

KappAhl

CODE OF CONDUCT FOR SUPPLIERS

VERSION

DATE

3.1

March 2018

Introduction

At KappAhl we believe that we have an important role to play in the development of a sustainable society. We want to ensure that the human rights' of the people whose work is contributing to our business are respected.

Therefore we have developed a Code of Conduct for our suppliers. By signing KappAhl General Terms the supplier commits to working proactively to meet these requirements within its operations and its supply chain.

While KappAhl recognizes that there are different legal and cultural environments in which our suppliers and their production units operate, we expect our suppliers to follow internationally accepted labour standards, including the conventions of the International Labour Organization (ILO) and to continuously work on improving the labour conditions for those involved in the production of our garments and other products.

I. Compliance with Laws

Production units that produce goods for KappAhl should operate in compliance with the laws of their respective countries and with other applicable rules and regulations. Where there are differences between the provisions of this code and national laws or other applicable standards, suppliers shall adhere to the higher or more stringent requirements.

Our requirements may however not be limited to legal requirements.

II. Labour

Forced Labour

Suppliers or subcontractors should not use any form of forced labour, including prison labour or bonded labour as defined by ILO conventions 29 and 105.

Suppliers or subcontractors should not require their employees to pay any kind of deposits, nor may they retain their employees' identity documents.

Child Labour

KappAhl does not accept child labour.

A child is defined as a person younger than 15 years of age, or as an exception, 14 years of age in countries referred to in article 2.4 of the ILO convention 138. If the national legal age for working is higher than 15 years of age, the supplier must adhere to the higher requirement.

The supplier shall establish and implement a child labour policy ensuring that no child is employed.

If child labour is detected in the production of goods for KappAhl the supplier is obliged to offer a sustainable solution in the best interest of the child.

Young employees (below the age of 18 years) may only be employed in non-hazardous work, if they are above the country's legal age for working.

Freedom of Association and Collective Bargaining

All employees must be able to exercise their legal right to form or join a trade union and participate in collective bargaining without threat of reprisal, intimidation or harassment (ILO conventions 87, 98 and 135).

In countries where freedom of association is restricted the company should strive to create an environment in which the company management and employees can discuss salaries and working conditions in a non-threatening manner.

Humane Treatment

Suppliers or subcontractors should treat all employees with respect and dignity. Physical punishment or the threat thereof, sexual or racial harassment, verbal abuse or power abuse or any other form of harassment or intimidation is unacceptable under any circumstances.

Discrimination

Suppliers or subcontractors should not apply any type of discriminatory practice as regards the recruitment, compensation, promotion or the termination of an employment agreement based upon race, caste, ethnicity, social origin, marital status, sexual orientation, disability, religion, nationality, age, gender and/or union membership or political affiliation (ILO conventions 100 and 111 and the CEDAW convention).

Wages and Benefits

Suppliers and subcontractors should pay its employees at least minimum wage or the prevailing industry standard, whichever highest. The amount should be sufficient to cover basic needs for the employee and their family as well as provide some additional income.

Wages and over time premiums and any incentive (or piece) rates should be paid directly to the employee on time and in full.

Suppliers or subcontractors should provide their employees with paid sick leave, maternity leave annual leave and statutory holidays as required by law or the prevailing industry standard, whichever highest.

To make unfair or illegal deductions from wages or the removal of benefits as a disciplinary measure are not permitted.

Working Hours

Suppliers or subcontractors should set working hours in compliance with applicable laws, and regular working.

The total hours worked in any 7 day period shall not exceed 60 hours.

Employees should have at least one day off in seven and employees should be permitted to refuse overtime without any threat of penalty, punishment or dismissal.

Labour Contract

All employees should be entitled to a written labour contract in accordance with the law.

III. Working Conditions

Occupational Health and Safety

Suppliers and subcontractors should comply with applicable laws and regulations and provide the employees with a safe and healthy work place.

Employees should be provided with sufficient personal protection equipment for the work performed. The employer is encouraged to introduce a health and safety policy for its operations.

Dormitory

When dormitory facilities are provided, these should meet all applicable laws and regulations related to health and safety, including fire safety and electrical and structural safety.

IV. Environment

Suppliers should comply with existing environmental legislations and obtain all legally required permits, licenses and registrations applicable for their business.

The supplier should introduce and maintain a suitable environmental management system or equivalent to minimise environmental risks, and continuously improve the company's environmental performance.

Any waste, waste water or emissions with the potential to adversely impact human or environmental health should be appropriately stored, managed, controlled, disposed of and treated prior to release into the environment.

V. Management System

KappAhl expects its suppliers to strive towards continuous improvement in their work to comply with the Code of Conduct.

Clearly communicated roles and responsibilities, implemented policies and routines, along with functioning control systems, is the foundation for a successful implementation of the Code of Conduct and successful business operations.

We encourage our suppliers to implement the Code of Conduct into an existing management system or to introduce a management system in the workplaces being used in the production of goods for KappAhl.

VI. Monitoring, Corrective Action and Non-Compliance

KappAhl expects its suppliers to respect the Code of Conduct and to actively do the utmost to fulfil KappAhl's requirements in their own organisation and throughout their supply chain. This should be done by cooperating in a transparent manner, by for example granting KappAhl access to relevant documentation and premises.

KappAhl reserves the right to carry out announced and unannounced audits of all premises producing our goods at any time, either by KappAhl or by an independent third party of our choice.

If KappAhl determines that a production unit is violating this Code, we expect the supplier to take responsibility for the implementation of corrective actions.

If corrective action is advised but not taken, KappAhl may suspend the placement of future orders or terminate the business relation at its discretion.