

15-03-2022

To Supplier

We are committed to running a responsible and sustainable business. Ensuring that our products are produced under responsible conditions stands at the core of this commitment, and in fulfilment of our ambition, we expect our partners – suppliers, subcontractors, agents, and other business partners – to operate responsibly and act with integrity, fairness and responsibility in all aspects of their business.

Our commitment implies having in place processes for preventing and addressing adverse impacts on human and labour rights, the environment, including climate, anti-corruption, and animal welfare. We use this Code of Conduct to support us in selecting and retaining business partners who share our commitment to responsible and sustainable production as defined by internationally agreed conventions, standards, and guidelines.

We ask our business partners to commit to implementing the standards, processes, and requirements of this Code of Conduct in their own operations and to work with their suppliers and business partners to also implement the policies, standards, and processes of the Code.

We recognise that establishing the required standards and processes outlined in this Code of Conduct requires both time and resources. We focus on our suppliers' ability and willingness to demonstrate continuous improvements in meeting the requirements of the Code, and in improving their systems to manage adverse impacts on human and labour rights, the environment, including climate, anti-corruption, and animal welfare. We feel confident that cooperation and transparent dialogue can result in a more sustainable and efficient partnership from which both parties will benefit.

The standards of the Code of Conduct are based on internationally agreed conventions, including but not limited to: the International Bill of Human Rights, the International Labour Organisation's (ILO) Declaration of the Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct, the UN Convention Against Corruption, the Rio Declaration on Environment and Development; and the UN Global Compact's 10 Principles.

All suppliers are expected to comply with national legislation, regulations, and applicable practices and industry standards as relevant to their business.

Please refer to the enclosed Code of Conduct for more information about the specific requirements. If you have any questions regarding this letter, our Code of Conduct, or our responsible supply chain management programme in general, please do not hesitate to contact our offices.

With kind regards,



HENRIK ELLERBÆK A/S
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Due diligence requirements

International guidelines call on businesses to exercise due diligence to detect, prevent, and mitigate any adverse impacts related to human and labour rights, the environment, including climate, and anti-corruption. These procedures are required for all groups, individuals, and entities that a business may impact, within all business and production units, the local community and the external environment.

Key steps of the due diligence procedures include developing policies within all relevant potential and actual impact areas in the business, such as health and safety, environmental protection and chemical management, and anti-corruption. Such policies must be communicated to all employees and other relevant stakeholders. Procedures and management systems must be developed to ensure that policies are implemented and adhered to, and thereby ensuring that any potential and actual adverse impacts are prevented and mitigated.

The standards of this Code of Conduct fall in below four sections, covering four thematic areas. Each section defines a set of specific standards within the four areas. While a due diligence process may identify further areas of concern, the following define standards on topics of relevance for processes in the production of textiles, garment, and footwear. The standards constitute minimum standards that all suppliers must meet and are based on above listed international conventions, standards and guidelines.

- 1) Human and labour rights
- 2) Environment and climate
- 3) Anti-corruption
- 4) Animal welfare

Human rights and labour rights

Child labour and young workers

Suppliers must not use child labour below the age of 15, even if permitted by national law. All legal limitations regarding young workers between the age of 15 and 18 must be followed and young workers are only permitted to carry out light work at reduced hours. This means that they must be protected from any hazardous work, night shifts, and any kind of work that might hamper their physical and psychological development or impose any harm.

If child labour is detected at a facility, the supplier is responsible for developing, participating in, and contributing to policies and programmes that provide for transitional arrangements to enable the child to remain in quality education until no longer a child.

Forced labour

Employment must be freely chosen. Suppliers must not use or support any form of slavery and forced and bonded labour.

Employees must not be subject to recruitment fees or deposits, withholding of salary and benefits, lodging of personal documents by the employer, or forced to overtime.

Employment conditions

Obligations to employees under international conventions and social security laws and regulations arising from the regular employment relationship must not be avoided by using short-term contracts, such as contract labour and casual labour.

All employees, including temporary and casual workers, must have written and legal employment letters in a language they understand, specifying conditions of employment and termination.

Discrimination and harassment

Suppliers must not engage in or support discrimination in recruitment and in employment. Decisions about hiring, compensation, access to training, advancement, discipline, termination or retirement must be solely based on the ability to perform the job and not on the grounds of gender, marital or parental status, pregnancy, race, caste, colour, age, sexual orientation, religion, political opinion, union membership, function as worker representative, nationality, ethnic origin, health status, or disability.

All workers must be treated with respect and dignity. Suppliers must prevent, not engage in nor support the use of bullying, intimidation, violence, threats of violence, corporal punishment, or physical, sexual, psychological and verbal harassment or abuse. Procedures to ensure punitive measures in cases of harassment and/or discrimination must be put in place.

Special measures must be put in place to protect female workers against gender-based violence and harassment in the workplace.

Freedom of association and collective bargaining

Suppliers must respect the rights of workers to join and organise associations of their own choosing and to bargain collectively with no interference or sanctions from employers. The supplier must implement mechanisms, such as worker participation committees, for resolving disputes, including employee grievances, and ensure effective communication with employees and their representatives.

If the rights to freedom of association and collective bargaining are restricted by national law, the supplier must allow workers to freely elect their own representatives, and alternative forms of worker representation must be supported.

Working hours and leave

Standard working hours must follow local regulations, collective bargaining agreements and industry standards, but must not exceed 48 hours per week, excluding overtime. All overtime must always be consensual and not requested on a regular basis. Weekly overtime must not exceed 12 hours.

Employees must be allowed a minimum of 1 day off per week and paid annual leave. Maternity leave, sick leave, and other types of leave must be provided to all employees in accordance with relevant local regulations.

Wages and benefits

Wages for a standard working week must at a minimum meet the legal minimum wage, industry standards or negotiated wages, whichever is higher. Wages must be paid regularly and in a timely manner.

Suppliers should work towards providing a fair living wage, implying that wages are enough to meet the basic needs of employees and their families and provide some discretionary income. All overtime work must be compensated at a premium rate which is recommended to be no less than 125% of the regular pay rate.

Deductions are only permitted if and to the extent prescribed by law or fixed by a collective agreement. It may not be used as a disciplinary practice.

Occupational health and safety

A safe and hygienic working environment must be provided for all employees.

To prevent accidents and injuries and promote a healthy and safe work environment, suppliers must – at a minimum – ensure that below listed initiatives are in place. The list is not exclusive but outlines the most critical aspects of a health and safety management system. Special measures must be put in place to ensure a gender-sensitive approach.

- Management representatives for occupational health and safety.
- Incident and risk management procedures proportionate to the type and size of business.
- Health and safety training on occupational risks. This includes training in firefighting and handling hazardous materials and chemicals.
- Provision of appropriate personal protective equipment (PPE), free of charge and in good condition. Training in the proper use of the PPE must be provided.
- All premises on site, including company-provided dormitories, restrooms, changing rooms and canteen, shall uphold appropriate standards on hygiene, health and safety. This includes adequate equipment for fire safety.
- Access to clean drinking water and access to sanitary facilities for employees at all times.
- Safe and healthy buildings. All relevant permits and certificates regarding building safety should be kept for review.
- Safe electrical installations installed and maintained by competent personnel.

Environment

General provisions

Suppliers must conduct all operations in full compliance with all applicable environmental laws and regulations. This includes obtaining and maintaining all necessary registrations, permits, and licences, including, but not limited to, below listed areas.

Moreover, suppliers must have procedures and capabilities in place to ensure that they prevent and mitigate negative environmental impacts from their activities, or associated activities. At a minimum, procedures and capabilities must be in place for below listed issues.

We expect that our suppliers will request their supply chain to comply with these requirements.

Chemicals

Suppliers must conduct their operations in accordance with below requirements on chemicals:

- The [European Union REACH Regulation \(EC\) No 1907/2006 Annex XVII](#) and later amendments;
- The “substances of very high concern” (SVHC) i.e. the [European Union REACH Regulation \(EC\) no. 1907/2006 Candidate List](#). Suppliers are requested to check the list on a regular basis as this list is continuously updated;
- Country specific regulations on export markets.

Local laws must be followed in the storage, handling, use and disposal of all chemicals and must comply with the Material Safety Data Sheet (MSDS) for each chemical product.

Water resources

Suppliers must carry out all operations in full compliance with all applicable laws, regulations, and industry guidelines on water conservation, water quality, and wastewater.

Measures must be put in place to clear wastewater. Suppliers should work towards minimising the use of water during production processes, including introducing water saving techniques and waste-water recycling. This is particularly pertinent for suppliers with wet processing. Suppliers without wet processes are also expected to manage and measure water consumption.

Suppliers should work towards measuring the impact of their operations on the local/regional water supply to avoid negatively contributing to water stress.

Air quality and climate:

Suppliers must reduce and control emissions to air according to applicable regulations. This includes noise, odour, and dust emissions.

Suppliers should work towards mitigating negative impact on climate change by carrying out the following measures: implementing energy efficiency measures in the value chain, starting with high-impact processes, using renewable energy sources if available; and calculating emissions and setting targets to reduce the emissions using recognized standard-setting tools.

Waste management:

All waste must be managed responsibly and as a minimum according to applicable regulations. Hazardous waste must be handled by an authorized company/organisation.

Suppliers should minimize waste during production processes going to landfill, facilitate collection of waste to be re-used, reduce use of virgin raw materials, and optimize use of re-cycled materials. The goal should be no waste to landfill.

Anti-corruption

Suppliers are expected to act according to high ethical standards and with integrity in all matters related to their business and have adequate procedures to prevent corruption in their operations.

No form of corruption, extortion, kickbacks, facilitation payments, or bribery must be offered, received, or promised.

Animal welfare

Suppliers are expected to ensure that materials used in the products derive from animals that have been treated according to all applicable regulations, conventions, and standards. The animals must be fed and treated with dignity and respect. No animal must deliberately be harmed nor exposed to pain in their lifespan.

Taking the lives of animals must always be conducted using the quickest and the least painful and non-traumatic method available, and approved by national and acknowledged veterinarians, and only conducted by trained personnel.

When using materials that derive from animals, the supplier should be ready to document the chain of custody of the product, e.g. via existing credible third-party certifications schemes such as the Responsible Down Standard (RDS) and the Responsible Wool Standard (RWS).

Grievances

Suppliers must have a grievance mechanism in place allowing stakeholders to voice their concern if they find that operations of the supplier are adversely affecting human and labour rights, environment, including climate, anti-corruption, and animal welfare. The grievance mechanism should be appropriate to the size of the company and can take the form of a whistle-blower function, worker representation committee, etc. The grievance mechanism should be widely communicated, and accessible to all workers (including temporary workers), and managed in a confidential, unbiased, timely, and transparent manner.

Collaboration and monitoring

Open and transparent dialogue on the standards of this Code of Conduct is essential for our relationship with our suppliers. As part of this, suppliers are expected to inform about all sub-contractors. Hidden factories are not accepted.

All suppliers are evaluated against the standard of the Code, and we prioritise those suppliers who are committed to demonstrating compliance and continued improvements.

Suppliers are evaluated through different types of assessment, including self-assessments, internal assessments, and third-party assessments (announced and unannounced). We and appointed third-party auditors must be granted access to all facilities, including sub-contractors, as well as relevant documents and employees as requested.

We trust that our suppliers will embrace the requirements of this Code. In those instances where a supplier needs to improve certain procedures and practices, the supplier must be committed to do so within a specific timeframe. We believe that achieving good social and environmental standards is a process, and we are committed to working together with our suppliers in their efforts.

If a supplier demonstrates lack of commitment and will to engage and improve on the standards of this Code, we will not hesitate to terminate the business relationship.

Signature

Herning, Denmark 15-03-2022

Henrik Ellerbæk A/S

Supplier