



PDS LIMITED

Suppliers' Code of Conduct*

**Version 2 of Suppliers' Code of Conduct reviewed by Deloitte Touche Tohmatsu India LLP (DTILLP) in March 2022. Adopted by Board of Directors on March 21, 2024*

**Note: Version 2 of Supplier Code of Conduct is reviewed by Deloitte Touche Tohmatsu India LLP (DTILLP). PDS Management is solely responsible for approval and implementation of these policies. Review by DTILLP should not be construed as any endorsement or recommendation in favor of PDS Management or its services/products. DTILLP shall not be responsible in any manner whatsoever, for any liability that may arise in this regard.*

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1. Introduction

PDS Limited (Erstwhile PDS Multinational Fashions Limited), its Subsidiaries, Affiliates and Joint Ventures (collectively known as the “PDS Group”) are committed to driving responsible business practices that uphold human rights, protect the environment, conserve resources, and build improved livelihoods in our company and supply chain. This manual provides guidelines for any company or individual working on behalf of PDS Group to adhere to this commitment and outlines the values and standards expected by PDS Group from its Supplier.

2. Background

- 2.1 Our Supplier Code of Conduct (“this Code”) is derived from the values and standards set by our customers, more particularly the Declaration of Human Rights and many of the ILO core conventions as well as insights and guidance from external or interested parties. Wherever our customer policy on sourcing is not defined, our group has set up clear standards, which are subject to Zero Tolerance Violation (ZTV).
- 2.2 This commitment must also be reflected in the relationships we maintain with suppliers. It will be our earnest endeavour to meet all the aspects of our buyers’ code of conduct. We will only work with such factories, which are approved by our buyers. In addition to that, we explicitly state our expectations below which will also be part of our sourcing guidelines. The continuity and further development of successful business relationships depend largely on a shared commitment to integrity and social responsibility.
- 2.3 While we expect our suppliers to commit to meeting the standards set out within this code of conduct, or local laws as minimum standards, Suppliers are further encouraged to continue to develop their own practices to improve performance to go above and beyond these requirements in efforts to provide greater protection for their workers and the communities in which they operate as well as provide safe workplaces, respect human rights, and enable environmental protection.
- 2.4 Suppliers for the purposes of this Code, who we expect to comply with the standards set down herein, shall include all third parties who act for, on behalf of, or together with PDS Group. These include, among others, suppliers, sales partners, consultants, agents, subcontractors, minority shareholders, sales representatives, and freelance collaborators.

3. Responsibilities of the Suppliers

- 3.1 The supplier will make this Code available to workers and its Suppliers/Sub-Contractors to ensure that they are aware and committed to meeting all requirements set forth.
- 3.2 The supplier should assign responsibility for administration of this Code to an identified individual or team who have adequate skills and training to ensure all requirements are met and maintained
- 3.3 PDS Group is committed to maintaining an ethical supply chain. Our Suppliers and Third Parties onboarded by our Suppliers shall embody our principles and values in their business operations. Our Suppliers should communicate the requirements of this Code to the Third Parties onboarded by them.

4. Subcontracting

At PDS Group, unauthorized subcontracting is considered a ZTV. No Supplier shall subcontract any aspect of production without prior information to and approval from the PDS Group. If it is determined that there is any violation based on the investigation conducted by PDS Group, then remediation measures will be put into place, and the violation may also result in disciplinary action, which may include financial penalties, civil or criminal proceedings and delisting of such factories. Any subcontractor onboarded by a Supplier with the prior permission of PDS Group shall have to adhere to this Code.

5. Legal requirements

- 5.1 The observance of all applicable laws and regulations is a matter of course for us. We also expect this from our suppliers. This is the only way in which a trusting and long-term business relationship can be ensured. In specific countries, business areas or markets, stricter rules than those described in this Code may be in place. In such cases, the stricter rules are to be applied.
- 5.2 There are national and international laws that regulate the import, export and domestic trade of goods, technologies or services, the handling of specific products, and payments. Adequate procedures must be used to ensure that transactions with third parties do not violate current economic embargoes or regulations of trade, import and export control or regulations for the prevention of terrorism financing.

6. Child labour

- 6.1 Use of Child labour will not be tolerated. We will not work with such suppliers who employ workers lesser than 15 years of age. No worker shall be younger than the mandatory school going age in the respective countries of operation. If the local law stipulates a higher minimum age than 15 years, then the more stringent limit shall be applicable. However, as per the prevailing local laws, we will support workplace apprenticeship programs if it is a part of the educational program of young people in the country.
- 6.2 Workers who are less than 18 years of age shall not be employed to work night shifts or perform hazardous work.
- 6.3 Employing child labour is a ZTV. If it is determined that there is any violation based on the investigation conducted by PDS Group, then remediation measures will be put into place, and the violation may also result in disciplinary actions, which may include financial penalties, civil or criminal proceedings and delisting of such factories.

7. Forced labour & Modern-Day Slavery

- 7.1 We will not work with any factory or organization, which engages in, forced or bonded labour or Modern-Day Slavery in any contracting relationships both internally and within their supply chains and other external business relationships. Forced labour in any form, subtle or overt, direct, or indirect is not acceptable. Further, employees must be free to leave the employer, provided a notice period is given.
- 7.2 Factories or suppliers must not confiscate or withhold worker identity documents or other valuable items, including work permits and travel documentation of any of its workers/ employees. No suppliers shall collect any monetary deposits or any fee from their worker, even if such fee is legally allowed in the country of operations.
- 7.3 We expect our Suppliers to establish systems for identifying and preventing human trafficking particularly among migrant workers and women throughout their supply chain.
- 7.4 Using forced labour in factories is considered a ZTV. If it is determined that there is any violation based on the investigation conducted by PDS Group, then remediation measures will be put into place, and the violation may also result in disciplinary action, which may include financial penalties, civil or criminal proceedings and delisting of such factories.

8. Working hours

- 8.1 We will prefer to work with suppliers who try to meet the 60-hour week limit. Whenever the regular work hour limit is exceeded, we expect the workers to be compensated per the local law for the

additional hours. We will accept flexibility in scheduling work hours; however, we will not use suppliers, who on a regular and systematic basis work more than the 60-hour week. All overtime should be voluntary and shall always be compensated. at a premium rate as per the applicable laws.

- 8.2 In addition, workers should be given one day off in seven days which should be in compliance with relevant applicable regulatory requirements.

9. Wages and Benefits

- 9.1 All employees of the Supplier shall be provided with clear, written, and understandable information about their employment terms regarding wages and benefits before they enter employment, including details of how their wages have been calculated and the particulars of their wages for the pay period concerned each time they are paid. As and when required, such details must also be provided to the employees in their native language.
- 9.2 We will only work with such suppliers who compensate their workers as per the prevailing law and provide all benefits legally due to them.
- 9.3 Deductions from wages as a disciplinary measure shall not be permitted. Any other deductions made to wages of these employees shall be made with their consent.

10. Disciplinary practices

We expect all our suppliers to establish a clear disciplinary action procedure in line with the local laws. We will not work with factories whose employees use abusive language, or practice corporal punishment, in the form of mental or physical abuse or any coercive practice in any form against workers. Further, workers undergoing disciplinary action must have the right to representation by a Trade Union or Worker representative and to a fair appeal.

11. Health & safety

- 11.1 We will engage only with such factories that provide their workers a safe and healthy work environment. Suppliers must ensure that they and/or their suppliers abide by all applicable local laws, directives and regulations relating to health and safety in the workplace (for example, adequate lighting, Sanitary workplace, clean toilet, access to potable water, etc.). Suppliers shall also be responsible conducting fire safety and emergency precautionary practices.
- 11.2 Suppliers must provide regular health and safety trainings to all their employees and make provision for first aid and trained personnel on site. Suppliers must adhere to the above requirements in any other location other than the workplace where production or work is undertaken, and they must also implement any amendments to these laws, directives, or regulations.
- 11.3 Factories must ensure that any production processes are carried out in buildings that are certified for commercial operations. Suppliers should maintain evidence of all legally required electrical, building and construction permits and policies Further, in case of a disruption of business operations, factories must have a business continuity plan to continue operations without compromising on the health and safety of the employees.

12. Discrimination

While being cognizant of cultural, religious, and other differences, we firmly believe that workers should be given an opportunity to work based on their skills only. Race, national or ethnic origin, gender, pregnancy, marital or parental status, age, disability, religion or belief, sexual orientation shall not be a part of the process used to decide employability. In addition, Suppliers shall ensure that no exploitation of any vulnerable group (e.g., migrant workers). Our suppliers shall maintain

a respectful and dignified relationship with their employees, free from harassment, bullying or intimidation.

13. Migrant Workers

Migrant workers should be employed in compliance with all principles of responsible recruitment, including the prohibition of extortion of any recruitment fees and related costs from the workers, complete and transparent communication of all employment terms in native language, etc. Further, suppliers shall use registered or licensed recruitment agencies when recruiting migrant employees. Suppliers and any recruitment agencies used by them must review all relevant documentation to ensure that workers are legally permitted to work in that jurisdiction. Migrant workers should have the freedom to leave factory premises/housing facilities provided by the Suppliers.

14. Regular Employment

To the extent possible, all employees shall be provided regular employment relationships under applicable labour and social security laws instead of using contracted labour, sub- contracting, or part time contract arrangements

15. Dormitories

Any business partner providing residential facilities to their workers should ensure that it is safe and hygienic.

16. Environment

- 16.1 Our suppliers should ensure that their work process does not affect the environment adversely in any way. While it is expected of all our suppliers to meet all legal requirements on all environmental aspects, they should also continuously strive to go beyond just meeting the law.
- 16.2 We expect from our suppliers responsible sourcing and use of natural resources.
- 16.3 If the factory is required to manage dyes, solvents, detergents, or any other chemicals which may be harmful to the environment, then the Suppliers must comply with all applicable regulations for safe management of chemical and hazardous substances and implement systems particularly for the storage, handling, and disposal of such substances. Additionally, employees shall be given training on handling such materials and the Suppliers shall maintain proper records and SOPs related to such management system.
- 16.4 Suppliers must establish procedures for responsible consumption of resources especially water and energy.

17. Data Privacy and Intellectual Property

- 17.1 When collecting, storing, processing, or transferring personal data (e.g., name, address, telephone number, date of birth, health information) relating to employees, customers or other third parties, our suppliers shall take great care and maintain strict confidentiality, while also observing applicable laws and rules.
- 17.2 Suppliers shall be responsible for protecting the intellectual property (e.g., trademark, logos, copyrighted content, or any other proprietary material) of PDS Group and third parties and should not use such intellectual property without prior authorization or appropriate license. Using any intellectual property without appropriate permission or license shall lead to infringement notice, damages claims and cancellation of orders
- 17.3 Suppliers shall also be responsible for the intellectual property of our Customers. Any misuse of brands, trademarks, logos, intellectual property of our customers or products manufactured on behalf

of our customers shall be considered a violation of this Code of Conduct and would lead to action which may include civil or criminal proceedings.

18. Financial Integrity

Business transactions, assets and liabilities will be recorded and documented in accordance with legal requirements. Documents relevant to financial reporting may not knowingly include incorrect or misleading entries. Any balance sheet manipulation is prohibited.

19. Ethical standards

We will try to identify and work with such organizations whose ethical standards are not divergent from ours. For our suppliers, any form of active or passive corruption is prohibited, irrespective of whether it concerns public officials or occurs in other business dealings. Our suppliers shall only grant benefits (e.g., invitations or gifts connected with publicity measures, donations, or sponsorships) to the extent permitted by law. Every form of fraud (e.g., fraud, embezzlement, theft, misappropriation, tax evasion or money laundering) is prohibited, regardless of whether company assets or supplier's assets are affected.

20. Business Gifts

Suppliers are expected to adhere with relevant PDS Group gift policy before offering or providing PDS Group personnel with any gift and/or business entertainment. Gifts or entertainment should never be offered to PDS Group personnel or representatives or to any Government or Public Officials under situations that create the form of impropriety. Please refer our Anti-Bribery and Anti-Corruption Policy for additional clarity on gifting.

21. Conflict of interest

This includes situations where a PDS Group employee or Business head may have an interest of any kind in the Supplier's business, whether through personal relationships, investments, directorships, or any kind of economic ties with the Supplier. In event of any conflict of interest arising at the time of empanelment or prior/post/during engagement, Suppliers are obligated to promptly disclose such situations to PDS Group and resolve it.

22. Freedom of Association

We respect the rights of workers to join an association of their choice and their right to Collective Bargaining. We will work with such suppliers who share this belief, and they should ensure that workers who participate or associate with such movements are not discriminated against. No Punitive action should be taken against such workers for being a part of such association or movement as long as they do not violate any of the local laws.

23. Prohibition of insider trading

Our suppliers must not indulge in any form of insider trading nor abet others, including immediate family, friends, or business associates, to derive any benefit from access to and possession of price sensitive information that is not otherwise available in the public domain. Examples of such circumstances include, among other things, profit increases or drops, major contracts, plans to merge with or acquire a company, significant new products, or personnel changes in a company's leadership. If our suppliers know such information, they will deal with it in accordance with the provisions on insider trading.

24. Cooperation in Annual compliance Survey and Audits by the PDS Group

- 24.1 PDS Group may perform annual compliance surveys to check compliance with this Supplier Code of Conduct. However, PDS Group expects that suppliers will actively audit and appraise their day-to-day management process in line with the PDS Group Code of Conduct.
- 24.2 The supplier is expected to be fully transparent (open and honest) regarding its implementation of and compliance with the Code. Documentation will be maintained in an original, unaltered condition. Information and documents may not be falsified or misrepresented. The supplier is required to provide details of all its suppliers providing input or work for manufacturing PDS Group products, upon request.
- 24.3 The supplier should make every effort to cooperate and assist PDS Group's efforts to verify and audit social and environmental standards and remediate findings adequately.

25. Performance Contingencies

Suppliers shall notify PDS Group as soon as reasonably possible if it becomes aware that action connected with the supplier's performance of the Services could reasonably be considered to affect PDS Group's business and/or reputation.

26. Reporting Mechanism

Any reported incident of suspected violation/s of the Code of Conduct will be appropriately investigated and suitable action will be taken by PDS Group. The reporter may remain anonymous and report the suspected violation/s of the Code through any of the mediums given below

- Make a report- Please click on the link below and go the section "make a report" and report any suspected violation. Link - www.pdsmultinational.ethicspoint.com
- Call and report - Please click on the link below and use the drop down to retrieve the relevant country number where you would like to report. These tolls free may be dialled and the incident be reported. Link - www.pdsmultinational.ethicspoint.com
- Email - You can email any suspected violations to the email id given below: Email ID - whistleblower@pdsmultinational.com

27. Managing Risk and Reputation and Collaboration with Global Investigation Firms

- 27.1 PDS Group believes in a fair and unbiased investigation process.
- 27.2 To strengthen our governance, PDS Group has partnered with two internationally recognized global investigation companies i.e., Control Risk and FTI Consulting, who will assist in managing risk and conducting independent investigations, as required, across multiple geographies, covering key business locations for PDS Group.
- 27.3 These firms will support PDS Group by offering services like fact-based fraud investigations, compliance audits / compliance quality reviews, multi-jurisdictional asset tracing, Third Party due diligence, and business intelligence, among other services.
- 27.4 PDS Group remains committed to creating a secure, compliant, and resilient organization and will enter into new partnerships with additional global investigation firms, as required.

28. Violation of the Code

- 28.1 In case of any violation of the Supplier Code of Conduct, PDS Group reserves the right to take appropriate action. Such action will be determined by PDS Group based on the outcome of investigation of the violation.
- 28.2 Depending on the nature of the violation, PDS Group will work with the supplier to take appropriate steps for remediation of the issue. In case of continued non-compliance by the supplier, PDS Group reserves the right to terminate the contractual partnership with the supplier.
- 28.3 Violation of certain inviolable core principles of the PDS Group would be considered a Zero Tolerance Violation (ZTV). Depending on the outcome of an investigation such ZTV violations may attract strict action by the PDS Group.
- 28.4 ZTV encompasses the following points:
 - Child labour (As per ILO or Local law, whichever is stringent.)
 - Forced labour in any form overt or covert & Modern-Day Slavery
 - Discrimination in any form.
 - Harassment and Abuse at workplace.
 - Unauthorized Subcontracting (use of Un-approved production unit) for Tier 1 operations regardless of brands. Use of un-approved Tier 2 facilities, for brands having compliance requirements.
 - Access denied to auditor for conducting factory tour, worker interviews or document review or any other mode of denial that will hamper audit process.
 - Shared building with Shops/Market, Residence, different owner or with hazardous process (which may impact employees/product safety).
 - Factory building not approved for industrial purpose
 - Any unethical practice, such as bribery in the form of cash or kind to facilitate any process.
 - Financial Integrity