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S GROUP SUSTAINABLE COTTON POLICY

SOK is committed to reach “100% Sustainable Cotton by 2025”. The policy was introduced in 2019. The commitment includes all SOK private label and directly imported home textiles and clothing products containing ≥ 80% cotton. This document includes requirements for S Group suppliers for each standard approved.

The use of cotton originating from Turkmenistan, Uzbekistan and the Xinjiang region in China is not permitted in the production of products for SOK (except if BCI or Fairtrade certified).

According to SOK criteria, cotton is defined *sustainable* when it is in accordance with the criteria and principles of one of the following standards:

- Better Cotton (BC)
- organic cotton certified to Global Organic Textile Standard (GOTS) or Organic Content Standard (OCS)
- recycled cotton certified to Global Recycled Standard (GRS) or Recycled Claim Standard (RCS)
- Fair Trade certified cotton

It is the supplier’s responsibility to comply with all the requirements, criteria, and principles of the standard in question and handle any potential related costs.

1. Better Cotton (BC)

For any Better Cotton product offered to SOK, the Supplier must;

- be a user of Better Cotton and have access to the **Better Cotton Platform (BCP)**, where they are required to document the volume of their purchases and sales relating to Better Cotton.
- for each BC order, electronically transfer the correct amount **of Better Cotton Claims Units (BCCUs)** to SOK Corporation (**account number: 1005800-1**) in the BCP. When transferring the BCCUs, the supplier should include the following information to the **transaction reference field**: purchase order number, supplier name, product type and amount (e.g. House men sweater, 500 pc).
- BCI on-product mark can be used, when SOK has met the eligibility criteria for the BCI on-product mark, and when checked with SOK in advance.

2. Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), Global Recycled Standard (GRS), and Recycled Claim Standard (RCS)

For any product labelled and offered to SOK as containing organic cotton, the Supplier must comply with GOTS or OCS standard.

- SOK accepts both GOTS label grades; one for products including 95% organic content, and the other for products including 70 – 94% organic content. SOK accepts both OCS label grades: “OCS 100” for products containing 95% or more organic content, and “OCS Blended” for products containing 5-94% organic content.
- For GOTS certification, both the raw material and the entity must hold GOTS certification. As for OCS, at a minimum, the raw material should be OCS certified
- Please note that OCS logos cannot be used in on-product labelling in SOK's private label products as SOK is not an OCS certified company.

For any product labelled and offered to SOK as containing recycled cotton, the Supplier must comply with GRS or RCS standard.

- Only products with a minimum of 50% recycled content can qualify for product-specific GRS labelling.
- SOK accepts both RCS label grades: “RCS 100” for products with 95-100% Recycled Content and “RCS Blended” when the product contains 5-94% Recycled Content.
- At a minimum level, the raw material must be GRS or RCS certified. SOK strongly recommends also the supplier to be a GRS or RCS certified entity.
- Please note that GRS and RCS logos cannot be used in on-product labelling in SOK's private label products, as SOK is not a GRS or RCS certified company.

The supplier is required to meet the criteria of the standard in question (GOTS/OCS/GRS/RCS) and, when required, label the products according to the standard’s requirements. The Supplier must have

- if applicable, a valid **Scope Certificate (SC),** issued by an approved certification body, that indicates that the facility is certified and meets the requirements of the standard. The Scope Certificate should be sent for SOK prior to order confirmation.
- a **Transaction Certificate (TC),** issued by an approved certification body, for each shipment of certified products for SOK. The TC must be sent for SOK, by latest 21 working days after the shipment, and should include a list of concrete products and their certification status, invoice number and date, reference to transport document, and SOK’s name and address as the buyer.

3. Fairtrade Certified Cotton Mark

For any product offered to SOK with the Fairtrade Certified Cotton Mark, the supplier must

- possess a valid Fairtrade Certificate for cotton products, that must be sent, together with the supplier’s FLO ID number, to SOK prior to the product order confirmation.
- provide all the necessary information on the product and its supply chain to SOK, upon request.
- use the Fairtrade Certified Cotton Mark on product according to the Fairtrade labelling guidelines