

RULES AND REGULATIONS

Fashion Hub – Cycle 2

CHAPTER I – ON THE PROGRAM

Article 1 - Fashion Hub is an initiative idealized by **221 Consultoria, TS Studio and Neo Ventures** customized to solve exclusive challenges of the associated companies with the Hub (Grupo Rovitex, Grupo SOMA, Incofios, The LYCRA Company, and Vicunha). At **Fashion Hub**, the associated companies will launch specific challenges and of their interest, according to their operational or strategic need.

Paragraph I – The present document refers to the **Cycle 2** of **Fashion Hub**'s program that aims to find solutions regarding innovation, and sustainability in the fashion world.

Paragraph II - The purpose of these Regulations is to define the rules and conditions for participation in the **Cycle 2** of **Fashion Hub**'s program.

Article 2 - In order to seek innovative solutions in the fashion sector, the **Fashion Hub** main goal is to prospect and select new projects and ventures ("**STARTUPS**") and support the development of their proofs of concept ("**POC**") along with one of the accredited companies.

CHAPTER II – ON THE STAGES OF THE PROGRAM

Article 3 – Fashion Hub program main stages are presented and detailed in Table 1.

Table 1 – Main stages of the program.

Phase	Description
Application	STARTUPS must submit their projects through the online form available on the Fashion Hub website: https://gust.com/programs/fashion-hub-ciclo-2 .
STARTUP selection	The evaluation and selection of proposals will be carried out in 3 (three) main stages: i) qualification , carried out by the Neo Ventures team, with the objective of verifying the adherence of STARTUPS and their

	respective solutions, to the challenges and the rules and regulation of the program; ii) online screening , carried out by a panel made up of the accredited company's team, according to the rules established in this regulation, in order to select up to 3 (three) most attractive proposals per challenge; and iii) IMMERSION , with the objective of refining the scope of development of the projects and defining those who will carry out the proofs of concept (POCs) with the accredited companies.
IMPLEMENTATION	In the IMPLEMENTATION phase, the STARTUPS selected during the IMMERSION , for each challenge, will develop the POCs. The counterparts will be defined in the IMMERSION period and can be customized according to each negotiation.
Demoday	The event that celebrates the closing of the program - cycle 1, in which the STARTUPS present the results of the POC .

Sole Paragraph - The activities schedule of the **Fashion Hub** program's main phases is explained on article 17, paragraph I.

CHAPTER III – ITEMS FOR OPEN INNOVATION (CHALLENGES) FOR VALIDATION OF SOLUTIONS – PROOFS OF CONCEPT (POC)

Article 4 - From articles 5 through 9 of the present document, we describe the challenges faced by accredited companies. The locations where the **POC** will be developed are going to be discussed posteriorly with the accredited companies. Each challenge has a corresponding infographic, which can be seen in **Annex I**, alongside with a textual description. Infographics and descriptions can also be accessed at <http://fashionhub.com.br/>.

Article 5 – Grupo Rovitex Challenge – How to create the right product mix?

Rovitex is a Brazilian textile company, with more than 35 years of history, and with a production of 20 million pieces per year. Due to the volume of production, and the wide variety of consumers, the main challenge we face today concerns the assertiveness in the composition of the product mix.

Currently, the product mix prepared by Rovitex is defined by the development team, which designs styles and products according to trends in the fashion world. This process starts 9 months before the release of the collections. This 9 months period is considered high according to the fashion market dynamics. In addition, the definition of the collection, made through statistical analysis, production history, competition analysis, among others, is a process of high investment and risk.

Once the collection is released, incompatibilities with the expectations of our customers are commonly found. Such expectations are shaped by current fashion references, sometimes misaligned with the collection presented by Rovitex. This misalignment leads to loss of sales, generation of final and intermediate inventories and causes the company to lose competitive potential in the market.

The objective of Rovitex is to optimize our efforts in the search for a product mix that attends the consumer expectations and desires, according to the target public profile / brand, with products well accepted by customers, increasing the assertiveness index of the product mix.

Article 6 – Grupo SOMA Challenge – How to recycle textile waste from Grupo SOMA on a large scale, going beyond defibration?

Nowadays, textile waste is one of the main solid residues of the Grupo SOMA, which executes internally the cutting process of the brands FARM, Fábula and Maria Filó. The generation of cut waste is estimated at +60 tonnes per month. Such waste is composed of textile losses (viscose, cotton, polyester, among others), paper and plastic - all coming directly from the cutting tables.

Until this moment, we have not identified a ready-made solution on the market that can be used to recycle our textile waste. In this sense, we are looking for a solution that goes beyond pure and simple defibration (downcycling), adding more value to the waste. The solution may involve creating new materials that can be reused by the organization itself or by other industries. And it does not need to be limited to the generation of new raw material. We are open to discover new types of solutions and even expand the “R” of Recycling for Recovery, Reframing, Reuse... The important thing is the practical application of the concepts of circular economy.

Our main goal is to transform the destination of textile waste from the Grupo SOMA into "LANDFILL ZERO", and generate environment, social and economical positive destinations. The proper treatment of this residue is the key to the implementation of this strategy.

Article 7 – Incofios Challenge – How to produce maintenance parts intelligently and at lower cost?

Founded in 2001, Incofios is a young-minded company with a strategic vision for its segment. Innovation, technology and respect to customers and employees are the basis for the brand's growth in the market. With 37,000 square meters of built area, it has a monthly production of 1,900 tons of yarn, distributed in 29,760 spindles of combed/compacted yarn and 8,336 Open End rotors.

In order to carry out the proper maintenance of production equipment, the company faces the challenge of the lack of national resources and, therefore, it needs to afford high costs with importation of maintenance parts, which is vulnerable to delays related with the pandemic and market fluctuations.

Therefore, the goal of Incofios is to find ways to produce these parts in an agile way and at a lower cost, focusing on the maintenance - or even the improvement - of the quality of the currently imported parts.

It is possible to notice that a new technology that has been standing out in the market is the printing of parts through 3D printers. A plausible alternative would be to print, build and adapt the parts (among spinning machines, cards, and other machinery in the spinning industry). However, it is important not to limit the solutions to just this technology, in order to think about new possibilities.

As an indicator of the solution's success, it is expected to reduce maintenance parts costs by at least 15%.

Article 8 – The LYCRA Company Challenge – How can we reduce water consumption in The LYCRA Company's operations?

The LYCRA Company is a company that has more than 2.5 thousand employees, and, because of its size, it lives with a high consumption of water in its operations. In this sense, the company seeks solutions that can help to reduce the current consumption of water it has. In order to facilitate the understanding of the current forms of work that it has, relevant information about the company and water management are described below.

The water consumed on the Site comes from underground water collection wells and from SABESP (Basic Sanitation Company of São Paulo), and the greatest portion of water is lost during the evaporation process of the cooling towers and the remainder is discarded in the river - after due treatment - and/or due to various losses in the process.

According to the Site's water balance, a significant alternative to reduce water consumption, in addition to bringing benefits to the Effluent Treatment Station by

reducing the volume of water directed for treatment, would be the reduction or elimination of water used in the cleaning process of critical components, carried out in a cleaning machine. One can start from the principle of reducing water consumption, for example, using water in a closed cycle format or even replacing washing with another technology that does not use water. However, it is not limited to just those mentioned alternatives.

Among some solution options for the challenge, the following stand out, but are not limited to: reuse of industrial and rain water, reuse of water for regeneration of the demineralized water system, reuse of water from the evaporation process of the cooling towers, reuse of air conditioning condensate, reduction in the consumption of distillation columns, elimination or reduction of water use of the cleaning machine (cleaning of critical equipment), engagement of people, low-cost innovation to identify leaks and/or water monitoring, increase condensate return to boilers, alternative sources of water, etc.

As a KPI for validating the result, it is considered: water consumption in m³/ton, R\$/ton and Wastewater Treatment Station efficiency is considered in principle.

Article 9 – Vicunha Challenge – How to measure and optimize the various losses that occur in the production process?

Vicunha Têxtil is a company with a volumetric scale production, multi geographic, susceptible to MANY variables within the manufacturing process, wide spectrum of SKU's and a LARGE variability of equipment, processes AND PRODUCTIVE FLOWS which sometimes can be patternless due to the diversity of machinery in the industrial park, ending up with losses in the productive process.

For those reasons, the agility in the identification, quantification, CONTROL AND MANAGEMENT of the consumed resources (raw material, energy, water, materials, etc.) throughout the production process and of the generated losses, are seen by us as an untapped opportunity to minimize our costs, increase our efficiency and to control our environmental and financial impacts.

In this sense, the company spots numerous possibilities to work with innovation in the production process, in order to measure, MANAGE and optimize the use of resources and, thus, reduce the existing losses.

As examples of losses to be controlled we can mention: THE LOSS OF material, inputs, water, energy, time (displacements and setups), reprocessing, redirection, re-dyeing, logistics, etc., which can be holistically associated with human factors (training and knowledge, empirical measurements, tacit knowledge, etc.), machinery factors (technological innovation, the challenge to keep “like new”, automation, digitalization,

4.0 maintenance, MRO management, control of parts and components operation life, process traceability, etc.), management factors (methods, controls, work philosophy and systems , CEP, Production Planning, Development Planning, etc.) and factors related to the consumed inputs (product and input development, reuse of inputs and waste).

We are able to approach businesses that can help us both in measuring the resources consumed, as well as in optimizing them, whether they are related to any of the losses mentioned above.

Article 10 - The **STARTUP**, when filling out the submission form, must always indicate, in the specific form field, the respective challenge in which it wishes to validate its **POC**.

Sole Paragraph - STARTUPS are allowed to participate in only one challenge per cycle, even if they are selected to more than one of the challenges proposed. If that is the case, the **STARTUP** will have to opt for only one challenge/company that they want to continue the work in that cycle.

Article 11 – The work plan to be developed and the budget made available by the **accredited companies** to the implementation of the **POC**, in case needed, will be agreed upon by means of a contract to be signed between the parties before the **IMPLEMENTATION** phase.

Paragraph I - Expenses related to participation in the **Fashion Hub** program, including transportation, lodging, and meals, may be reimbursed to the **STARTUPS** selected to the **IMPLEMENTATION** phase, within the total amount made available by the respective accredited company previously agreed upon during official negotiation.

Paragraph II - The **POC** resources disbursement plan and reimbursement of expenses will be developed by **STARTUPS** and will be validated with the accredited companies during the **IMMERSION** period.

Paragraph III - The validation of the **POC**, for a given challenge, throughout the program, will occur only between a **STARTUP** and an **ACCREDITED COMPANY**, and at the end of the implementation cycle, the case generated can be shared among the other accredited companies.

CHAPTER IV – ON THE APPLICATION

Article 12 – The application to the **Fashion Hub** program is free. The application process for a **STARTUP** starts with filling out and sending the form available on: <https://gust.com/programs/fashion-hub-ciclo-2> .

Sole Paragraph - The purpose of the form is to collect as much data as possible on the **STARTUP** in order to ensure that there is sufficient information to perform the analysis.

Article 13 - The project registration period for the cycle 2 is from May 24th to June 27th 2021, as stated on article 19, paragraph I.

CHAPTER V – ON THE SELECTION

Article 14 - STARTUPS will be selected to develop solutions for the challenges presented by the accredited companies based on the great potential for growth, preferably with solutions that bear both a global scale and high technology profiles.

Article 15 - The analysis process of the **STARTUPS'** applications consists of the following steps:

- (i) Screening of **STARTUPS**, considering the "Eliminatory Criteria, as described in Article 17 - Chapter VI, below;
- (ii) Analysis of the **STARTUPS'** proposals (considering article 18 of the present document) by the accredited companies;
- (iii) Holding the online **IMMERSION**.

Each accredited company will initially choose up to 3 (three) **STARTUPS** for the **IMPLEMENTATION** phase, these **STARTUPS** can be selected to implement the **POC**. If necessary, additional interaction steps may be required by the accredited companies. If the accredited companies do not approve any of the 3 (three) **STARTUPS** previously interviewed, new **STARTUPS**, already subscribed to the program, may be invited for this stage.

Sole Paragraph – The number of **STARTUPS** selected for **Fashion Hub** program will be decided exclusively by the organizers.

Article 16 - The result of the selection of the **STARTUPS** will be announced within a maximum period presented on article 23 of the present document, through the **Fashion Hub** communication channels. This deadline may be extended by decision and need of the accredited companies.

CHAPTER VI – ON THE SELECTION CRITERIA

Article 17 - The **STARTUPS** will be evaluated according to the following eliminatory criteria ("Eliminatory Criteria"):

- (i) As for Innovation - If the project is considered, by the evaluation board, without technological or business model innovation;
- (ii) As for proposed challenges - If the project does not fit one of the 4 (four) challenges proposed by the accredited companies mentioned in Chapter III;
- (iii) As for the delivery of documents - If the **STARTUP** does not submit all of the required documents demanded by the accredited company within the deadline established by them during the **IMMERSION** period, it will be considered a cause of immediate elimination on **Fashion Hub**;
- (iv) As for the possession of a legal registration - If the **STARTUP** does not have a National Register of Legal Entities (CNPJ), in case of Brazilian nationality, or it is no legally registered on its official country, it will be considered a cause of elimination.

Article 18 - The **STARTUPS** will be evaluated by the mining companies according to the classification criteria presented in Table 2.

Table 2 – Classifying criteria.

Criteria	Objective
Team	Evaluate the teams' ability to develop the solution and leverage the business.
Technological potential	Evaluate the effectiveness of the technology used in the solution and its degree of maturity.
Proposed solution	Evaluate if the solution (product/service) meets the demand(s) of the accredited companies.
Business model	Evaluate if the business model is interesting and allows scalability to the accredited companies.
Resources for POC	Check the investment needed, regardless of its nature (financial, human or other nature), to develop the proof of concept of the solution.

Potential impact	Evaluate the potential impact of the solution to the accredited companies (financial, social, environmental impacts, etc).
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CHAPTER VII – ON THE DURATION OF THE FASHION HUB PROGRAM

Article 19 - The timeline with the main milestones of the **Fashion Hub** program is described on the Article 3 of the present document.

Sole Paragraph - According to the schedule, the expected dates for each of the stages of the **Fashion Hub** program are:

- Disclosure of rules and regulations: 05/24/2021
- End of application period: 06/27/2021
- Disclosure of the selection result for **IMMERSION**: 07/12/2021
- **IMMERSION**: 07/26/2021 to 07/30/2021
- **IMPLEMENTATION**: 08/09/2021 to 11/30/2021
- **DEMODAY**: 12/06/2021

Article 20 - STARTUPS will be pre-selected by the organizers in accordance with the terms and conditions of this regulation will participate in the **Fashion Hub's IMMERSION** period.

Paragraph I - The main objective of the **IMMERSION** period is to allow **STARTUPS** to have direct access to the accredited companies and the program management team in order to understand the challenges and build a joint working proposal for **POC** implementation. During the **IMMERSION** period, the accredited companies will work closely with up to 3 (three) **STARTUPS** selected, providing them data and clarifying any doubts so the **STARTUPS** will refine the scope of the proposal for the solution presented. The **STARTUPS** will be registered at **Fashion Hub** as potential future partners, even if they will not be selected to the **IMPLEMENTATION** phase.

Paragraph II - There will be no financial reimbursement regarding accommodation, transportation, food and others, for **STARTUPS**, during the **IMMERSION** period. All costs for this phase are of sole responsibility of the participating **STARTUP**.

CHAPTER VIII – ON OBLIGATIONS AND RESPONSIBILITIES

Article 21 - These are the obligations of the **STARTUPS**:

- (i) Comply with all provisions of these Rules and Regulations.
- (ii) Participate in the actions defined for each phase of **Fashion Hub** program, as well as provide all necessary information and documents required by the accredited companies, especially the ones presented in **Annex II**, or the program management team.
- (iii) Participate, obligatorily, in the events and initiatives organized by **Fashion Hub**, with, at least, 1 (one) legal representative of the **STARTUP**.
- (iv) The **STARTUP** when applying for this program declares that they do not use and do not have, directly or indirectly, in their productive chain, any slave labor or degrading working conditions; any workers submitted or forced to illegal conditions of domination of the employer, any work carried out by minors under 16 (sixteen) years old, except as an apprentice from the age of 14 (fourteen) years old, as established in article 7, item XXXIII of the Federal Constitution, as well as not allowing any type of discrimination and respecting the freedom of association, under pain of being immediately eliminated by **Fashion Hub** without any need to send prior notification, submitting the **STARTUP**, in case of breach of this clause, to compensation for losses and damages caused and penalties provided by law.
- (v) The **STARTUP** when applying for this program, declares, fully observance of Law 12.846/2013 ("Brazilian Anti-Corruption Law") and declares that it has knowledge of all the terms and definitions set forth in the Brazilian Anti-Corruption Law, which define as injurious act to promise, offer or give, directly or indirectly, an undue the advantage to a public agent or the third person related to him, among others. In case of violation of the referred Law, the responsible parties will be responsible for any losses, damages or liabilities caused, in addition to the penalties provided by law.
- (vi) The **STARTUP** declares to be fully qualified to use the technology used by the proposed solution for the respective challenge during the development of the **POC**, having ownership over its characteristics or being duly licensed to use them.
- (vii) The **STARTUP** declares that it does not have in the composition of its share capital or in its membership / director / employees / service providers, people with potential conflict of interest in relation to the maintainers.

CHAPTER IX - ON THE M-START PROGRAM TERMINATION

Article 22 - The relationship between **Fashion Hub** and **STARTUPS** will be considered terminated upon prior notification, in the following cases:

- (i) Elimination by the selection assessment boards;
- (ii) End of program term;
- (iii) If there is an infringement of any clause of these Rules and Regulations;
- (iv) If the main features of **Fashion Hub** program are significantly changed by the organizers and the **STARTUP** do not conform to these changes;
- (v) If the insolvency, bankruptcy or judicial reorganization of the **STARTUP** and its members is verified;
- (vi) If temporary activity interruption of the **STARTUP** is verified;
- (vii) At the initiative duly justified by the **STARTUP**;
- (viii) At the initiative duly justified by the **Fashion Hub**.

Sole Paragraph - If the **STARTUP** is not available or does not respect attendance during the program, the eliminated **STARTUP** will be sole and exclusively responsible for any costs spent during that period.

CHAPTER X – ON THE POSSIBLE BENEFITS FOR THE SELECTED STARTUPS

Article 23 - The following benefits may be made available to the **STARTUPS** selected for the **IMPLEMENTATION** phase:

- Possibility of investment to develop the projects along with companies to validate **POCs**;
- Access to infrastructure and teams of the accredited companies;
- Coaching and mentoring with recognized professionals from the fashion sector and **STARTUP** ecosystem;
- Joint work with the team of 221 Consultoria, TS Studio, and Neo Ventures;
- Methodology for the development of **STARTUPS**: training, technical visits, professionalization of management and growth.

At the end of the program, and by its sole discretion, the accredited companies, if considering it feasible for their business, may invest in the development of the solutions, as well as establish partnerships to seek funding, purchase or distribution of **STARTUPS'** products and services.

STARTUPS that participate in the **IMPLEMENTATION** phase will have their supplier registration done with the accredited companies for future opportunities.

Article 24 - The second cycle of the **Fashion Hub** will take place primarily in an online format. If any face-to-face activity is necessary, the recommendations of the competent authorities will always be observed, due to the context of the pandemic.

CHAPTER XI – GENERAL PROVISIONS

Article 25 - It is clear and established from now on that participation and/or selection in the **Fashion Hub** program does not constitute any kind of operating agreement, joint venture or association between the participating **STARTUP** (selected or not), **Fashion Hub** and the other parties involved in the program, in order to make it clear in these Regulations that the participating **STARTUP** (selected or not) and the other parties involved in the program, are independent entities among themselves, that no provision of these Regulations or the program shall be interpreted as creating any corporate relationship, labor or taxation between the Parties and that there is not now or there will not be solidarity or subsidiarity of any nature between the Parties.

Article 26 - It is clear and established from now on that participation in the program and an eventual signing of the contract with the mining companies does not generate any kind of employment relationship. Every **STARTUP** in the program agrees to exempt **Fashion Hub** and the other parties from any liability in labor / social security claims that may be proposed by any of its employees and/or associates, as well as to bear all costs incurred in said claims, including but not limited to attorneys' fees.

Article 27 - It is clear and established from now on that the program management team may change these Rules and Regulations at any time if necessary, for the proper and regular progress of the Program established herein.

Article 28 - It is clear and established from now on, that in case there is any doubt regarding these Regulations, **Fashion Hub** is ready and available to answer them.

Article 29 - Participants freely give to **Fashion Hub**, the accredited companies, 221 Consultoria, TS Studio, and Neo Ventures, without exclusivity, the right to use their

image, text and / or voice in any type of material. In return, the **Fashion Hub** undertakes to use the image of the participants without making modifications in the appearance and also not to use the image in a derogatory way or that may represent in any way some type of violation of moral damages.

Article 30 - The answers to the application form can be written in Portuguese or English.

Article 31 - The parties are obliged, whenever applicable, to act in this instrument in accordance with the current legislation on Protection of Personal Data and the determinations of regulatory / inspection bodies on the matter, in particular, Law No. 13.709 / 2018 - General Law Protection of Personal Data (“LGPD”).

Article 32 - The parties involved undertake to treat as confidential all confidential information from the accredited companies that have been revealed to them, and are obliged not to reveal it to third parties without the knowledge and the consent of the accredited companies, under penalty of civil and criminal liability.

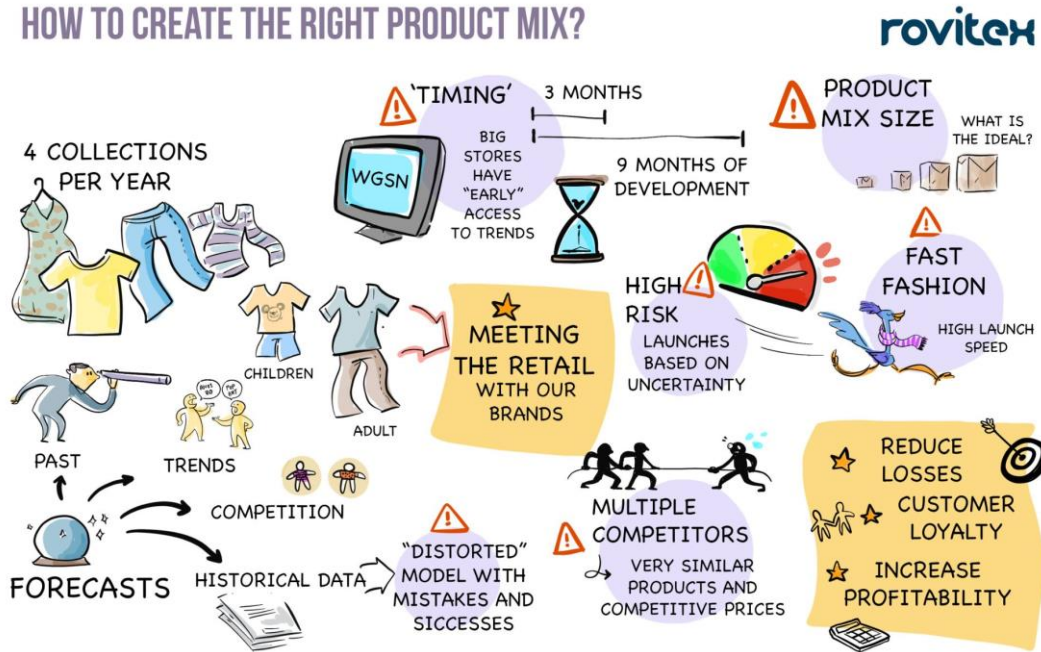
Paragraph I – “Confidential Information” will not be considered to be that which is in the public domain before it is revealed or made available by the parties before the signing of this Agreement or that which is made public by the National Institute of Industrial Property - INPI or by the competent institution at the international level.

Paragraph II – Due to the nature of the information shared between the parties during the program, the **STARTUPS** may be asked to sign a confidentiality agreement between the selected startups and the maintainers before the IMMERSION stage begins.

ANNEX I – CHALLENGE INFOGRAPHICS

GRUPO ROVITEX CHALLENGE:

HOW TO CREATE THE RIGHT PRODUCT MIX?



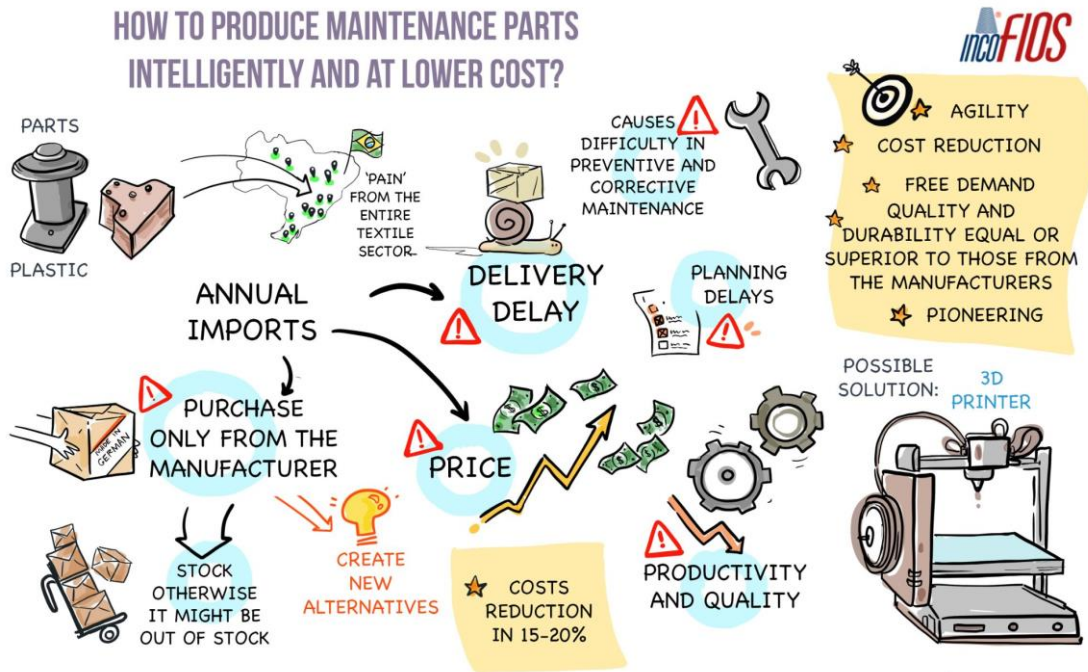
GRUPO SOMA CHALLENGE:

HOW TO RECYCLE TEXTILE WASTE FROM GRUPO SOMA ON A LARGE SCALE?

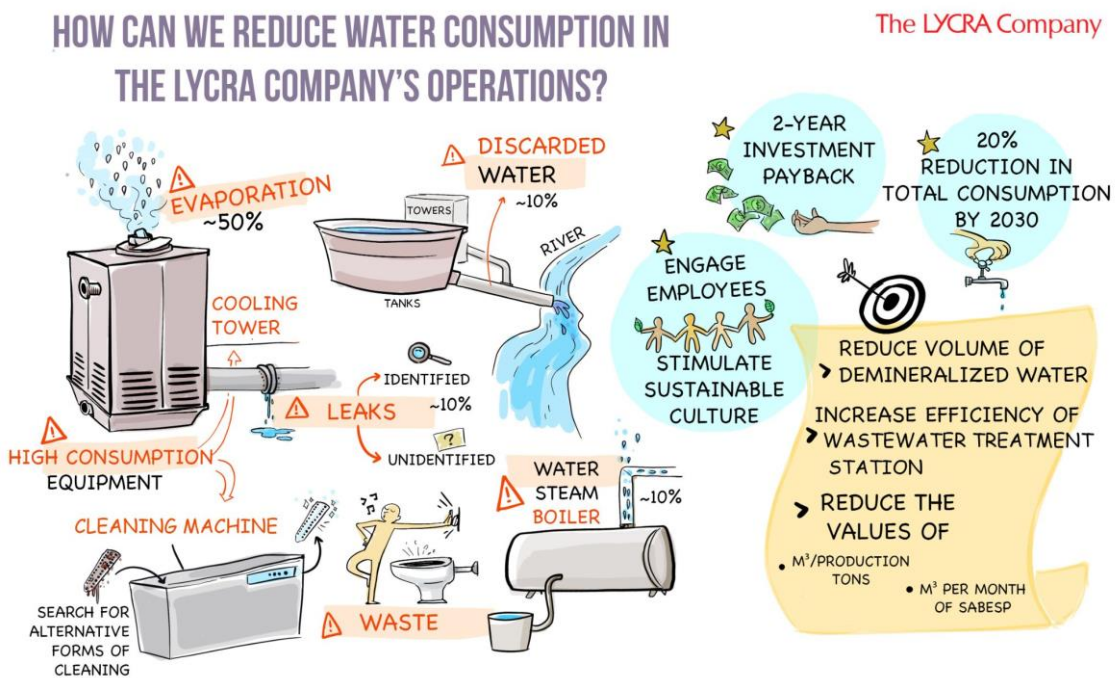


FASHION HUB

INCOFIOS CHALLENGE:



THE LYCRA COMPANY CHALLENGE:



FASHION HUB

VICUNHA CHALLENGE:

HOW TO MEASURE AND OPTIMIZE THE VARIOUS LOSSES THAT OCCUR IN THE PRODUCTION PROCESS

VICUNHA
jeansidentity



ANNEX II - REQUIRED DOCUMENTS FOR REGISTRATION TO THE FASHION HUB CYCLE 2

Participation in the program is linked to the registration, during the **STARTUP** registration stage, of the following documents:

- (i) CNPJ or formal registration (in case of startups located outside of Brazil);
- (ii) Company Official Name,
- (iii) Full name of the managing partner;
- (iv) Contacts of the managing partner (e-mail, landline, or cell phone).