



ET ER NA

COMPANY POLICY

for the areas of social responsibility, occupational health and safety, environment, energy, quality, consumer protection, finance, IT, and data privacy

1. Foreword

ETERNA carries the timeless in its company name - translated from Latin, it means "eternal." Following this creed, the fashion company has always stood for the highest standards of quality and craftsmanship with its shirts and blouses. Right from the sourcing of materials, emphasis is placed on the best quality. Only 3% of the global cotton harvest meets the standards set by ETERNA for product quality, ensuring comfortable wear and durability. The fusion of timeless yet modern design character in its collections with a tangible sense of quality distinguishes ETERNA's shirts and blouses. The sustainable production, with a focus on fair treatment of people and nature as a deliberate tradition of the company, reflects the increasing societal awareness of values. Quality, sustainability, and fashion consciousness are perpetually intertwined at ETERNA.

Instead of a widely spread and opaque supplier network, as is sometimes customary in the industry, ETERNA remains loyal to its closely interconnected production network. Each individual manufacturing step is transparent both internally and externally, ensuring continuous control. Besides a reliable partnership, constant excellent quality in materials and workmanship, delivery reliability, and compliance with high social and environmental standards are resulting benefits, along with process agility. From yarn dyeing, weaving, finishing, and tailoring to the finished shirt and blouse, all stages are encompassed. This is a significant advantage to respond promptly and adequately to short-term market trends and changes in demand. ETERNA is renowned for its non-iron equipment. This special form of fabric finishing for shirts and blouses is only possible with extra-long staple cotton. The uniqueness of this cotton type is highlighted by the fact that less than three percent of the global harvest consists of long-staple cotton.

2. Sustainability

"Fair Fashion" has long been an integral part of ETERNA's corporate philosophy. ETERNA was awarded the OEKO-TEX® Standard in 1993, being the first company to receive this recognition. In 2000, ETERNA became the world's first shirt and blouse manufacturer to be certified with the Öko-Tex Standard 100 plus, now known as Made in Green. This certification provides comprehensive and transparent proof of sustainability throughout the entire process chain. The products awarded with this distinction are not only tested for harmful substances but are also environmentally produced along the entire supply chain, starting from yarn spinning mills.

A significant milestone in communicating our sustainability initiatives is the launch of the website <https://eterna-naturally.com/de>, where we summarize and document all these initiatives.

For instance, since October 2015, ETERNA has fully disclosed the value chain of its shirts and blouses, accessible to everyone. By entering the EAN code on the website <https://eterna-naturally.com/de>, all production steps can be transparently traced. Once again, ETERNA leads an entire industry - globally.

ETERNA continuously explores new avenues to expand sustainability efforts. Since summer 2017, shirts and blouses from the premium line 1863 by ETERNA are produced with a CO2-balanced approach, as ETERNA supports sustainable environmental and climate protection projects of the myclimate foundation. Even at the end of the product lifecycle, ETERNA takes responsibility with the motto "Reuse instead of discard": ETERNA now collaborates with the partner TEXAID to ecologically recycle used clothing. ETERNA also offers the opportunity to sustainably dispose of shirts and blouses at the end of their lifecycle.

In procurement, we also assume responsibility. ETERNA reaffirms its commitment to ethical business and procurement practices based on the UN Human Rights Convention ¹, the ILO Core Labor Standards ², and the OECD Guidelines³.

¹ <https://www.ohchr.org/en/universal-declaration-of-human-rights>

² <https://www.oecd.org/industry/inv/mne/responsible-supply-chains-textile-garment-sector.htm>

³ <https://www.ilo.org/declaration/lang--en/index.htm>

These practices cover various risk areas, including child labor, prevention of sexual harassment and violence in the workplace, forced labor, working hours, workplace safety and health, unions and collective bargaining, non-compliance with minimum wage laws, lack of living wages, hazardous chemicals, water, greenhouse gas emissions, bribery and corruption, responsible behavior towards homeworkers. Despite all precautions, should there have been negative impacts on human rights and/or the environment, ETERNA commits to remediate these and immediately implement preventive measures to avoid the recurrence of such incidents. Our objective is to ensure sustainable and ethically responsible business practices that place the protection of human rights and the environment at the core of our corporate values.

The issue of living wages also plays a significant role in the context of labor rights and corporate social responsibility. We are exploring measures to ensure living wages, which include analyzing available wage data, especially with business partners in high-risk countries. We will engage with our partners to make progress in this area. Our goal concerning this focus area is to improve the income situation in the supplying countries. We highly prioritize fair working conditions for our employees and appropriate compensation enabling a decent living. Our efforts aim to raise wages in the countries of production to at least the legal minimum or even beyond. Many of our producers already pay wages that exceed the legal minimum wage.

3. Vision – Mission – Strategy

Vision

We aim to be the preferred partner of our customers. Our medium-term goal is to become the category leader in branded shirts and blouses in Europe.

We aspire to become the digital, personalized, service-oriented, customer-centric, and sustainable heritage brand for shirts and blouses, with the potential for global expansion.

Mission

Our brand universe is a crucial foundation of our business success. It gives a face and a name to our daily commitment. Working with our brand represents more than just a logo – it always provides a clear commitment to performance.

From ETERNA's DNA, we have derived the following core brand values:

- German craftsmanship
- Ingenuity
- Quality-driven
- Responsible
- Timelessly modern
- Tasteful
- Functionally superior
- Shirt specialists

We have formulated the core of the brand in a memorable sentence.

With craftsmanship details and superior functionality, ETERNA consistently and tastefully dresses the characterful man and woman.

As a succinct one-word summary, we encapsulate this as "MASTERFUL".

For us, masterful means always being a step better in terms of quality, comfort, and service. Every product leaves our establishment in the highest inspected quality. Our brand style is consistently executed to the highest standards. Internal or external communication must embody a "masterful" quality. We emphasize high-quality

and quality-focused labeling. We cultivate a knowledgeable and courteous interaction with our customers and retailers, maintaining a clear, orderly system in our stores.

Therefore, we particularly pay attention to adhering to the following brand rules:

- **Show origin:** Do we exhibit our origin as evidence of our expertise in our specialization?
- **Be masterful:** Do we emphasize our deep knowledge and superior quality?
- **Demonstrate style expertise:** Do we enable a tasteful appearance fitting the wearer's character?
- **Convey superior benefits:** Do we highlight our superior fit, functionalities, and sustainable responsibility as genuine advantages?
 - **Address genuine and modern:** Do we work timelessly modern with the authentic worlds of our three target groups?
 - **Set boundaries:** Do we avoid superficiality, differentiate ourselves from the competition, and operate within the brand architecture?
 - **Leverage premium style:** Do we utilize the defined brand style elements in a premium presentation?

Strategy

We aim to achieve this as a product specialist within our multi-channel strategy through profitable international and national growth in established segments, while not excluding complementary products. The focus lies on high-quality, ecological, sustainable, and innovative products, with a clear emphasis on the ETERNA brand. This is supported by increasing vertical integration of the value chain and through digitalization. ETERNA must comprehend the customers (end customers) and implement this understanding in a strategically more and more digitally and vertically shaped business model. This is the only way to successfully position ourselves in the fashion market. In particular, the B2C focus with topics such as customer loyalty, individual consultation & services, and support through digitization at the point of sale will be crucial factors for future success. Therefore, the transformation into a customer-centric company in both the B2B and B2C areas is the main goal of our strategy.

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4. Quality policy

ETERNA Mode GmbH stands for high-quality men's shirts and women's blouses.

The primary goal is to meet the quality requirements of our customers. This is essential for high customer satisfaction and long-term customer loyalty. We always act in the interest of our customers and are a competent and reliable partner.

We also maintain a partnership with our suppliers because their raw materials and materials are an indispensable part of achieving and maintaining the high quality level.

All employees are committed to ensuring and further developing a consistently high standard of quality. Quality is always the focus of all their activities. We want our employees to fulfill their assigned tasks with the required quality. Necessary information, if not directly provided by the management, should be immediately communicated by the respective department or team leaders. Regular management and leadership circle meetings are held to ensure adequate information flow. Employees are encouraged by the management to suggest improvements in the company's quality.

The processes and organization of ETERNA Mode GmbH are transparent, clearly defined, and subject to continuous improvement and development. The objective here is also to achieve and continuously improve customer satisfaction.

5. Supplier policy

ETERNA Mode GmbH aims for long-term supplier relationships. We have defined the OEKO-TEX® Standard 100 as the minimum standard for all suppliers. For our garment manufacturers, compliance with the Hohenstein STeP audit is a prerequisite for long-term cooperation with us. Prior to engaging with any potential new supplier, experts from ETERNA Mode GmbH conduct on-site audits to assess labor, human rights, environmental, social, quality, and many other risks, which serve as the basis for the decision to collaborate. Collaboration with ETERNA requires acceptance of a Supplier Code of Conduct based on the OECD Guidelines for Due Diligence in the Garment and Footwear Sector and the International Labour Organization (ILO).

6. Environment

ETERNA Mode GmbH strives to continuously improve the environmental sustainability of its production and products. In addition to various measures for environmental protection, the company consistently seeks solutions such as:

- Ecological Products

With our products, we aim to meet ecological and ethical standards while combining these aspects with modern style and good taste. The criteria of the OEKO-TEX® Standard, applicable to all our manufacturers and suppliers, guide us. Similarly, we continuously increase the use of sustainable materials (recycled cotton fabrics, Tencel, etc.) and support the reduction of CO2 emissions from manufactured products by promoting climate protection projects.

- Environmental Protection

We encourage our employees to take or propose all measures to protect the environment or maintain human health. We aim to prevent (prevention), suppress if necessary (repression), and ultimately restore natural resources as much as possible (reparation). Environmental protection also encompasses ethical and aesthetic considerations. Environmental protection focuses on individual environmental components (such as soil, water, air, climate) as well as their interactions. Strict compliance with all legal and regulatory requirements is fundamental. To intensify environmental protection, we have started cooperating with our major customers, for instance, by offering the option of plastic-free delivery.

7. Energy

The management of energy resources significantly impacts the company's approach. Conducting an energy audit according to DIN EN 16247-1, performed by external auditors, enabled the development of measures to enhance energy efficiency and operational optimization.

ETERNA aims to continuously improve the efficiency of energy use across all business areas while complying with all legal and quality requirements. Based on continuously recorded consumption and production data, energy objectives are established annually by the top management level.

Core tasks within the energy management include:

- Measurement and monitoring of energy consumption,

- Recording and visualization of energy flows,
- Planning and implementation of energy-saving measures,
- Analysis and evaluation of the results of energy-saving measures,
- Continuous identification of legal requirements and their implementation in the affected business processes,
- Encouragement of employees for economical and efficient use of energy.

Since 2020, all shops of ETERNA Mode GmbH, along with the company headquarters in Passau, operate on 100% green electricity, and business flights contribute to climate conservation efforts.

8. Social and human resources

Our employees are the pillars of our success in terms of customer orientation, innovation, quality, growth, and profitability. We offer them perspectives, opportunities for further education, and a performance-based remuneration. We trust them. Fostering through demands and cross-departmental collaboration in a continuous improvement process is the permanent management task. Each employee receives all the information needed to fulfill their tasks with the highest possible efficiency. Information must be clear, true, and comprehensive.

Nevertheless, it remains the duty of every employee to seek the necessary information required for the proper fulfillment of their tasks. The company management strengthens the self-motivation of the employee by creating optimal working conditions and a working environment based on mutual trust. The EU's social criteria are adhered to.

As part of our social responsibility, we have established the following principles for all our employees:

- Human Rights

We respect human rights within our sphere of influence and expressly commit to abolishing all forms of forced and child labor. Employees under the age of 15 are not employed, subject to legal regulations regarding higher age limits. Young employees (up to 25 years old) are represented by a youth representative in their interests. Moreover, we ensure the elimination of any form of discrimination in employment and profession. We also ensure our employees' right to association and collective bargaining. Therefore, we commit to acting in accordance with the European Convention on Human Rights (ECHR), the Universal Declaration of Human Rights of the United Nations (UDHR), the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector, and the International Labour Organization's (ILO) core labor standards.

- Vulnerable Groups

We commit to taking necessary measures to protect vulnerable groups through regular assessment in all procurement markets in which we are active. This includes ethnic and religious minorities, hierarchical classification into the caste system, women, workers with disabilities, workers as members of labor organizations/unions, workers with specific political beliefs, international and national migrants, LGBTQIA individuals, homeworkers, children, migrant workers, indigenous populations, and any other groups that may potentially suffer harm from our actions. Through risk management, we regularly identify these groups and continuously strive to collaborate with suppliers and other internal and external stakeholders to minimize risks as much as possible.

- Harassment

Our company's employees are not and will not be subjected to any physical violence or any other form of physical, sexual, psychological, or verbal harassment or abuse.

- Equal Opportunities:

We commit to strongly opposing any form of discrimination based on gender, race, age, skin color, religion, marital status, sexual orientation, origin, physical or mental disability, or any other characteristics protected by applicable laws or regulations. This particularly refers to discrimination against employees. Our interactions are open and honest, characterized by respect and responsibility.

- Corruption

We do not tolerate any form of corruption, bribery, receiving or granting of benefits. By maintaining high transparency in our business operations, we prevent these acts.

- Remuneration

We not only ensure adequate remuneration for our employees but also ensure fair compensation for their work, maintaining equality. All employees are social security insured according to legal requirements. We respect and guarantee our employees' constitutionally guaranteed fundamental right to freedom of association and collective bargaining. The basis for remuneration at the Medienstraße 12 facility is covered by the collective agreements for the commercial employees and the employees of the Bavarian clothing industry. Benefits such as increased vacation entitlement compared to labor law, vacation pay, partial retirement regulations, among others, are regulated within these agreements.

This includes the Collective Agreement for Promoting Employment and Competitiveness for the Employees of the Textile and Clothing Industry for the Territory of the Federal Republic of Germany, including Berlin-West, old federal states. For all operations and independent departments belonging to the textile industry and clothing industry for all employees except homeworkers, legal representatives of legal entities, and senior executives as defined by the BetrVG, as well as non-tariff employees in the highest salary group within the clothing industry in Bavaria.

Also, the Wage Agreement for the Industrial Workers and Apprentices of the Clothing Industry in Bavaria, for the state of Bavaria excluding the administrative region of Lower Franconia. For all operations and independent departments belonging to the clothing industry for employees covered by workers' pension insurance, including apprentices.

Furthermore, the Salary Agreement for Commercial Employees and Apprentices as well as Technical Employees of the Clothing Industry in Bavaria for the state of Bavaria, excluding the administrative region of Lower Franconia. For all operations and independent departments belonging to the clothing industry. Excluded from this salary agreement are board members, legal representatives of legal entities, as well as authorized representatives, managing directors, and plant managers who have the authority to hire and dismiss employees.

- Working Hours

Working hours, including overtime, comply with legal regulations.

In addition to the employment contract and collective agreements, regulations regarding the employment relationship between the management and the works council are agreed upon

and outlined in the working regulations for ETERNA Mode GmbH. Additionally, there are various company agreements that have been agreed upon between the management and the works council. The working regulations, company agreements, and collective agreements are accessible to all employees through the works council, in the HR department, on notice boards, and digitally on the general company drive.

Excerpt from the key agreements between management and the works council:

- Working regulations for ETERNA Mode GmbH from 1984
- Company agreement for flextime regulations for the operations for all employees and apprentices from 1997
- Company agreement for timekeeping for the operations for all administrative employees, all administrative and industrial apprentices, as well as all overhead and production hourly workers from 1999
- Company agreement for holiday scheduling for the operations from 2009

9. Occupational health and safety

In all activities, there are inherent risks to the safety and health of employees. ETERNA Mode GmbH is committed to continuously improving occupational health and safety across all operations. This involves the implementation and oversight of a Safety Management System (SMS) by the external firm Attenberger (<https://attenberger-gmbh.de>). Alongside occupational safety, Attenberger focuses on fire protection, coordination for safety and health at construction sites, as well as environmental protection and the inspection of facilities and machinery.

The following policies regarding occupational health and safety are in effect:

Workspaces and conditions are designed according to technological standards to ensure the prevention of accidents and personal injuries while safeguarding the health of all employees. Job-related hazards and risks are regularly identified and, to the extent possible, eliminated, reduced, or shielded. Technical solutions take precedence over organizational measures. In instances where hazards cannot be avoided, all affected employees are provided with necessary personal protective equipment. Furthermore, employees are continuously informed about hazards and associated responsibilities.

Based on these principles, the following core tasks are outlined for the Safety Management System as per the existing business policy:

- Providing a safe and healthy work environment
- Protecting employees from:
 - a. Mechanical hazards
 - b. Electrical hazards
 - c. Fire and explosion hazards
 - d. Thermal hazards (e.g., heat build-up, extreme temperatures)
 - e. Adverse climatic conditions
 - f. Inadequate or incorrect lighting
 - g. Excessive physical strain
 - h. Psychological stress
- Implementing preventive measures for accident prevention
- Measures for proactive fire protection
- Providing emergency plans for incidents such as fire, explosions, potential natural hazards
- Highly trained first aiders for emergency situations

- Offering examinations by an occupational physician
- Regular training for all employees on workplace safety and process design to prevent hazards
- Considering occupational health and safety when acquiring or setting up new machinery and equipment
- Appropriate measures against employees in cases of serious violation of our established guidelines

An open and continuous dialogue with employees, customers, suppliers, and other stakeholders fosters mutual trust and a collaborative relationship. Safety officers and an occupational safety specialist are appointed in writing and are supported in their tasks by the Attenberger firm. In carrying out their duties, these appointed individuals report directly to the management and do not receive directives from any other authority. Adherence to all legal, regulatory, and trade association requirements is an inherent part of these responsibilities.

The requirements of occupational health and safety (SMS) also intersect with the strategic objectives related to quality, efficiency, energy, and the environment. Therefore, the SMS is a focal point for the management and is an integral part of the company's policy.

10. Consumer protection

Our central concern is to protect consumers from disadvantages in economic life and to secure their legal position. This means ensuring consumer interests regarding quality, price, and safety, naturally within the framework of legislation such as textile labeling, pricing regulations, product liability, product safety laws, or the German Civil Code (BGB).

ETERNA places special emphasis on using only materials that meet our standards. We exclusively source materials from suppliers who can meet these high standards, verified by the Öko-Tex certification these suppliers must possess. Operational necessary chemicals that we use are solely employed for the maintenance of equipment or technical facilities. Contact with our end product is minimal and is proactively avoided. All chemicals used are stored properly and regularly documented in a hazardous substance register.

11. Finance

Through the close integration between internal and external accounting, we aim to optimize financial processes. A significant prerequisite for this is consistent and transparent information and value flows. We focus on the drivers of company value and develop indicators and metrics that not only measure the performance of past periods but also demonstrate a temporal progression and highlight risks. Ensuring adequate liquidity is essential while also ensuring long-term financial stability.

12. Information technology and data protection

In recent years, with the advancement of digitization, the role of information technology within the company has fundamentally changed. A robust IT strategy is crucial to remain competitive in the market in the long term. The complexity within our company is continually increasing. This presents complex tasks for the IT department, which need to be managed effectively to align with rapidly changing business requirements. Balancing the sensible management of IT costs with maintaining high-quality IT is crucial. Additionally, the IT department must flexibly and optimally support the company's strategic and operational business goals. Within the strategic alignment, business processes are defined to run increasingly with IT support. In coordination with the corporate strategy and associated business goals, decisions are made regarding the extent and timeline for the implementation of new technologies.

ETERNA Mode GmbH is aware of its diverse requirements for corporate and IT security, as well as data protection. Employees, customers, and other interested parties are integrated into data protection efforts. We fundamentally follow the policy that security and data protection are the responsibilities of every manager and every employee. Transparency about the purpose and implications of data collection and storage, as well as

sensitivity in handling data, is crucial. We use appropriate technology to protect the company from risks and threats.

13. Commitment to company policy

The management adheres to this business policy by:

- Ensuring the business policy is communicated to all employees and interested parties
- Complying with applicable legal obligations and other requirements endorsed by our company
- Promoting a high level of employee training and providing necessary resources
- Regularly evaluating, reviewing, and updating the business policy
- Appointing a safety officer and a data protection officer, both independently and regularly audited with external service providers
- Committing, in the event of a breach of principles outlined in this business policy resulting in harm to individuals, to working toward remedying the damage.

Supporting documents include internal operational and work instructions, training materials, and necessary documents. The established regulations and supplementary instructions are binding for all employees. Adherence to legal, regulatory, and our additional requirements (such as those within the German textile and fashion industry) are fundamental guidelines for us.

January 1, 2024



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