



ET ER NA

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BUSINESS POLICY

social affairs, occupational health and safety, environment, energy,
quality, consumer protection, finance, IT and data protection

1. Foreword

ETERNA carries the concept of timelessness in its company name – translated from Latin, it means ‘eternal’. In keeping with this credo, the fashion company has always stood for the highest standards of quality and workmanship in its shirts and blouses. Even when sourcing ingredients, the emphasis is on the best quality. The interplay of the timelessly modern design character of the collections with the tangible quality experience makes ETERNA shirts and blouses unmistakable. Sustainable production with a special focus on fair treatment of people and nature as a conscious tradition of the company takes into account the increasing value awareness of society. Quality, sustainability and fashion consciousness are inseparably linked at ETERNA.

Instead of a widely ramified and opaque supplier network, as is sometimes common in the industry, ETERNA remains loyal to its closely knit production network. In this way, every single manufacturing step is transparent both internally and externally and can be monitored at any time. In addition to a reliable partnership, the resulting advantages include consistently excellent quality in materials and workmanship, delivery reliability and compliance with social and environmental standards, as well as the speed of the processes. Starting with yarn dyeing, weaving, finishing and garment manufacturing, right through to the finished shirt and blouse. This is a major advantage when it comes to responding quickly and appropriately to short-term market trends and changes in demand. ETERNA is known for its non-iron finish. This special form of fabric finishing for shirts and blouses is only possible with extra-long staple cotton. The fact that less than three per cent of the global harvest is long-staple cotton shows that this type of cotton is something special.

2. Sustainability

For a long time now, ‘fair fashion’ has been an essential part of ETERNA's corporate philosophy. ETERNA was the first company to be awarded the OEKO-TEX® Standard in 1993. In 2000, it became the world's first shirt and blouse manufacturer to be certified with the OEKO-TEX® Standard 100 plus, now known as OEKO-TEX® Made in Green. This certification provides comprehensive and completely transparent proof of sustainability throughout the process chain. Products awarded this certification are tested for harmful substances.

A major milestone in communicating our sustainability initiatives is the launch of the website <https://unternehmen.eterna.de/nachhaltigkeit/> summarise and document all these initiatives.

Since October 2015, ETERNA, for example, has made the value chain for its shirts and blouses completely transparent and accessible to everyone. By entering the EAN code on the website <https://unternehmen.eterna.de/nachhaltigkeit/> steps can be traced transparently.

ETERNA is constantly breaking new ground in order to further expand its sustainability efforts. Compensation payments are used to support projects in Africa, among other things.

Even at the end of a product's life cycle, ETERNA takes responsibility in line with its motto ‘recycle instead of throw away’: ETERNA works with its partner TEXAID to reuse old clothing. ETERNA offers customers the opportunity to dispose of shirts and blouses at the end of their life cycle in Eterna stores.

In addition, we are currently working on improving our packaging material with the aim of reducing packaging material and using recyclable materials.

We also take responsibility in our procurement activities. ETERNA continues to reaffirm its commitment to ethical business and purchasing practices based on the UN Convention on Human Rights , the ILO Core Labour Standards , the OECD Guidelines , the UN Guiding Principles , and the OECD Due Diligence Guidance for Promoting Responsible Supply Chains in the Garment and Footwear Industries.

These practices cover various risk areas, including: child labour, migrant labour, prevention of sexual harassment and violence in the workplace, forced labour, working hours, occupational health and safety, trade unions and collective bargaining, non-compliance with minimum wage laws, lack of living wages, hazardous chemicals (OEKO-TEX® Standard 100 incl. ZDHC requirements), water, greenhouse gas emissions, bribery and corruption, responsible behaviour towards home workers. If, despite all precautions, negative impacts on human rights and/or the environment have occurred, ETERNA is committed to remedying them and immediately introducing preventive measures to avoid a 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 heart of our corporate values.

The issue of living wages also plays an important role in the context of labour rights and corporate social responsibility. We are investigating measures to ensure living wages, which includes analysing available wage data, particularly for business partners in high-risk countries. We will engage in dialogue with our partner to achieve progress in this area. Our goal with regard to this priority issue is to improve the income situation in the supplier countries. We attach great importance to fair working conditions for our employees and to adequate remuneration that enables them to live a decent life. Many of our producers already pay wages that are above the statutory minimum wage.

3. Vision – Mission – Strategy

Vision

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

*We want to become the digital, individual, service-oriented, customer-centric
and sustainable heritage brand for shirts and blouses
and have the potential for global expansion.*

Mission

Our brand world is an important basis for our economic success. It gives our daily commitment a face and a name. Working with our brand is much more than just a logo – it always makes a clear promise of performance.

We have derived the following core brand values from ETERNA's DNA:

- **German craftsmanship**
- **Inventive spirit**
- **Obsessed with quality**
- **Responsible**
- **Timelessly modern**
- **Tasteful**
- **Superior functionality**
- **Shirt specialist**

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

With its craftsmanship and superior functionality, ETERNA dresses men and women of character with style and taste. We sum this up succinctly in one word: 'MASTERFUL'.

For us, masterful means always being one step ahead in terms of quality, comfort and service. Every product leaves our premises having undergone the highest quality checks. Our brand style is implemented consistently and to the highest standards. Internal and external communication must be 'masterful' in itself. We attach great importance to high-quality, quality-focused labelling. We maintain a competent and courteous relationship with our customers and dealers, and we ensure a clear, orderly and systematic approach in our stores.

That is why we pay particular attention to compliance with the following brand rules:

- **Showing our origins: Do we showcase our origins as proof of our expertise and specialisation?**
- **Being masterful: Do we dramatise our in-depth knowledge and superior quality?**
- **Demonstrate style expertise: Do we enable a tasteful appearance that matches the character of the wearer?**
- **Communicate the better benefits: Do we communicate our superior fit, functions and sustainable responsibility as a real advantage?**
- **Appeal in an authentic and modern way: Do we work in a timelessly modern way with the authentic worlds of our three target groups?**
- **Setting boundaries: Do we avoid superficiality, differentiate ourselves from the competition, and operate within the brand architecture?**
- **Using premium style: Do we use the defined brand style elements in a premium look?**

Strategy

As a product specialist, we aim to achieve this as part of our multi-channel strategy through profitable international and national growth in our traditional segments, although complementary products are not ruled out. The focus here is on high-quality, sustainable and innovative products with a clear focus on the ETERNA brand. This is supported by increasing verticalisation of the value chain and digitalisation. ETERNA must understand its customers (end customers) and translate this understanding into a business model that is increasingly digital and vertical in nature. This is the only way to achieve successful positioning in the fashion market. In this context, the B2C focus on topics such as customer loyalty, individual advice and services, and support through digitalisation at the point of sale will be decisive factors for future success. The transformation into an end-customer-centric company in both the B2B and B2C sectors is therefore the main objective of our strategy.

4. Quality policy

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

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

We also maintain a cooperative relationship with our suppliers. Their raw materials and other materials are an indispensable part of achieving and maintaining our high quality standards.

All employees strive to maintain and further improve our consistently high quality standards. Quality is always the focus of all their activities.

We want our employees to perform the tasks assigned to them with the necessary quality. Necessary information should be provided directly by the respective department or team leaders, unless it is provided directly by the management. Regular management and executive meetings are held to ensure an adequate flow of information. Employees are encouraged by the management to make suggestions for improving quality within the company.

The processes and organisation of ETERNA Mode GmbH are transparent, clearly defined and subject to a continuous improvement and development process. Here, too, the objective is to achieve and continuously improve customer satisfaction.

5. Supplier policy

ETERNA Mode GmbH pursues the goal of long-term supplier relationships. We have defined OEKO-TEX® Standard 100 as the minimum standard for all suppliers. For our garment manufacturers, we have defined OEKO-TEX® STeP auditing as a prerequisite for long-term cooperation with us. For each potential new supplier, experts from ETERNA Mode GmbH conduct on-site audits with the aim of assessing labour, human rights, environmental, social, quality and many other risks, which then serve as a basis for deciding whether to enter into a partnership. Working with ETERNA requires acceptance of our Code of Conduct, which is based on the OECD Guidelines for Due Diligence to Promote Responsible Supply Chains in the Garment and Footwear Industry and the International Labour Organisation (ILO).

6. Environment

ETERNA Mode GmbH strives to continuously improve the environmental compatibility of its production and products. In addition to a wide range of measures for follow-up environmental protection, the company is constantly looking for solutions.

- **Ecological products:**

With our products, we aim to meet ecological and ethical standards and combine these aspects with modern style and good taste. We adhere to the criteria of the OEKO-TEX® Standard 100, which applies to all our manufacturers and suppliers. We are also continuously expanding the proportion of sustainable materials (recycled buttons, etc.) we use.

- **Environmental protection**

We ask our employees to take or point out all measures to protect the environment in order to preserve human health. We ask them to prevent damage (prevention), to reduce it where necessary (repression) and to pursue the higher goal of restoring natural resources as far as possible (reparation). Environmental protection also includes ethical and aesthetic requirements. The focus of environmental protection is

on individual areas of the environment (such as soil, water, air and climate) as well as on the interactions between them.

Consistent compliance with all legal and regulatory requirements is a matter of course. In order to intensify our environmental protection efforts, we have now begun to cooperate with our major customers, for example by offering the option of plastic-free delivery.

7. Energy

The use of energy resources has a decisive influence on the company's standards. By conducting an energy audit in accordance with DIN EN 16247-1, which was carried out by external auditors, measures to improve energy efficiency and optimise operations were developed.

ETERNA is committed to continuously improving energy efficiency in all areas of the company while complying with all legal and quality requirements. Energy targets are set annually by senior management on the basis of continuously recorded consumption and production data.

The core tasks within energy management are:

- Measuring and monitoring energy consumption
- Recording and displaying energy flows
- Planning and implementing energy-saving measures
- Analysing and evaluating the results of energy-saving measures
- Continuously determining legal requirements and implementing them in the relevant company processes
- Motivating employees to use energy sparingly and efficiently.

Since 2020, all ETERNA Mode GmbH shops and the company headquarters in Passau have been powered entirely by green electricity.

8. Social affairs and human resources

Our employees are the cornerstones of our success in terms of customer focus, innovation, quality, growth and profitability. We offer them prospects, opportunities for further training and performance-related remuneration. We place our trust in them. Encouraging them by setting challenges and promoting cross-departmental cooperation in a continuous improvement process is the ongoing task of our management. Every employee receives all the information they need to perform their tasks with the greatest possible efficiency. Information must be clear, accurate and comprehensive.

This does not affect the obligation of each employee to endeavour to obtain the information necessary for the proper performance of their duties. The company management strengthens the self-motivation of employees by creating optimal working conditions and a working atmosphere based on mutual trust. In doing so, the social criteria applicable in the EU are observed.

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 are expressly committed to the abolition of all forms of forced and child labour. We do not employ any staff members under the age of 15. This applies subject to legal regulations regarding higher age limits. Young employees (up to 25 years of age) are represented by a youth representative who looks after their interests. We also ensure that all forms of discrimination in employment and

occupation are eliminated. Furthermore, we guarantee our employees the right to freedom of association and collective bargaining. We are therefore committed to acting in accordance with the European Convention on Human Rights (ECHR), the United Nations Universal Declaration of Human Rights (UDHR), the OECD Due Diligence Guidance for Promoting Responsible Supply Chains in the Garment and Footwear Industries, and the International Labour Organisation (ILO) Core Labour Standards.

- **Vulnerable stakeholders**

We are committed to regularly reviewing the status quo in all procurement markets in which we operate and taking the necessary measures to protect vulnerable groups in particular. These include ethnic and religious minorities, as well as people classified hierarchically in the caste system, women, workers with disabilities, workers who are members of a labour organisation/trade union, workers with certain political convictions, international and national migrants, LGBTQIA, home workers, children, migrant workers and indigenous populations, as well as all other groups of people who could potentially suffer harm as a result of our actions. As part of our risk management, we regularly identify these groups and also strive to work with suppliers and other internal and external stakeholders to minimise risks as far as possible.

- **Harassment**

The employees of our company are not and will not be subjected to any physical violence or other physical, sexual, psychological or verbal harassment or abuse.

- **Equal opportunities**

We are committed to resolutely opposing any form of discrimination based on gender, race, age, skin colour, religion, marital status, sexual orientation, origin, physical or mental impairment or other characteristics that enjoy special protection under applicable laws or regulations. This applies in particular to discrimination against employees. We treat each other openly and honestly, with respect and responsibility.

- **Corruption**

We do not tolerate any form of corruption, bribery, accepting or granting of favours, and will not engage in such practices in any way. The high level of transparency in our business processes prevents such practices from occurring.

- **Remuneration**

We not only ensure that our employees receive appropriate remuneration, but also that our workforce is granted equal pay for their work. All employees are covered by social insurance in accordance with legal requirements. We respect and uphold our employees' constitutionally guaranteed fundamental right to freedom of association and collective bargaining.

Remuneration for the company at Medienstraße 12 is based on the collective agreements for industrial workers and employees in the Bavarian clothing industry. Benefits such as increased holiday entitlement compared to labour law, holiday pay, partial retirement arrangements and similar provisions are regulated therein.

On the one hand, this is the collective agreement on promoting employment and competitiveness for employees in the textile and clothing industry for the territory of the Federal Republic of Germany, including West Berlin and the old federal states. It applies to all companies and independent departments belonging to the textile and clothing industry for all employees with the exception of home workers, whereby legal representatives of legal entities and senior executives within the meaning of the BetrVG (Works Constitution Act) and non-tariff employees within the meaning of the regional collective agreements in the collective agreement areas of the Bavarian clothing industry with an income above the highest tariff group are excluded.

On the other hand, there is the collective wage agreement for industrial workers and trainees in the clothing industry in Bavaria, for the state of Bavaria excluding the administrative district of Lower Franconia. This applies to all companies and independent departments belonging to the clothing industry for employees who are subject to the workers' pension insurance scheme, including trainees.

We also guarantee fair pay for all employees in retail and aim for permanent employment.

Furthermore, the collective wage agreement applies to commercial employees and trainees as well as to technical employees in the Bavarian clothing industry for the state of Bavaria, excluding the administrative district of Lower Franconia. For all companies and independent business divisions belonging to the clothing industry. For commercial and technical employees, insofar as they are employed in a position subject to social insurance contributions, and for commercial trainees. Employees within the meaning of this collective agreement do not include members of the executive board and legal representatives of legal entities, as well as authorised signatories, managing directors and plant managers who are authorised to independently hire and dismiss employees.

- Working time

Working hours, including overtime, comply with statutory regulations.

If above-average overtime is required for operational reasons, a remedial action plan will be drawn up to reduce it.

In addition to the employment contract and collective agreements, regulations governing the employment relationship between management and the works council have been agreed and laid down in the work regulations for ETERNA Mode GmbH. There are also various works agreements that have been agreed between management and the works council. The work regulations, works agreements and collective agreements are available for all employees to view at the works council, in the personnel office, on the notice board and digitally on the general company drive.

Excerpt from the key agreements between management and the council:

- Work regulations for ETERNA Mode GmbH from 1984
- Works agreement on flexitime arrangements for the company at Medienstraße 12 for all employees and trainees from 1997
- Works agreement on time recording for the company at Medienstraße 12 for all commercial employees, all commercial and industrial trainees, as well as all overhead wage earners and production wage earners from 1999
- Works agreement on holiday planning for the company at Medienstraße 12 from 2009

9. Occupational health and safety

All activities involve risks to the safety and health of employees. ETERNA Mode GmbH strives to continuously improve occupational health and safety in all activities. This is achieved through the introduction of a safety management system (SMS) implemented and monitored by the external company Attenberger (<https://attenberger-gmbh.de>) In addition to occupational safety, Attenberger focuses on fire protection, coordinating health and safety on construction sites, protecting the environment and inspecting plant and machinery.

The following occupational health and safety policy applies:

Workplaces and working conditions are designed in accordance with the latest technology to ensure that accidents and personal injury are avoided and the health of all employees is protected. Workplace and activity-related hazards are regularly identified and eliminated, reduced or shielded as far as possible. Technical solutions take precedence over organisational measures. In the case of unavoidable hazards, all necessary personal protective equipment is provided to every employee affected. In addition, employees are continuously informed about hazards and the associated responsibilities.

Based on these principles, the following core tasks of the safety management system result from the present business policy:

- Provision of a safe and healthy working environment
- Protection of employees from

- a. mechanical hazards,
- b. electrical hazards
- c. fire and explosion hazards
- d. thermal hazards (e.g. heat build-up, extreme temperatures)
- e. unfavourable climatic conditions
- f. inadequate or incorrect lighting
- g. excessive physical strain
- h. mental stress

- Introduction of preventive measures to prevent accidents
- Preventive fire protection measures
- Provision of emergency plans for accidents such as fire, explosion, possible natural hazards
- Intensively trained first aiders for emergency situations
- Provision of examinations by a company doctor
- Regular training of all employees in occupational safety and process design to avoid hazards.
- Consideration of occupational health and safety when purchasing or installing new machinery and equipment.
- Appropriate measures against employees in the event of gross disregard of our established guidelines

Open and continuous dialogue with employees, customers, suppliers and other interested parties creates and promotes mutual trust and a cooperative relationship. Safety officers and an occupational safety specialist are appointed in writing and are supported in their tasks by Attenberger. In performing their duties, the officers report directly to the management and are not subject to any other instructions. Consistent compliance with all legal, official and professional association requirements is a matter of course.

The requirements of occupational health and safety (SMS) also affect the strategic goals for quality, economic efficiency, energy and the environment. Therefore, SMS is the focus of management and thus part of company policy.

10. consumer protection

The central concern is to protect consumers from discrimination in economic life and to secure their legal position. This means safeguarding consumer interests with regard to quality, price and safety, naturally also within the framework of legislation such as textile labelling or the Price Indication Regulation, product liability and the Product Safety Act or, for example, the German Civil Code (BGB).

ETERNA attaches particular importance to using only materials that meet our standards. We only purchase materials from suppliers who can meet these high standards. We do this by requiring these suppliers to have Oeko-Tex certification. The chemicals we use for operational purposes are used exclusively for the maintenance of operating resources or technical equipment. Contact with our end product is only necessary in very manageable quantities and is avoided from the outset. All chemicals we use are stored properly and regularly documented in a hazardous substances register.

11. Finance

We aim to optimise financial processes by closely integrating internal and external accounting. Consistent and transparent information and value flows are essential for this. We focus on the company's value drivers and develop indicators and metrics that not only measure past performance, but also show trends over time and highlight risks. Sufficient liquidity must also be ensured, thereby guaranteeing long-term financial stability.

12 Information technology and data protection

In recent years, digitalisation has fundamentally changed the importance of information technology in companies. A good IT strategy is essential for remaining competitive in the market in the long term. The complexity of our company is constantly increasing. This creates complex tasks for IT that must be mastered in order to be properly positioned for the rapidly changing requirements of the business. On the one hand, it is important to manage the development of IT costs sensibly while maintaining a high level of IT quality. On the other hand, IT must flexibly and optimally support the strategic and operational business goals of the company. As part of the strategic orientation, the business processes that are to be increasingly IT-supported are defined. In coordination with the corporate strategy and the associated corporate goals, the extent and timeframe for the use of new technologies is determined.

ETERNA Mode GmbH is aware of its diverse requirements in terms of corporate and IT security as well as data protection. Employees, customers and other interested parties are integrated into data protection. Our policy is that security and data protection are the responsibility of every manager and every individual employee. Transparency regarding the purpose and effects of data collection and storage, as well as sensitivity in handling data, are important to us. We use the appropriate technology to protect the company from risks and threats.

13. Commitment to business policy

The management takes this business policy into account by:

- communicating the business policy to all employees and interested parties
- complying with applicable legal obligations and other applicable requirements to which our company is committed
- promoting a high level of training for employees and providing the necessary resources
- regularly evaluating, reviewing and updating the business policy
- appointing a security officer and a data protection officer, and having both areas independently and regularly reviewed by external service providers
- committing to redressing any damage caused to affected parties in the event that the principles of this business policy are violated.

We consider internal operating and work instructions, training materials and other necessary documents to be accompanying documents. The regulations introduced and supplementary instructions are binding for all employees. Compliance with legal and regulatory requirements, as well as our own additional requirements (such as those of the German textile and fashion industry), are a matter of course for us.

Passau, den 01. Juni 2025
ETERNA Mode GmbH