

MODERN SLAVERY STATEMENT OF SCOTCH & SODA

FOR FINANCIAL YEAR ENDED 31 MAY 2021

INTRODUCTION FROM THE CHIEF EXECUTIVE OFFICER FREDERICK LUKOFF

One of our top priorities is to run our business with greater sensitivity to the world around us, and we strive to make issues surrounding the environment, animal welfare and safe working conditions a priority. Making fashion a fairer, more sustainable industry is a challenge we at Scotch & Soda fully embrace.

We at Scotch & Soda fully respect human rights in our operations and extended value chain and conduct our business ethically and sustainably. We support human rights as defined by the Universal Declaration of Human Rights, which recognises that “all human beings are born free and equal in dignity and rights”. Modern slavery (i.e. slavery, servitude, forced labour and human trafficking) goes against everything Scotch & Soda stands for and is fundamentally unacceptable within our business and supply chains. We are fully committed to combatting modern slavery and to improving our practices in this area.

This statement sets out our policies and practices in respect to our ethical business practices and ethos and the steps we have taken in the financial year that ended on 31 May 2021.

ORGANISATIONAL STRUCTURE

Scotch & Soda Group B.V. (previously named Scotch & Soda N.V.) is the parent company of the Scotch & Soda group (collectively Scotch & Soda). Scotch & Soda has approximately 1,400 employees worldwide and operates worldwide. Scotch & Soda has its head office in the Netherlands.

Scotch & Soda implements its business strategies through the presence of subsidiary companies in the various countries in which it operates. This statement is made on behalf of Scotch & Soda Group B.V. and its subsidiaries to set out our global approach to tackling modern slavery.

OUR BUSINESS

We are an Amsterdam-based lifestyle brand with an international view on the world. Over the past years, the brand has expanded globally, from a head office in the

heart of Amsterdam to offices and showrooms across the world. Scotch & Soda was originally founded in 1985. To date, Scotch & Soda's collections can be found in 257 freestanding stores across Europe, North America, Asia, the Middle East, Africa and Australia, as well as in 7.000 doors in some of the world's biggest cities, including New York, London and Paris. Our online operations also ship to over 70 countries.

DEDICATED SUSTAINABILITY / CSR TEAM

In March 2021, we put a dedicated sustainability team in place to work on social and environmental sustainability across all departments and operations of Scotch & Soda.

HUMAN RIGHTS RISK ASSESSMENT

We aim to bring more unity in the world, to create a fair working environment for each and every individual. The path to creating a finished garment is a complex process, which can be broken up into four tiers. Each one represents a different part of the process. Tier 1 and Tier 2 include the factories and manufacturers responsible for the production and finishing of materials, as well as the assembly of the final garment. Tier 3 and Tier4 are the farms, growers of the raw materials and the factories that process them. From the raw materials to the finished garment, our end goal is to be completely transparent about who manufactures your clothes and where.

OUR SUPPLY CHAINS

Making socially responsible fashion starts with a transparent production process. An eye for detail is not only paramount when designing our clothing, but also when selecting the factories that we work with. We only work with suppliers and factories that have a strict environmental policy and that guarantee good working conditions.

Scotch & Soda has many long-term relationships with suppliers and factories, some of which go back more than 20 years.

A full list of the suppliers and the Tier 1 and Tier 2 factories we work with is published on our website, available here: <https://www.scotch-soda.com/nl/en/discover-sustainable-ethical-supply-chains.html>

OUR POLICIES AND AGREEMENTS TO COMBAT SLAVERY AND HUMAN TRAFFICKING

Our policies and commitments guide our approach to managing human rights. We aim to ensure that human rights due diligence is carried out systematically and consistently and we are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Scotch & Soda operates a number of group wide policies and agreements that support this commitment. These policies and/or agreements set exacting standards that we expect manufacturers to comply with when we choose to work with their factories. We only work with suppliers who ensure good working conditions.

You can find more information here:

<https://www.scotch-soda.com/nl/en/discover-better-materials.html>

<https://www.scotch-soda.com/nl/en/discover-our-cotton-commitment.html>

<https://www.scotch-soda.com/nl/en/discover-sustainable-ethical-supply-chains.html>

Since 2013, Scotch & Soda has been a member of amfori BSCI, the leading global business association for open and sustainable trade. Amfori BSCI is a business-driven initiative for companies committed to improving working conditions in the global supply chain. Their code aligns with international frameworks concerning human rights and

labour standards, including the Universal Declaration of Human Rights, the Children's Rights and Business Principles, UN Guiding Principles for Business and Human Rights (UNGP) and OECD guidelines, as well as the conventions and recommendations of the International Labour Organization (ILO), which are relevant to improving working conditions in the supply chain. All the factories that we use have signed up to the amfori BSCI Code of Conduct (the Code).

The Code comprises core labour rights including, but not limited to:

- Fair remuneration and the right of workers to receive fair wages
- Occupational health & safety standards and healthy working and living conditions
- No child labour and the commitment to not employ children below the age of 15
- The right of workers to form unions and engage in collective bargaining
- No bonded labour: no engagement in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour
- Observing the laws regarding hours of work
- Providing equal opportunities and not discriminating against workers
- Zero tolerance of any acts of corruptions, extortion, embezzlement or bribery
- Hiring workers on the basis of documented legal contracts

SUPPLY CHAIN MAPPING

We primarily work with factories in Asia and Europe. We sourced from 12 different countries and have Scotch & Soda offices in our three main production regions: China, Turkey, India. Our offices are in contact with our suppliers on a daily basis

and frequently inspect and monitor the suppliers and factories through meetings and visits.

During this financial year, we managed to attain 100% visibility into the geolocation of our Tier 1 and Tier 2 suppliers across our supply chain. We published a list with all Tier 1 and Tier 2 suppliers on our website. We aim to reach this same level of transparency for Tier 3 and Tier 4 by 2022. Transparency of our supply chain is crucial to protect, respect and remediate the human rights of workers, which consists of continuation of visibility of all tiers.

You can find more information here:

<https://www.scotch-soda.com/nl/en/discover-our-progress.html>

SOCIAL STANDARDS

Our value chain is driven by a high number of people contributing and adding value to our business globally. We have an important responsibility to uphold the rights of the workers in our supply chain, directly and indirectly. Amfori BSCI is our fundamental partner in social compliance, and has been our mandatory compliance standard for factories that do not have a social standard in place yet. For newly partnered factories that already have a social standard in place, we do accept verified social compliance from standards that embrace the same labour right standards as the amfori BSCI Code of Conduct. The current selection of social standards that we accept from factories are: amfori BSCI, SA8000, Sedex, GOTS andGRS. We decided to broaden our scope and to accept additional social audits to avoid and minimise audit fatigue with our suppliers.

You can find more information here:

<https://www.scotch-soda.com/nl/en/discover-our-progress.html>

Scotch & Soda fully endorses and lives by each of the values and principles set out in the Code. The factories we work with are regularly audited by independent and certified (SAAS) audit firms, in accordance with the amfori BSCI requirements and for compliance with this code. If it becomes evident that a factory does not fully comply with the amfori BSCI requirements, Scotch & Soda insists upon the implementation of an improvement plan, which includes (but is not limited to) more frequent audits. We monitor all factories on a yearly basis, improving - if necessary - working conditions in Scotch & Soda production factories. If the BSCI code is severely violated and the supplier is unwilling to implement improvements, the contract is terminated.

DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

As part of our initiative to identify and mitigate risk, we regularly review and update our recruitment policies, contracts of employment and associated employment policies and handbooks to ensure these reflect the applicable laws.

During this financial year (which ended 31 May 2021), we obtained full visibility on Tier 2 factories. We implemented the requirement for all Tier 2 factories to commit to and live up to the Code. In addition, all Tier 2 factories are audited based on the amfori BSCI requirements and are required to be compliant with these standards.

We have zero tolerance to slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our policies, we have in place a dedicated team, which consists of representatives from the Production and Buying department. The Sustainability team is committed to ensuring the rights of workers are respected and protected across the supply chain, for which transparency and social compliance are crucial.

FURTHER STEPS

We are committed to improving our practices to combat modern slavery and human trafficking and

intend to continue to review and update our policies and practices, and to ensure that those working

with us adhere to our values and commitment to conducting our business with integrity and fairness at all times.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for Scotch & Soda's commercial organisations, which includes those which carry on business in the UK for the financial year ended 31 May 2021.

In this financial year, we have committed ourselves to investigate in partnerships that support and strengthen our responsible and ethical business. We want to partner up with organisations to obtain and ensure fair and safe conditions to all people in the supply chain. We investigate this through the consultation of various stakeholders.

Approved and signed by the Board of Directors on [•]

Scotch & Soda Group B.V. (previously named Scotch & Soda N.V.)