

Responsible Business Guidelines and Code of Conduct for Suppliers and Business Partners

Approved by Holzweiler board. Last modified 03.03.2023.

Holzweiler strives towards responsible business conduct that respects people, animals, society and the environment. These Responsible Business Guidelines for suppliers and business partners have been developed to complement our Policy for Responsible Business Conduct. To enable a responsible business conduct we wish to work in close partnership with our suppliers and business partners. Holzweiler considers collaboration to be a prerequisite for responsible business conduct, and key to the achievement of the UN Sustainable Development Goals. Therefore we always seek for long lasting collaborations with our partners so we can work together to become better.

Requirements – own business - Holzweiler

Our Policy for responsible business conduct forms the basis for our sustainability work, including in our supply chain. We seek to improve our policy and practice where relevant.

Our suppliers and business partners can expect from Holzweiler that our business and purchasing practices strengthen, and do not undermine, their ability to deliver on our requirements related to people, animals, society and the environment. Holzweiler always seeks collaboration to achieve responsible business conduct. However, we may end business relationships or other forms of collaboration if a supplier or partner is not willing to collaborate on improvements for responsible business conduct.

Requirements – conditions in the supply chain

We expect our suppliers and business partners to work focused and systematically to comply with our Responsible Business Guidelines and Code of Conduct, that covers fundamental requirements on human rights, labour rights, anti-corruption, animal welfare and the environment. Our suppliers and business partners shall:

- Follow our Guidelines for suppliers and business partners, hereunder the Code of Conduct.
- Conduct due diligence for responsible business conduct. This involves; conducting risk assessments to identify potential negative impact on people, animals, society and the environment and to stop, prevent and reduce such impact. The measures put in place must be monitored and their effect evaluated. The measures taken must be communicated to those affected by your actions. If the supplier or business partner is responsible for the negative impact/damage, they are responsible for providing remedy.¹
- Show willingness and ability to work for continuous improvement for people, animals, society and the environment through collaboration.
- At the request of Holzweiler AS be able to document how they, and potential subcontractors, work to comply with the Guidelines.

¹ OECD, «Due Diligence Guidance for Responsible Business Conduct», 2018.

- Have a management system in place to manage complaints related to human rights, labour rights, the environment and corruption.
- Maintain appropriate records to demonstrate compliance with the requirements set forth in the Guidelines and shall provide necessary information and access to parties approved by Holzweiler seeking to verify compliance (for example third party auditors).
- Avoid trading with partners that have activities in countries where a trade boycott is imposed by the UN and/or Norwegian Government authorities.
- If the supplier or business partner, after several requests by Holzweiler, does not show the willingness or ability to comply with the Guidelines, the cooperation may be terminated.

Other requirements:

- Holzweiler do not accept cotton sourced from Uzbekistan and Turkmenistan. Uzbek cotton poses significant risks of human rights violations including the risk of forced labour every year during the cotton harvest, and the Turkmen Government are known to force public sector workers to pick cotton in hazardous and unsanitary conditions and extorts money from public employees to pay harvest expenses.
- We encourage suppliers to avoid production in the region of Xinjiang. If any raw material, product or service the supplier buys are from the region of Xinjiang, they should take increased measures to assess and ensure that human rights violations and forced labour is not occurring.
- If Uighurs are working as migrant workers in the supply chain elsewhere, we refer to section 4 under Supplier Code of Conduct.
- Holzweiler's environmental approach includes a transition to a circular business model, with the aim to create durable, high-quality products to prevent textile waste, and shift towards more renewable resources and efficient energy use in our own organization and supply chain. This includes changing design processes, phasing out hazardous chemicals, implementing systems to manage waste and collecting data from relevant partners to measure our impact. In addition, we aim to reduce our climate footprint by monitoring, measuring and minimizing negative impact. This approach will require a close collaboration with partners through the supply chain.

Expected follow-up and guidance by Holzweiler

At the request of Holzweiler the supplier or business partner must be able to document how they, and any potential subcontractors, work to comply with the Guidelines. The full supply chain for our products must be mapped. Should Holzweiler AS request an assessment of subcontractors' compliance with the Guidelines, it is required to provide the name and contact details of all subcontractors.

For details on the Supplier onboarding program, please see our separate document for the Supplier onboarding process.

To ensure that all partners know our policy and guidelines, and commit to them, the following steps must be done by all partners:

- Holzweiler's Policy and Responsible Business Guidelines and Code of Conduct for suppliers and business partners must be read and accepted by all partners, including agents, producers, subcontractors and suppliers involved in our productions or business.

If an existing partner lacks documentation, we will work together with that partner to get this in place. We expect willingness, effort and progress in return. This may be done through follow-up meetings and an ongoing dialogue on the subject.

When a business relation is well established, we will engage with the suppliers to assess any need for additional training or capacity building to increase the knowledge and competence within the supplier's set up.

Norway has a set of laws addressing traceability and product information.

The Product Information Act gives everyone the right to information about a product, what it contains, where it is produced and who is the manufacturer of the product. The law may require us to obtain information from our supply chain in certain instances.

The Environmental Information Act gives anyone the right to ask, and the right to receive answers from companies on how environmental toxins in products, hazardous emissions and encroachments can affect people and the environment.

The Norwegian Transparency Act makes it mandatory for large and medium sized companies to conduct human rights due diligence (HRDD) throughout their supply chain, in accordance with the OECD Guidelines for Multinational Enterprises and OECD Due Diligence for Responsible Business Conduct.²

This entails that Holzweiler must commit to responsible business practices and embed this responsibility into policies and management systems; identify and assess adverse impacts in their operations, supply chains and business relationships; cease, prevent or mitigate these adverse impacts; track implementation and results of the measures; communicate how impacts are addressed; and provide for or cooperate in remediation when appropriate.

Responsible manufacturing - Supplier Code of Conduct

These principles for responsible business conduct are based on UN and ILO conventions and provide minimum, not maximum standards. The relevant legal framework at the place of production shall be respected. Where national laws and regulations address the same subjects as these Guidelines, the most stringent shall apply.

We require suppliers to communicate the requirements and expectations of this Code of Conduct to all sub-suppliers and require suppliers to work actively towards compliance with the requirements in own supply chain, in addition to efforts to be compliant in own operations.

1. No Forced or compulsory labour (ILO Conventions Nos. 29 and 105)

1.1. There shall be no forced, bonded or involuntary prison labour.

1.2 All work shall be voluntary. No workers shall be kept in employment against their will and all workers must be free to leave work or terminate their employment without reprisal.

1.3. Workers shall not be required to lodge deposits or identity papers with their employer and shall be free to leave their employer after reasonable notice.

2. Freedom of Association and the Right to Collective Bargaining (ILO Conventions Nos. 87, 98, 135 and 154)

² OECD, «Due Diligence Guidance for Responsible Business Conduct», 2018.

2.1. Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively. The employer shall not interfere with, obstruct, the formation of unions or ability to collective bargaining.

2.2 Workers' representatives shall not be threatened, harassed, intimidated or discriminated and shall have access to carry out their representative functions in the workplace without any obstruction.

2.3 Where the right to freedom of association and/or collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of alternative forms of independent and free worker representation and negotiations.

2.4 Worker representatives must be democratically elected by the workforce. Where labour unions are established, representatives must be from unions following all applicable regulations for labour union activity.

2.5 A framework for regular communication between worker representatives and management representatives about matters relevant to workers shall be established. The identity and contact details of all representatives shall be kept available.

2.6 Bargaining or dialogue between workers and management shall happen in good faith.

2.7 The right to engage in legal strike activities shall be respected and there shall be no unlawful retaliation against individuals engaging in legal strikes.

3. Child Labour Prevention (UN Convention on the Rights of the Child, ILO Conventions Nos. 138, 182 and 79, and ILO Recommendation No. 146)

3.1. The minimum age for workers shall not be less than 15 and comply with the national minimum age for employment, or the age of completion of compulsory education, whichever of these is higher. If local minimum is set at 14 years in accordance with developing country exceptions under ILO Convention 138, this lower age may apply.

3.2. There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified above.

3.3. No person under the age of 18 shall be engaged in labour that is hazardous to their health, safety or morals, including night work, or that is damaging to their education. 3.4. Policies and procedures for remediation of child labour prohibited by ILO conventions no. 138 and 182, shall be established, documented, and communicated to personnel and other interested parties. Adequate support shall be provided to enable such children to attend and complete compulsory education.

3.4 Young workers (defined as workers above minimum age but below the age of 18) shall be given the opportunity to participate in education and training programs.

4. Non-Discrimination (ILO Conventions Nos. 100 and 111 and the UN Convention on Discrimination Against Women)

4.1. There shall be no discrimination at the workplace in hiring, compensation, access to training, promotion, termination or retirement based on ethnic background, caste, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

4.2. Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behaviour, and from discrimination or termination of employment on unjustifiable grounds, e.g. marriage, pregnancy, parenthood or HIV status.

4.3 Non-discrimination policies for hiring, promotion and disciplinary practices must be clearly defined and communicated to all workers and employees.

4.4 Migrant workers shall have the same rights and entitlements and be covered by the Supplier Code of Conduct in the same manner as local employees. All elements relevant to the employment must be communicated in a language understood by the worker.

4.5 Female workers shall be given equal opportunities and be entitled to the same benefits as men in the workplace. There shall be no distinction, exclusion, or restriction based on gender.

5. Humane Treatment and Zero Tolerance for Harassment (UN Covenant on Civil and Political Rights, Art. 7 and the ILO convention 190 non-Violence and Harassment)

5.1. Alle employees shall be treated with respect and dignity. Physical abuse or punishment, or threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, is prohibited.

5.2 Measures must be established to protect workers from all forms of harassment and gender-based violence, both physical and psychological, including sexually intrusive, threatening, insulting or exploitative behaviour. Policies and procedures in support of these requirements must be clearly defined and communicated to all workers and employees.

5.3 Grievance mechanisms that allow employees to escalate grievances must be established. Information about grievance channels and procedures must be communicated to all employees.

6. Health and Safety (ILO Convention No. 155 and ILO Recommendation No. 164)

Occupational Health and Safety Management

6.1. The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Hazardous chemicals and other substances shall be carefully managed. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in, the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

6.2 Responsibility for health and safety shall be assigned to a management representative.

6.3 The factory shall carry out risk assessments on a regular basis to identify conditions that are or could be hazardous to the health and safety of the workers. Such risk assessments should produce corrective action plans to prevent, and address identified issues.

6.4 Active cooperation between management and workers, and/or their representatives, is essential to develop and implement systems for ensuring a safe and healthy work environment. Occupational Health and Safety Committee (or similar function) shall be established with representatives from workers and management.

6.5. Workers shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers.

6.6 There shall be sufficient number of persons trained in first aid in each section of a factory and at each shift. Training records shall be kept available. In addition, there shall be routines for handling serious injuries requiring outside medical attention.

Safety devices

6.7 Machines and equipment shall have appropriate and functional safety devices which shall be maintained and inspected on a regular basis by certified persons. Safety instructions relevant to the machinery shall be available and be always followed. Valid certificates and permits must be available for equipment such as boilers, elevators, generators, pressure vessels and other relevant equipment. Operators of such equipment shall have relevant operator permits or certificates. Pressure equipment shall be isolated from other working areas.

6.8 Workers shall be equipped with appropriate personal safety equipment (PPE) free of charge. Training shall be provided on proper use of such equipment.

6.9 Risk areas and potential hazards must be clearly marked by warning signs in appropriate languages with pictograms where relevant.

6.10 There must be sufficient first aid equipment and supplies in each section of the factory. Inventory lists of supplies shall be kept, and equipment and supplies shall be checked regularly.

Healthy Working environment

6.11 There shall be proper ventilation, windows, fans, air conditioning and /or heating in the workplace so that requirements on air quality, ventilation and temperature requirements are met.

6.12 The factory shall ensure that all workers are protected from damaging noise levels.

6.13 The lighting must be sufficient to ensure a safe working environment.

6.14 There must be adequate space in the factory to accommodate the safety and welfare of the workers. Adequate cleanliness should be maintained in all areas.

6.15 There shall be access to clean toilet facilities in sufficient number and to potable water. Toilets shall be accessible during all working time and during breaks. Workers shall be allowed reasonable time to use the facilities, and the use of such facilities shall not be recorded or monitored.

6.16 If the factory provides food for its workers, the canteen, in which food is stored and prepared, must be located in a separate room or other area separate from the production area and also be clean and in good condition.

Adequate storage for food shall be available to workers.

6.17 Sandblasting shall not be used for any production. Factories shall not have any sandblasting equipment available for use.

Building & Fire Safety

6.18 The factory must be able to display relevant permits that production buildings and installations in such buildings are of an appropriate standard for how they are being utilized.

6.19 There must be a management system to ensure that operational loads do not at any time exceed the factory floor loading limits.

6.20 There shall be an automatic and centralized fire detection and fire alarm system covering all areas of the facility. Fire drills, evacuation and testing of emergency systems shall be conducted on a regular basis. Evacuation drills shall be documented at a minimum with date/time, evacuation time achieved, observations of improvements needed.

6.21 Firefighting equipment shall be maintained in sufficient number and in proper working order. It shall be easily visible and accessible to all workers.

6.22 Buildings shall be provided with a means of egress system for all occupants to safely evacuate, that includes (but is not limited to) a sufficient number of clearly marked, unlocked and unblocked exits, and safe and unobstructed exit pathways leading out of the premises.

Evacuation plans shall be in place and shall be posted at the entrance to each exit stair.

6.23 Exit doors shall be side-hinged swinging type. Roll-down and sliding gates and shutters are not allowed. Doors shall swing in the direction of exit travel / natural exit route. Doors cannot be locked in the direction of exit travel unless the latch and lock can be disengaged with one motion or a panic bar is installed.

6.24 Electrical systems, equipment, panels, outlets, and wiring must be installed by a certified electrician, and must be properly placed, grounded, and documented. All electrical features must be maintained in good working order and must be inspected on a regular basis.

7. Wages and benefits (ILO Convention No. 131)

7.1. Wages and benefits paid for a standard working week shall as minimum meet national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs, including some discretionary income.

7.2. All workers shall be provided with a written and comprehensible contract outlining their wage conditions and method of payments before entering employment.

7.3 Wages shall be paid directly to the worker preferably by a traceable digital payment system (such as bank transfer). Payments shall be done in a timely fashion and in full. Workers must sign for any payments received in cash.

7.4 Where used, piece rate shall be calculated so that those producing the lowest amount receive at least minimum wage within regular working hours.

7.5 At each payment workers shall be provided with comprehensible information for concerned pay period in writing, including but not limited to: number of working days, wage/piece rate calculation, overtime hours and overtime pay, bonuses or other allowances.

7.6 Holiday pay, sickness allowance, maternity leave compensation, as well as other compensated absences or fringe benefits established by law shall be covered by the manufacturer pursuant to the particular country's laws and regulations.

7.7. Deductions from wages as a disciplinary measure shall not be permitted.

7.8 Systems shall be established to record wages and benefits systematically in a transparent and reliable manner. Records shall at minimum include name of worker, regular working hours, overtime hours, bonuses, allowances, applicable deductions, and net wages. Payment records with all details shall be kept available for at least 24 months.

7.9 Holzweiler believes that every worker should earn a living wage. And therefore, we strive towards the implementation of a living wage for the workers in our supply chains. The Anker methodology is the recommended way of calculating living wage (inflation must be considered).

<https://www.globallivingwage.org/about/anker-methodology/>

We will step by step collaborate with the suppliers to respect the principles in the Fair Wear Foundation movement. We will proactively engage with suppliers and stakeholders to continuously improve wages. To support the work, we must also strengthen social dialogue, worker representation and workplace training. Read more on FWF work: <https://www.fairwear.org/>

8. Working Hours (ILO Convention No. 1 and 14)

8.1. Working hours shall comply with national laws and benchmark industry standards, and not more than prevailing international standards. Weekly working hours should not on a regular basis be more than 48 hours.

8.2. Workers shall be provided with at least one day off for every 7 days period.

8.3. Overtime shall be limited and voluntary. Recommended maximum overtime is 12 hours per week, i.e. that the total working week including overtime shall not exceed 60 hours. Exceptions to this are accepted when regulated by a collective bargaining agreement.

8.4. Workers shall always receive overtime pay for all hours worked over and above the normal working hours (see 8.1 above), minimum in accordance with relevant legislation.

8.5 All working hours (both regular and overtime) shall be recorded systematically in a reliable and transparent manner. Working time shall be recorded individually by every worker in an electronic recording system. Working time records with all details shall be kept available for at least 24 months.

9. Regular Employment (ILO Convention No. 95, 158, 175, 177 and 181)

9.1. Obligations to employees under international conventions, national law and regulations concerning regular employment shall not be avoided using short-term contracting (such as contract labour, casual labour or day labour), sub-contractors or other labour relationships.

9.2. All workers are entitled to a contract of employment in a language they understand.

9.3. The duration and content of apprenticeship programs shall be clearly defined.

10. Marginalized Populations (UN Covenant on Civil and Political Rights, art. 1 and 2)

10.1. Production and the use of natural resources shall not contribute to the destruction and/or degradation of the resources and income base for marginalized populations, such as in claiming large land areas, use of water or other natural resources on which these populations are dependent.

11. Environment

11.1. All partners shall have a system in place to measure and ensure improvement on environmental impact.

11.2. Negative impact on the environment shall be reduced throughout the value chain. In line with the precautionary principle, measures shall be taken to continuously minimize greenhouse gas emissions and local pollution, the use of harmful chemicals, pesticides, and to ensure sustainable resource extraction and management of water, oceans, forest and land, and the conservation of biodiversity.

11.3. As a part of Holzweiler's climate accounting, data on fabric consumption, waste and type of energy used for our productions, will be collected annually. All partners must commit to deliver this information upon request.

11.4. National and international environmental legislation and regulations shall be respected, and relevant discharge permits obtained.

12. Anti-Corruption

12.1 Corruption in any form is unacceptable, including bribery, extortion, kickbacks and improper private or professional benefits, gifts, loans, fees or reward to customers, agents, contractors, laboratories, suppliers in all tiers, Holzweiler Production Offices, or employees of any such party or government officials. Policies for anti-corruption should be established and implemented at all levels of the business.

12.2 In the event of any act of corruption, bribery or the attempt of such activities, or other forms of unethical conduct or breaches to responsible business practice by Holzweiler, Holzweiler staff, appointed third parties, or others affiliated or connected with Holzweiler, please contact csr@holzweiler.no The information will be handled with confidentiality.

13. Animal welfare

13.1 Animal welfare shall be respected, and **Holzweiler Animal welfare policy** (separate document) must be adhered to. Measures should be taken to minimize any negative impact on the welfare of livestock and working animals.

13.2 National and international animal welfare legislation and regulations shall be respected.

13.3 The use of unethical and inhumane production processes such as mulesing is not in accordance with Holzweiler animal welfare policy.

13.4 Holzweiler is against animal testing and encourages all business partners to follow our policy on this matter.

Place and date:

Company:

Signature:

Complete signature in capital letters:.....