

Code of Conduct Business Unit Footwear

Supplier and buyer commitment

ANNEX – Business Unit Footwear

Part 1. The supplier's commitment

1. INTRODUCTION AND PURPOSE

The business unit Footwear of Hultafors Group strives to manufacture products in excess of the safety standards, because we only want to make the best products that are safe to use. Safe for the people who wear our shoes and socks, safe for the people who produce our products and safe for the environment. We are only reassured when we know that people can work safely and carefree with our products. These people include both the people who work at Hultafors Group Footwear and the people in our supply chain. The working conditions at our suppliers, the materials we use: we strive for responsible production and living wages for everyone involved in the production process. Our suppliers are regularly audited and often have certificates for environmental and social standards for their manufacturing facilities. Hultafors Group Footwear works with various stakeholders to develop, produce, sell, distribute and dismantle and recycle work shoes and safety shoes after use. As an inclusive employer, EMMA Safety Footwear, one of the Footwear brands, takes into account the layout of the work, so that every employee, including people with a disability, can make the most of his or her opportunities.

Hultafors Group Business Unit Footwear is a promoter of respect for life, human rights, cultural diversity, international corporate social responsibility and a sustainable environmentally friendly world. EMMA Safety Footwear, has signed the Dutch Agreement on Sustainable Clothing and Textiles. In this agreement, a broad coalition of companies and other organizations is working together to prevent abuses such as exploitation, animal suffering and environmental damage. This agreement is focused on the following international Corporate Social Responsibility principles:

1. Discrimination and gender
2. Child labour
3. Forced labour
4. Freedom of trade union
5. Living wage
6. Workplace safety and health
7. Raw materials
8. Water, energy and use of chemicals
9. Animal welfare

Our collaborative way of thinking, working and organizing in the Hultafors Group allows us to respond quickly and effectively to changes in the outside world. A sustainable development of our business is promoted by achieving a balanced plan of initiatives based on long-term economic, social and environmental objectives. A safe and appropriate working environment for employees is ensured, by identifying, evaluating and managing potential hazards and risks associated with our business activities and taking preventive measures that prevents occupational injury and illness. Environmentally conscious working is increased by implementing a process for identifying and

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evaluating environmental risks in the supply chain. The result of risk-hedging measures associated with business activities, material use and maintenance of responsible and efficient use of natural resources is monitored. Environmental damage and pollution is prevented by promoting environmentally friendly business operations throughout the supply cycle.

Hultafors Group specifically chooses designs and processes that have a decreased impact on the environment and workers due to its usage of energy, water and chemicals. When working with leather, all our Footwear suppliers are encouraged to work with tanneries that are Silver or Gold certified by the Leather Working Group. Moreover, you as our supplier must, in order to minimize pollution, seek to implement waste water treatment. Waste water must be purified before it is discharged. The quality of the waste water meets at least the legal requirements. As our supplier, you can also demonstrate that the emission requirements are met. Hultafors Group also strives for the highest possible use of previously used raw materials, whilst maintaining or improving quality, safety and comfort. Particular attention is paid to the development and production of circular shoes, safety shoes with a longer lifespan and durable and sustainable materials, which are designed for re-use in next use applications.

If necessary, our suppliers may subcontract to by Hultafors Group previously approved subcontractors. However, the supplier should be prepared to disclose the following: – intent to subcontract work; – selection of pre-approved subcontractor; – up-to-date information on subcontractor; and – size of contract allocation. Where feasible, you, as our supplier, are encouraged to establish ongoing relationships with their subcontractors and become actively involved in the establishment and monitoring of corrective action, as relevant.

Our sourcing department is responsible for evaluating environmental and social aspects when making sourcing and purchasing decisions. That is how our behaviour reaches far beyond the borders of the European Union. We are committed to conducting due diligence throughout our full supply chain. In order to fulfil this commitment, your support is crucial and essential to us. Hence, we count on your willingness to cooperate with us in this respect. The Code of Conduct principles are provided in order to communicate our position to our partners in the supply chain. This Annex makes the Code of Conduct a Two Way Code of Conduct, so this Code of Conduct also communicates what you as a supplier can expect to receive in return for complying with this Code of Conduct. Every supplier of Hultafors Group (Business Unit Footwear) is obliged to meet the minimum requirements specified in the Hultafors Group Code of Conduct and this Annex, and to cascade its content onto any subcontractors and business partners that are involved with work for Hultafors Group. Hence, complying with these principles is a condition for doing business with Hultafors Group. Because, at Hultafors Group, we take our business and our social concerns seriously.

Hultafors Group

Mikael Sundström

Business Unit Leader Footwear, Executive Vice President

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Part 2: The buyers' commitment

1. PURCHASING PRACTICES

Hultafors Group recognizes the possible negative impact in the chain as a result of our own actions. We commit ourselves to gaining insight into and improving our own purchasing practice based on analysis and the collection of feedback. The insights and feedback obtained and possible contribution of the own purchasing practice negative impacts are regularly discussed with suppliers and evaluated based on established indicators. We recognize the importance of translating these evaluations into changes in the purchasing practice.

We, the buyer, commit to supporting our suppliers to meet the required labor rights standards by:

- Complying to the same business ethics as our suppliers, as stated above
- Treating suppliers with respect and consideration in all our dealings and communications
- Communicating clearly, promptly and accurately on all issues concerning orders
- Staying with our current supplier if a higher price will ensure decent wages and working conditions for workers, rather than moving our business elsewhere purely on the basis of price
- Placing orders with mutually agreed lead times between us and suppliers and respecting these accordingly
- Making sure that changes in running orders only occur when both parties agree on the renewed timeframe and other consequences as a result of the changes
- Taking pay and working conditions of workers into consideration when reviewing our business relationship, rather than ending a business relationship purely on the grounds of price or quality
- Paying a responsible price to the supplier, so that a stable and long-term healthy partnership is maintained for both parties.
- Paying a price that enables the supplier to meet the requirements in this Code of Conduct.

2. RESPONSIBLE EXIT STRATEGY

Steps when ending a business relationship for reasons of labour rights violations

When improvement options are exhausted and the decision has been made to end the business relationship, the following steps must be taken into consideration:

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1. Hultafors Group should involve relevant stakeholders, particularly unions, NGO's, and/or labour inspection where applicable.
2. In consultation with local stakeholders, determine the social impact of leaving the supplier and the role we should play to mitigate or prevent the negative impact based on leverage. Leverage is partly defined by the share of the production volume the brand buys from a factory and the length of the business relation, but is not a static concept. It can be influenced by a range of mechanisms, including the size and power of the brand in the wider industry, but also through collaboration with other customers or parties. When functional¹ trade union(s)/worker representation exists in the factory, they must be included in the evaluation of the social impact.
3. Formally communicate the decision to the supplier and use this communication as leverage and as last step to engage supplier in change. Explain the upcoming disengagement is due to an identified continued violation of labour rights after failed attempts to prevent and mitigate impacts and no corrective actions taken by the supplier. Timing should not be influenced by business decisions (e.g. finishing orders, next season) but by the ongoing labour rights violation.
4. Hultafors Group must be able to answer the following question: does the exit lead to layoffs (or even closure) if nothing else would change? If so, we must ensure the supplier is compliant with severance laws and monitor whether the supplier is financially able to cover those costs. We are responsible for monitoring the compliance of this in collaboration with worker representatives and should use the results of their due diligence approach to mitigate the effects when supplier fails to be compliant with local severance laws.
5. In case the production location is part of a conglomerate of production units under the same ownership, we must investigate whether the labour rights violation(s) in question may have or might occur at the other production units where the member's products are being made. The owner(s) should be informed about the outcome of the investigation by Hultafors Group. If similar labour rights violation(s) occur in other production units, orders must be stopped as well.

Steps when ending a business relationship for other reasons

1. Analyzing the reason for ending the relationship and weigh all options for leaving versus staying with the supplier.
2. Inform the supplier as soon as the decision has been made internally and at least one season ahead, to allow the factory management to find new customers and orders to fill their capacities. The information should include a transparent explanation about the reasons for ending the business relationship.
3. In consultation with the supplier and stakeholders, determine the social impact of your decision and the role you should play to mitigate or prevent the negative impact based on leverage. Leverage is partly defined by the share of

¹ By functional we mean a democratically elected worker representation that functions without involvement of management

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the production volume the brand buys from a factory and the length of the business relation, but is not a static concept. It can be influenced by a range of mechanisms, including the size and power of the brand in the wider industry, but also through collaboration with other customers or parties. When functional² trade union(s)/worker representation exists in the factory, they must be included in the evaluation of the social impact.

4. Hultafors Group must be able to answer the following question: does the exit lead to layoffs (or even closure) if nothing else would change? If so, Hultafors Group must ensure the supplier is compliant with severance laws and monitor whether the supplier is financially able cover those costs. Hultafors Group is responsible for monitoring the compliance of this in collaboration with worker representatives.

5. In consultation with the supplier, define phase-out plan. Based on the above evaluation, determine a phase-out plan of production orders with a clear timeline. When functional worker representation or union exists in the factory, they must be consulted. It should address the support needed to minimize the social impact and allow the factory to find new customers. It should include a plan for lowering the orders over time, temporary short timer work, reduction of shifts, etc.. The extent to which these measures come into place depends on the leverage and therefore differs on a case to case basis.

6. Involve additional stakeholders throughout the process. In the phaseout plan that is developed together with the supplier, Hultafors Group must ensure necessary stakeholders are involved to support the process of minimizing the social impact of the decision.

However, following all steps is only applicable when:

1. The business relationship has existed for over a year, and the supplier has been used for at least 2 orders/seasons.
2. The decision to end the business relationship is Hultafors Group's decision and not the supplier's.

² By functional we mean a democratically elected worker representation that functions without involvement of management

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REFERENCE LIST

HUMAN RIGHTS AND LABOUR STANDARDS

Relevant international instruments and standards on human rights:

- *Equal Remuneration Convention, 1951 (No. 100)*
- *Discrimination (Employment and Occupation) Convention, 1958 (No. 111)*
- *1998 Declaration on Fundamental Rights and Principles at Work (ILO)*
- *Declaration on the Elimination of Violence against Women, adopted by the United Nations General Assembly (A/RES/48/104), New York, 20 December 1993*
- *Committee on the Elimination of Discrimination against Women, General Recommendation 19, Violence against women (Eleventh session, 1992), U.N. Doc. A/47/38 at 1 (1993), reprinted in Compilation of General Comments and General Recommendations Adopted by Human Rights Treaty Bodies, U.N. Doc. HRI/GEN/1/Rev.6 at 243 (2003).*
- *Convention on the Elimination of All Forms of Discrimination against Women, New York, 18 December 1979, United Nations*
- *Equal Remuneration Convention, 1951 (No. 100);*
- *Maternity Protection Convention, 2000 (No. 183) and its Recommendation, 2000 (No. 191).*

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Relevant international instruments and standards on the right to organize and collective bargaining:

- *OECD Guidelines for Multinational Enterprises, Chapter IV. Human Rights*
- *OECD Guidelines for Multinational Enterprises, Chapter V. Employment and Industrial Relations*
- *ILO Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)*
- *ILO Right to Organise and Collective Bargaining Convention, 1949 (No. 98)*
- *ILO Workers' Representatives Convention, 1971 (No. 135); Recommendation 1972 (no 143)*
- *Universal Declaration of Human Rights Article 23*
- *International Covenant on Civil and Political Rights Article 22*
- *International Covenant on Economic, Social and Cultural Rights, Article 8*

FORCED LABOUR

Relevant international instruments and standards on forced labour:

- *ILO, Forced Labour Convention, 1930 (No. 29)*
- *ILO, Abolition of Forced Labour Convention, 1957 (No. 105)*
- *ILO, Protocol of 2014 to the Forced Labour Convention, 1930 and Forced Labour (Supplementary Measures) Recommendation, 2014 (No. 203)*

CHILD LABOUR

Relevant international instruments and standards on child labour:

- *OECD Guidelines for Multinational Enterprises, Chapter IV, Human Rights and Chapter V, Employment and Industrial Relations*
- *ILO Convention concerning Minimum Age for Admission to Employment 1973 (No.138)*
- *ILO Worst Forms of Child Labour Convention, 1999 (No. 182)*
- *UN Convention on the Rights of the Child 1989*

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ELIMINATION OF DISCRIMINATION

Relevant international instruments and standards on discrimination:

- *ILO Convention: 100 Equal Remuneration Convention, 1951*
- *ILO Convention 111 Discrimination (Employment and Occupation) Convention, 1958*
- *ILO Convention 183 Maternity Protection Convention, 2000*
- *ILO Convention 190 Violence and Harassment Convention, 2019*

EMPLOYMENT CONDITIONS

• WORKING HOURS

Relevant international instruments and standards on working hours:

- *Hours of Work (Industry) Convention, 1919 (No.1)*
- *Weekly Rest (Industry) Convention, 1921 (No. 14)*
- *Forty-Hour Week Convention, 1935 (No. 47)*
- *Holidays with Pay Convention (Revised), 1970 (No. 132)*
- *Reduction of Hours of Work Recommendation, 1962 (No. 116)*
- *Night Work Convention, 1990 (No. 171) and its Recommendation, 1990 (No. 178)*
- *Maternity Protection Convention, 2000 (No. 183) and its Recommendation, 2000 (No. 191).*

• WAGES

Relevant international instruments and standards on wages:

- *OECD Guidelines for Multinational Enterprises, Chapter V, Paragraph 4.b.*
- *ILO Convention 26 Minimum Wage-Fixing Machinery Convention, 1928*
- *ILO Protection of Wages Convention, 1949 (No. 95) and Recommendation, 1949 (No.85).*
- *ILO Minimum Wage Fixing Convention, 1970 (No. 131) and Recommendation, 1970 (No.135).*
- *ILO Protection of Workers' Claims (Employer's Insolvency) Convention, 1992 (No.173) and Recommendation, 1992 (No.180).*
- *UN Charter on Social, Economic and cultural rights, Article 7.*
- *Universal Human Rights Declaration, Article 23*

WORKING CONDITIONS

• SAFETY REQUIREMENTS

Relevant international instruments and standards on safety requirements:

- *ILO Convention 155 Occupational Safety and Health Convention, 1981*

• BUILDING AND FIRE SAFETY

Relevant international instruments and standards on safety requirements:

- *Occupational Safety and Health Convention, 1981 (No. 155)*
- *Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187)*
- *Chemicals Convention, 1990 (No. 170)*

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ANTI-CORRUPTION

Relevant international instruments and standards on bribery and corruption:

- *The OECD Guidelines for Multinational Enterprises, VII. Combating Bribery, Bribe Solicitation and Extortion.*
- *The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the Anti-Bribery Convention)*
- *The OECD 2009 Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions (the 2009 Anti-Bribery Recommendation)*
- *2009 Recommendation on Tax Measures for Further Combating Bribery of Foreign Public Officials in International Business Transactions*
- *2006 Recommendation on Bribery and Officially Supported Export Credits*
- *United Nations Convention against Corruption (2000)*

ENVIRONMENTAL STANDARDS

- **ENVIRONMENTAL STANDARDS**

Relevant international instruments and standards on environmental standards:

- *OECD Guidelines for Multinational Enterprises, Chapter VI. Environment.*
- *OECD Principles on Water Governance*

- **CHEMICALS**

Relevant international instruments and standards on chemicals:

- *OECD Guidelines for the Testing of Chemicals*
- *OECD Principles of Good Laboratory Practice (GLP)*
- *OECD Recommendation of the Council on Implementing Pollutant Release and Transfer Registers (PRTRs)*
- *OECD Guidelines for Multinational Enterprises, Chapter VI. Environment.*

- **WATER**

Relevant international instruments and standards on water:

- *OECD Guidelines for Multinational Enterprises, Chapter VI. Environment.*
- *OECD Principles on Water Governance*

ANIMAL WELFARE

Relevant international instruments and standards on animal welfare:

- *Council Directive 98/58/EC on the protection of animals kept for farming purposes*
- *Council Regulation 2005/1 on the protection of animals during transport*
- *Council Regulation 1099/2009 on the protection of animals at the time of killing*
- *Lisbon Treaty - Article 13 of Title II (2009)*