



August 2024

CottonConnect Anti-Bribery and Corruption Policy

1. Introduction from the CEO

"The aim of CottonConnect is to transform the world's cotton for good. We do this with a strong social and ethical purpose at the heart of our operations. It is our policy to conduct all of our business with high ethical standards, as well as upholding all relevant country laws to prevent bribery and corruption. This policy provides further explanation of our systems to counter bribery and corruption. We believe in operating worldwide in an honest and ethical manner and therefore require all employees and anyone acting on behalf of CottonConnect to read and comply with this policy."

Alison Ward, CEO, CottonConnect

To manage the risk of bribery we will:

- Identify any business activities where the Policy might be relevant.
- Assess whether CottonConnect is at risk and, if so, the level of that risk.
- Use due diligence to assess who we are dealing with and who we appoint to represent us, ensuring that all suppliers are aware of our Anti-Bribery and Corruption Policy.
- Ensure all employees, associates and partners representing CottonConnect have been trained and are aware of the Anti-Bribery and Corruption Policy.

2. Objective of this Policy

The purpose of this policy is to ensure CottonConnect's employees, partners and suppliers are vigilant in preventing bribery and corruption in their business dealings and to ensure that CottonConnect operates in a socially responsible manner. This Policy reflects the legal requirements under the UK Bribery Act 2010, Anti-Bribery and Corruption Policies of retailers and manufacturers, and Anti-Bribery Principles for NGOs, as we are a company with a UK headquarters; however, this policy applies to all our operations internationally.

3. Scope

CottonConnect's Anti-Bribery and Corruption Policy is mandatory for all CottonConnect's employees, agencies, contractors, intermediaries, suppliers, partners, volunteers or any other person working on behalf of CottonConnect anywhere in the world.

4. What happens if this policy is not upheld?

Disciplinary action may be taken against any employee who fails to comply with the Anti-Bribery and Corruption Policy, up to and including dismissal. Work will cease with agents or partners who fail to comply with the Anti-Bribery and Corruption Policy.

Violating national laws that prohibit bribery is a serious criminal offence which can lead to significant civil and criminal penalties.

5. What is bribery?

Bribery is the offering, promising, giving, accepting or soliciting of an advantage (for example money, a gift, loan, reward, favour, commission or entertainment) as an inducement for action which is illegal or a breach of trust. The UK Bribery Act 2010 sets out four bribery offenses:

- Attempting to pay a bribe
- Receiving a bribe
- Bribing foreign public officials
- Failure by a business to prevent bribery

6. What is not acceptable?

It is not acceptable for you (or someone on your behalf) to:

- give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;
- accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;
- threaten or retaliate against another worker who has refused to commit a bribery offence or who has raised concerns under this policy; or
- engage in any activity that might lead to a breach of this policy.

7. Repercussions of corruption or bribery

Any incident of corruption or bribery or even an investigation into such would have a very damaging impact on CottonConnect's reputation. It would compromise CottonConnect's trustworthiness with potential and existing customers and partners and affect its ability to operate in its chosen markets and regions.

The Bribery Act 2010 came into force in the UK on 1 July 2011. Under that Act, bribery by individuals is punishable by up to ten years' imprisonment and/or an unlimited fine. If

the firm is found to have taken part in the bribery or is found to lack adequate procedures to prevent bribery, it too could also face an unlimited fine.

8. Policy

CottonConnect employees or anyone acting on behalf of CottonConnect must not engage in any form of bribery, either directly or through any third party anywhere in the world. This includes the following bribes or kickbacks:

a) Facilitation payments

Facilitation payments are a form of bribery, usually small cash payments made to low level officials, to facilitate a routine action that one would normally be entitled to. CottonConnect employees must never offer, pay, solicit or accept facilitation payments.

b) Gifts and hospitality

CottonConnect employees must not offer or give any gift or hospitality:

- Which could be regarded as illegal or improper, or which violates the recipient's policies
- To any public employee or government officials or representatives or politicians or political parties
- The value of which exceeds GBP 20 / INR 1000 / CNY 200 for a gift, and all gifts under this amount should be declared on the gift list
- In cash
- If there is any suggestion that a return favour will be expected or implied.

What is considered an acceptable gift may vary according to country and region. The intention behind the gift should always be considered and whether the gift is reasonable and justifiable. If it is not appropriate to decline the gift, the gift may be accepted provided it is declared to the company and donated to charity.

c) Political contributions

CottonConnect does not make donations, whether in cash or kind, in support of any political organisation or independent candidates, as this can be perceived as an attempt to gain an improper business advantage.

d) Charitable donations

CottonConnect will make charitable donations through the company and care must be taken to ensure that donations are not used to gain improper advantage. No donation must be offered or made without prior consent from the CEO.

9. Working with third parties

CottonConnect employees should make sure that any third parties that are hired will not make, offer or receive bribes on behalf of CottonConnect. All fees paid to third parties

should be for services provided and records of all payments must be kept. All third parties working with CottonConnect should be given this policy and required to confirm acceptance.

10. Responsibilities

All employees and people acting on behalf of CottonConnect must:

- Ensure that they read, understand and comply with this policy
- Keep financial records and document business reasons for making payments to third parties
- Declare and keep a written record of all hospitality or gifts accepted or offered, which must be in accordance with this policy
- Keep accurate accounts of all transactions with third parties to ensure no concealing of improper payments. All payments received or made must pass through CottonConnect's finance department.
- The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy. You must notify us as soon as possible if you believe or suspect that a conflict with this policy has occurred or may occur in the future. For example, if a client or potential client offers you something to gain a business advantage with us or indicates to you that a gift or payment is required to secure their business. Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. We reserve our right to terminate our contractual relationship with other workers if they breach this policy.

11. How to raise a concern of bribery

Anyone concerned about any form of bribery, corruption, improper action or wrongdoing by CottonConnect, its employees or third parties working with CottonConnect is required to report the matter to the CEO immediately. CottonConnect stresses that any employee with knowledge of wrongdoing should not remain silent. All matters of malpractice, improper action or wrongdoing are very serious, and employees are strongly encouraged to raise such incidents or behaviors as soon as possible.

If an employee believes they are a victim of bribery or corruption, they should tell Alison Ward, CEO as soon as they are offered or asked to make a bribe or believe they are a victim of any form of unlawful activity or contact the grievances and complaints email address below.

Protection:

Workers who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

We are committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place or

may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should inform us immediately. If the matter is not remedied, and you are an employee, you should raise it formally using our Grievance Procedure.

12. Training and communication

Training on this policy forms part of the induction process for all new employees. All existing employees will receive regular, relevant training on how to implement and adhere to this policy. In addition, all employees will be asked to formally accept conformance to this policy on an annual basis.

The policy is included as part of the contractual agreement with all suppliers, contractors and business partners.

13. Potential risk scenarios: "red flags"

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns under various anti-bribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly: you become aware that a third party engages in, or has been accused of engaging in, improper business practices;

- you learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them;
- a third party insists on receiving a commission or fee payment before committing to sign up to a contract with us;
- a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- a third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- a third party requests an unexpected additional fee or commission to "facilitate" a service;
- a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- a third party requests that a payment is made to "overlook" potential legal violations;
- a third party requests that you provide employment or some other advantage to a friend or relative;
- you receive an invoice from a third party that appears to be non-standard or customised;
- a third party insists on the use of side letters or refuses to put terms agreed in writing;
- you notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided;
- a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us; or
- you are offered an unusually generous gift or offered lavish hospitality by a third party.

14. Grievance and Complaints Mechanism

CottonConnect aims to operate with the highest standards of ethics, honesty and integrity. If you would like to report any allegations, complaints or violations of our standards, please email at speakup@cottonconnect.org to ensure objectivity, all information will be kept confidential all cases will be dealt with by staff members who were not involved in the case.

**COTTON
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