



CONTINENTAL CLOTHING COMPANY LTD

Responsible Business Conduct Policy

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1. Who We Are

We, Continental Clothing Co. are a small/medium-sized enterprise that specializes in creating high quality and responsibly manufactured garments for markets such as fashion retail, music merchandise, corporate promotions, and leisure. We recognize that our business has an impact on the environment, our employees, and the communities in which we operate, and are committed to conducting our business operations in a responsible and ethical manner.

We are proud that social responsibility is ingrained in our Company's DNA and takes a front seat in all our decisions. As a relatively small company, we benefit from a short chain of decision making that allows us to integrate our social aspirations into all operations of the Company. We also value our concise supply chain, only sourcing from a handful of factories with which we share close and longstanding relationships.

1.1 Purpose of this policy

Our Company's ethos has helped us to attain our social aspirations and improve conditions on the ground to the best of our ability. However, the reality remains that the garment industry is a high-risk sector for adverse human and environmental impacts that require a collaborative approach to solving. We believe that widespread cooperation is needed from fellow clothing brands, suppliers, and stakeholders to deliver a positive impact on social conditions. Therefore, we have developed a Responsible Business Conduct (RBC) policy to specify the commitments we strive for in ourselves, our partners, and stakeholders to facilitate accountability toward human rights principles.

1.2 Applicability of the policy:

This policy applies both to the entire organization of Continental Clothing Co. and all employees of all suppliers. The policy is based on the conventions of the International Labour Organization (ILO), the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and their interpretation into standards set down by the multistakeholder initiative the Fair Wear Foundation of which Continental is a long-time member.

2. Our Guiding Standards

We are committed to acting in ways that conform to international standards of human rights. As such, we expect our partners and suppliers to share commitment to the following standards with us.

2.1 Employment is freely chosen

We strictly do not tolerate the use of forced, bonded or prison labour in our supply chain. We will take all possible measures to ensure employment is freely chosen.

2.2 Eliminating discrimination and ensuring equal opportunities

We believe that employment relationships must be based on the principle of equal opportunities regardless of sex, religion, political affiliation, or any other such distinguishing characteristic that wrongfully overshadows one's valuation as a human being. We commit to promoting and upholding systems that allow equal opportunities and voices for all.

2.3 No exploitation of child labour

We believe that quality education is an important part of every child's life. We commit to upholding the standard that children should not be employed by factories before the age of completing compulsory schooling and, in any case, not less than 15 years of age. For children between the ages of 15-18, we commit to protecting any vulnerabilities that young workers are at a higher risk of facing.

2.4 Freedom of association and collective bargaining

We believe that workers have the right to form and join trade unions and bargain collectively for improving labour standards. In situations where this right is restricted by law, we commit to promoting parallel means of independent worker representation and association, such as workers committees and representatives.

2.5 Working toward a living wage

Paying workers the legally prescribed wage is the bare minimum. However, these usually do not cover everything that is needed to achieve a decent standard of living. We commit to making sure workers are paid at least legal or negotiated wages, whichever are the higher, and will work toward improving the wages of workers to ensure they meet living wage benchmarks and provide some discretionary income.

2.6 Reasonable hours of work

We commit to upholding standards of reasonable work hours. Workers should not be required to work more than 48 hours per week, and any overtime should be completely voluntary and not exceed 12 hours per week. Workers should also be provided with at least one day off for every 7-day period.

2.7 Safe and healthy working conditions

Everyone is entitled to a safe and hygienic workplace. We are aware that garment manufacturing carries with it some risks to the health and safety of workers, such as in the processes of cutting and sewing. We are committed to implementing and supporting measures in our supply chains that foster a safe work environment.

2.8 Legally binding employment relationship

Workers are entitled to the benefits and security that is part of legally binding contracts. We believe employer obligations to employees should not be avoided through loopholes such as labour-only contracting and apprenticeship schemes with no real intent to educate or eventually provide regular employment. We are committed to ensuring workers have legally binding relationships and effectively receive the benefits they are entitled to.

2.9 Including a gender lens

We recognize that gender inequality is a high risk in the textile and garment supply chains of different production countries. Therefore, we believe it is necessary to consider gender-based issues and dynamics

throughout our operations. This is done by conducting gender mapping and consulting country-specific gender fact sheets.

3. Implementation

3.1 Supplier relationship

It is imperative that the suppliers we work with share our commitment to the principles listed above. With a small supplier base, we can make this clear and more easily monitor the extent of compliance. We communicate our expectations toward suppliers through regular correspondence, factory visits, corrective action programs, and the use of a binding supplier agreement.

Our supplier agreement explicates the behavioural expectations we hold for ourselves and our suppliers to continually monitor desirable social conditions. The supplier agreement places duties and obligations on ourselves (Continental) as buyers, and on our supplying partners.

The obligations placed on each party in the supplier agreement includes our responsibility to uphold responsible purchasing practices in our business relationship with factories. The responsible purchasing practices include but are not limited to:

- **Fair Pricing and Wages.** Ensuring our prices cover the full cost of labour, materials, overheads and a reasonable profit margin for the supplier
- **Reasonable lead times** when placing orders. Delivery lead times are determined at the point of placing purchasing orders and should be determined by the Supplier in accordance with their production cycle and planning.
- **Fair payment terms** through minimizing fines, penalties, or cost price reductions at the supplier's expense. Any penalties must be reasonable, mutually agreed upon, based on an analysis of root causes, and supported by evidence.

3.2 Risk analysis

In order to ensure compliance with the standards of this policy, we conduct extensive risk analysis of our

supply chain at various levels to identify potential harms early on. Part of our risk analysis is assessing the supplying context at various levels including country, supplier, and sector. This allows us to assess which risks are most likely from different perspectives and focus our efforts accordingly. When harms are identified, we expect our partners to be helpful in the process of remediation and implementation of the defined corrective measures that arise.

Additionally, we cooperate with other companies that share suppliers with us. This allows us to have more influence in enacting positive change. Together we identify risks and act accordingly.

3.3 Social dialogue

An important part of the implementation process is fostering social dialogue. In the process of identifying, assessing, and remediating risks, trade unions, worker representatives, worker committees and any other relevant stakeholders are consulted. We believe such social dialogue allows us to better assess potential risks and act accordingly.

3.4 Human Rights Due Diligence (HRDD) approach

Our approach to implementing and continually monitoring the standards of this policy follows a conventional process-framework of Human Rights Due Diligence as defined by various international bodies and multistakeholder initiatives. Our HRDD approach is an interactive process that includes:

1. Reviewing Country risks
2. Mapping our supply chains and prioritizing
3. Identifying risks to worker by sector, nature of work, type of worker, employment relationships and labour market dynamics
4. Identify direct and indirect causes and impacts
5. Assess workers' ability to access rights to freedom of association and collective bargaining
6. Rank risks by severity and degree of responsibility
7. Analyse the data, identify next actions and process

3.5 Penalties

We place utmost significance on upholding the standards and expectations stated in this policy. Instances of repeated or severe breaches of these standards, particularly relating to forced and child labour, attempted fraud, and refusal to take necessary corrective measures, will lead to the termination of our business relationship. It is mandatory for all partners, including their upstream suppliers, to comply with and actively implement the standards set forth in this policy.

4. Organizational Implementation

For the content of this policy to be effective it must be known and agreed upon by all company departments and individuals responsible for decision-making processes.

Owing to our small number of employees, we benefit from our ability to rapidly communicate and agree on organizational changes. This policy is circulated to all individuals and departments of the Company and is recognized in its final form as a document that binds our organizational behaviour.

This Policy is binding for all Continental Clothing employees and is available to view on the Company’s shared server files.

Our suppliers and business partners acknowledge this policy with signatures and are encouraged to share this document with all workers, representatives, trade unions, and workers’ committees.

London, 18th July 2023

Signed by:



Co-founder and Acting Managing Director

Continental Clothing Company Ltd