

Sourcetextile recognizes the need to guarantee not only environmental, social, and economic sustainability in its activities but also to assure this responsibility throughout the entire supply chain.

This Code of Ethics and Conduct encompasses legal and regulatory requirements (SA8000, GOTS/GRS/OCS, OEKO-TEX® STeP, ISO 9001, ISO 14001, ISO 45001) related to human rights, labour rights, environment and integrity. It applies to all stakeholders, including employees and suppliers/subcontractors.

Sourcetextile's suppliers/subcontractors must make all their employees aware of the issues addressed in this Code of Ethics and Conduct. They are responsible for ensuring compliance in their own facilities and transmitting the exact requirements throughout the supply chain. They must also sign and return this document's last page (7) to Sourcetextile.

Non-compliance with this Code of Ethics and Conduct will lead to an investigation of responsibilities and the application of penalties according to existing disciplinary procedures and criteria under the terms set out in the labour laws, without prejudice to any criminal liabilities that may arise from such non-compliance.

Sourcetextile assumes the responsibility for reporting any violation detected at any point in the supply chain according to the principles outlined in this code and guarantees all whistleblowers its support and protection, in addition to anonymity, if they wish. To this end, it provides a **reporting channel** on its website and, alternatively, the email etica@sourcetextile.pt. The company's existing suggestion box can also be used as an alternative for employees.

1. General rules of conduct

1.1. Compliance and Respect for the Law

All Sourcetextile employees must strictly comply with the laws, rules, and regulations in force for the development of their activity, respecting the commitments and obligations assumed by Sourcetextile in its contractual relations with third parties, as well as the laws, customs, and good practices of the countries in which they carry out their activity.

In a contradiction between the Code of Ethics and Conduct and current legislation, the strictest one always prevails.

1.2. Interpersonal relationship

Sourcetextile employees must promote mutual respect, cordiality, and professionalism in their relationships with colleagues, superiors, customers, suppliers, and subcontractors. They must always seek to maintain a good work environment and foster team spirit.

1.3. Loyalty and cooperation

When carrying out their duties, Sourcetextile employees must act efficiently and in defence of Sourcetextile's interests, maintaining the utmost seriousness and impartiality. They must strive to safeguard Sourcetextile's credibility and good image in all situations and promote and ensure its prestige.

Employees must keep everyone involved in the same issues informed about the progress made and make their contributions available.

Hiding information from superiors or colleagues, providing inadequate information, lacking cooperation, or engaging in any obstructive conduct is considered a lack of loyalty.

1.4. Alcohol and drug abuse

The consumption, possession or distribution of alcohol or narcotics on Sourcetextile's premises is strictly prohibited. Individuals who present themselves with alcohol levels above the legal limit or under the influence of drugs are prohibited from entering or remaining on the company's premises.

1.5. Training and Development

Employees must continually seek to improve and update their knowledge and technical skills, taking full advantage of the training activities promoted by the company to maintain, develop and enhance their professional capabilities, aiming to provide the customer an excellent service.

1.6. Use of company assets

Employees must treat material resources, intellectual property rights, and company information with respect and care, avoiding loss, theft, or other damage. They must also optimize the use of available resources to reduce waste and costs for the company.

1.7. Company reputation

Employees must protect Sourcetextile's reputation, and using the corporate name and image to develop unauthorized activities is expressly prohibited.

1.8. Conflict of interests

Employees have the responsibility to act in the best interests of the company. They must avoid any situation that could lead to a conflict of interest between personal and professional relationships. Whenever a problem is foreseeable where the employee could take advantage of himself or family, friends or other contacts and which could influence his impartiality or his performance in the exercise of his duties, the manager must be informed.

Professional relationships with people close to the employees are not prohibited; however, they require particular sensitivity on the part of the employees regarding confidentiality and conflict of interests.

Employees must refrain from carrying out parallel activities incompatible with their functions at Sourcetextile or that may cause a conflict of interest. Exercising activities that do not result in a conflict of interest will not be subject to objection.

1.9. Professional confidentiality and data protection

Trust is one of the foundations of the relationship with the market. Therefore, Sourcetextile and its employees are committed to maintaining the confidentiality of information received from customers and business partners.

The data received is processed and retained to the extent strictly necessary for the defined purpose.

The same confidentiality is required of all business partners.

1.10. Fair competition

Sourcetextile respects its competitors and seeks to surpass them healthily, offering its customers products and solutions with a differentiated cost-benefit ratio.

Attitudes that could constitute slander or defamation of competitors are not permitted.

It is legitimate for Sourcetextile to collect information about the market, including information about its competitors. However, employees must only use legally accepted means and sources and must assume ethical conduct.

2. Social Responsibility Requirements

Sourcetextile is committed to complying with human rights set out in national and international legislation, particularly the Universal Declaration of Human Rights of the United Nations and the International Labour Organization (ILO). This commitment is solidified by compliance with standards with social responsibility requirements such as SA8000, GOTS and OEKO-TEX® STeP.

All Sourcetextile stakeholders are also required to comply with these requirements.

2.1. Child labour

ILO Convention 138 and 182, ILO Recommendation 146 and 190

Sourcetextile does not admit the use of child labour, meaning minors (people under 16 years of age).

Young workers will not be exposed to dangerous situations. Dangerous work will only be assigned to workers over 18 who are perfectly protected and have been previously and appropriately trained to carry out such activities.

If a situation involving child labour is identified within Sourcetextile or its supply chain, it is Sourcetextile's responsibility, in accordance with its Child Remediation Policy, to take all necessary actions to ensure that the child's rights are upheld.

2.2. Forced labour

ILO Convention 29 and 105, ILO Recommendation 35

Sourcetextile repudiates forced labour, whether demanding work is direct, through physical obligation, or indirect, through threats, intimidation or other forced methods.

In cases where an external recruitment agency is necessary, Sourcetextile is committed to ensuring that the agency's legal obligations and the rights of recruited workers are fulfilled.

2.3. Precarious Employment

ILO Convention 122, 158 and 175, ILO Recommendation 166

Sourcetextile does not allow any form of precarious employment. All work must be based on recognized employment relationships and in accordance with the law.

2.4. Health and safety

ILO Convention 155 and 183, ILO Recommendation 164 and 191

Sourcetextile is committed to providing employees with a healthy and safe working environment per current legislation, ensuring lighting, ventilation, hygiene, fire safety and drinking water conditions, as well as carrying out studies to identify existing and potential hazards and assess related risks for health and safety and promoting frequent training sessions on Occupational Health and Safety. Certification by ISO 45001 is proof of this commitment and continuous effort.

All employees are covered by an insurance which must be activated whenever an accident occurs.

Compliance with safety rules is everyone's obligation, and employees must promptly inform their superiors of any irregular situation that could compromise the safety of people, facilities or equipment.

2.5. Freedom of Association and Collective Bargaining

ILO Convention 87, 98, 135 and 154, ILO Recommendation 135 and 143

All workers, without exception, have the right to join or form unions, associations, and representations according to their will, free choice, and Collective Negotiation.

Workers' Representatives will not be discriminated and will have access to carry out their representative functions, in addition to being guaranteed access to regular training and all the conditions provided for by law for carrying out this function.

2.6. Equality and Non-Discrimination

ILO Convention 100, 111 and 159, ILO Recommendation 90, 111 and 168

Sourcetextile undertakes not to discriminate in recruitment, remuneration, access to training, promotion, termination or retirement based on ancestry, age, marital status, family situation, genetic heritage, reduced work capacity, origin, ethnicity, nationality, religion, disability or chronic illness, gender, sexual orientation, trade union membership or political or ideological beliefs.

Sourcetextile employees are prohibited from committing any act of discrimination towards colleagues, customers, suppliers or subcontractors.

2.7. Migrant workers

ILO Convention 122, 158 and 175, ILO Recommendation 166

In the case of foreign workers, their legalization must be ensured, as well as compliance with their rights and their integration into the company. Equal treatment alongside other workers must be guaranteed, including in terms of remuneration and working conditions. The contract for these workers must be written in a language the worker understands.

2.8. Homeworkers

ILO Convention 122, 158 and 175, ILO Recommendation 166

Equal treatment must be guaranteed between homeworkers and workers working at the facility. The employment situation must be regularized, ensuring the homeworker has fulfilled all the rights defined by law.

2.9. Moral/sexual harassment & Violence

ILO Convention 190, ILO Recommendation 206

All employees and other company stakeholders must treat their interlocutors with respect and dignity, receiving the same respect in return.

Sourcetextile does not accept the practice of corporal punishment, mental or physical coercion or verbal insult as disciplinary measures and has a zero-tolerance policy in cases of sexual harassment and Violence.

2.10. Working time

ILO Conventions 001, 014, 106 and 030

Sourcetextile is committed to complying with current legislation and applicable industry standards regarding working hours.

Employees must work no more than 8 hours a day and should have meal breaks. Employees are entitled to 2 days of rest per week.

Overtime should not be a recurring practice and must always be voluntary and compensated according to the law.

2.11. Remuneration & Assessment of the Living Wage Gap

ILO Convention 131 and 183, ILO Recommendation 135 and 26

Salary withholding must not be carried out for disciplinary reasons, and workers' salaries and other benefits must be clearly and regularly specified.

Salaries and other benefits must be paid in full compliance with applicable laws and ensure that workers and their families can meet their basic needs.

2.12. Integrated management system

Sourcetextile has a Quality, Environment and Safety Department with the responsibility of keeping the company's procedures up to date and effective in line with the standards it follows (SA8000, GOTS/GRS/OCS, OEKO-TEX® STeP, ISO 9001, ISO 14001, ISO 45001), as well as continuously monitoring the company's performance and ensuring continuous improvement.

3. Governance criteria

Sourcetextile's conduct takes into account the transparency and integrity requirements of all supply chain participants.

3.1. Transparency

Sourcetextile and its employees must base their activities on the highest standards of transparency and honesty, complying with all legal and regulatory provisions applicable to their activities.

Sourcetextile is committed to regularly making its sustainability performance available to all stakeholders.

3.2. Integrity (corruption, money laundering and terrorism financing)

Sourcetextile adopts a zero-tolerance policy regarding acts of corruption (active or passive), money laundering, and terrorist financing.

Sourcetextile employees must refrain from practising any acts of corruption and, therefore, cannot receive any bonus or benefit of any kind from third parties or adopt behaviours that may create expectations in their interlocutors of favouritism in their relationships with Sourcetextile.

3.3. Relationship with public entities

Sourcetextile does not take political positions or make contributions to political organizations.

Employees must not promise or offer payments, gifts, or services to a State official to expedite any business activity.

Employees' exercise of public positions or functions must not affect their exemption or create situations of incompatibility with the functions performed at Sourcetextile.

4. Responsible Procurement

Sourcetextile incorporates sustainability factors into its procurement processes, aiming to prevent its contribution to environmental impacts and human rights violations. This means avoiding short deadlines, excessive costs, sudden changes in order volumes and styles, and delays in payments, as these factors can lead to contributions to human rights violations such as excessive overtime and unauthorized subcontracting.

5. Subcontracting

Services subcontracted by Sourcetextile must be carried out by the subcontracted company, which cannot further subcontract this service for Sourcetextile articles. If necessary, for some reason, Sourcetextile must be informed in advance in order to authorize or deny the subcontracting.

6. Environmental sustainability

Sourcetextile is committed to a proactive approach to mitigating and, where possible, eliminating the environmental impacts caused by its activity. Certifications by ISO 14001, OEKO-TEX® STeP and GOTS standards are a testament to Sourcetextile's ongoing efforts to maintain its Environmental Management System and adopt good environmental practices.

It is the duty of suppliers/subcontractors to maintain this commitment throughout the supply chain, seeking to mitigate the use of dangerous chemicals in their production process; adequately manage water consumption and pollutants released into this resource; and monitor the gas effluents generated, energy consumption, waste production, and carbon footprint, promoting, whenever possible, its reduction.

7. Value creation

Sourcetextile's manager is committed to adding value to the business, promoting continuous improvement and aiming for the satisfaction of all stakeholders.

8. Due Diligence

Sourcetextile is committed to conducting due diligence processes to identify the most significant risks in its operations and in its supply chain and to using these processes in decision-making.

All GOTS or SA8000 certified suppliers and service providers must conduct due diligence processes to implement the requirements of the respective standards, including environmental, social and human rights criteria.

It is recommended that non-certified suppliers consider conducting this process as well.

9. Failure to comply with this code of conduct and impacts on human rights

The company commits to resolve all adverse human rights impacts and complaints (regardless of how they are made) against it concerning its own operations; it is also committed to resolve impacts/complaints that the company has caused throughout the supply chain and have been reported through legitimate processes. If necessary, disciplinary measures will be applied.

April 2, 2024
The Manager,



Commitment of Suppliers or Subcontractors

The supplier/subcontractor commits to fully comply with the obligations arising from human rights as provided for in national and international legislation, in particular in the Universal Declaration of Human Rights of the United Nations and the International Labour Organization (ILO), as well as the remaining requirements contained in the Sourcetextile's Code of Ethics and Conduct.

All Sourcetextile's business partners are responsible for informing their employees about the content of Sourcetextile's Code of Ethics and Conduct and ensuring its compliance within their facilities and throughout the supply chain (their own suppliers and subcontractors).

The supplier/subcontractor also commits to assist Sourcetextile in conducting due diligence processes, allowing free access to their facilities by Sourcetextile members and their internal and external auditors to monitor compliance with the aforementioned requirements.

Sourcetextile undertakes to controls only the aspects that have been made known to the supplier/subcontractor through the Code of Ethics and Conduct.

Place and Date

Company Name

Name of legal representative

Signature of the legal representative

Please sign and return this page to Sourcetextile. Thank you.