ To use information of ABVTEX Program to somehow gain unfair advantage to one's own benefit or that of a third party;
- ✓ To share information protected by non-disclosure agreements executed between ABVTEX and the Program's players, and players are also forbidden to share information among themselves.

IV. Appropriateness of ABVTEX Program

One must avoid any investments, interests, connections or activities that may lead anyone or entity to question the impartiality, integrity or capacity of each player in ABVTEX Program to perform their duties.

1. Conflicts of Interest

Players of ABVTEX Program shall act in the interests of the Program, by performing their tasks in a way that the image, integrity or credibility of the Program is not jeopardized.

The individual interests of the players of ABVTEX Program shall not conflict with the interests of the Program. To that effect, any and every relationship that is, or seems to be, conflicting must be avoided, including conflicts involving other activities not directly related to ABVTEX Program, but that indirectly affect its image, integrity, and credibility.

Players of ABVTEX Program, in view of their nature, may have economic or financial interests with associates, clients, companies approved or audited in ABVTEX Program, or also other companies connected to the Program. However, these interests must not, in any way, influence, or seem to influence, the actions performed in the name of the Program.

2. Corruption

For the ABVTEX Program, giving bribe or requesting bribe is strongly unacceptable, and so are extortion, kickback and any other similar offenses against the law. Therefore, the Program's players must make their best endeavors to fight any kind of corruption, and they are forbidden to get involved in any type of bribery, either to give or receive it. When dealing with the other partners in the Program, in any possible relationship, they must never demand nor accept any amounts, gifts, benefits or any action when they may be interpreted as an attempt to influence or lead to advantages or objective decisions, directly or indirectly, in ABVTEX Program.

Likewise, workers or players acting on behalf of suppliers and/or subcontractors must never receive or give inappropriate promises or benefits seeking to gain unfair advantage for themselves or for any of their business partners.

Any of the players in ABVTEX Program must inform ABVTEX's governance instances about all cases in which a partner, supplier, subcontractor, or even a player, offers or demands any benefits. If, by any chance, refusal to commit corruption acts jeopardizes personal safety, ABVTEX's governance instances must be informed afterwards.

3. Souvenirs and Gifts

To keep the explicit or tacit understanding that there is no obligation of compensation for any benefit received, players of ABVTEX Program are forbidden to offer, accept or receive: souvenirs of any kind and/or value; favors or any valuable items, useful items or participation in entertainment activities that may even seem to be unacceptable behavior; money of any kind and in any amount; any other goods or services, even if offered by third parties not engaged in the relationship established within ABVTEX Program. This is also true for raffles or contests, in any related context, directly or indirectly, regardless of the amount involved.

4. Detection of Criminal Activities or imminent danger

When criminal activities or situations of imminent danger to workers or players of ABVTEX Program are detected, competent authorities must be immediately informed so that they take the applicable actions. Moreover, ABVTEX Program's governance structure must be immediately notified by means of the Program's communication channels.

V. Code Management

The Code of Conduct of ABVTEX Program is managed by ABVTEX's Executive Directors, with the support of all governance structure of the Program, subject to the competence instances characterized by the Regulation. In the management

processes, and for the efficient operation of ABVTEX Program, some aspects must be considered:

1. Conflicts of Interest/Cases of coercion

In case of a situation that represents or may represent a conflict of interests, or in the event of a potential violation of the Code of Conduct, the player involved must formally report the issue to the governance instances of ABVTEX Program and make them aware of the circumstances related to the case.

2. Doubts and Omissions

The guidelines of the Code of Conduct of ABVTEX Program make it possible to assess great part of the situations and minimize the subjectivity of interpretations on established principles. However, they do not necessarily detail all situations that may emerge on a daily basis. Thus, should there be any doubt over the application of this Code's guidelines, ABVTEX must be previously consulted by means of ABVTEX's communication channels.

3. Governance

Should any deviation in the application of this Code of Conduct be reported, either for information received, application of control procedures of ABVTEX Program itself, arbitration in formal communications from the Program's players (under this Code) or other facts that justify ABVTEX's intervention, the interpretation or definition of sanctions must be made within the scope of the Program Arbitration Committee, subject to the provisions of ABVTEX Program's General Regulation. In exceptional cases, in which the Committee feels prevented from acting, the final resolution power will lie upon ABVTEX's Board of Directors.

4. Infringements/Penalties

The imposition of penalties for violation of this Code of Conduct is covered in the Regulation, in the policies, rules, and procedures of ABVTEX Program and may be made by means of a written warning, suspension or permanent exclusion

from the Program. In cases where this is not clear or explicit, the Arbitration Committee shall define the type of punishment.

5. Communication Channels

In complying with of this Code of Conduct, any doubts must be cleared, and any information or clarifications must be obtained, at ABVTEX, by means of the following channels:

- ✓ By email: programa.abvtex@abvtex.org.br
- ✓ By phone: (11) 2533-0034/3431-8858