

WENAAS WORKWEAR

SUPPLIER COMPLIANCE GUIDELINES



Supplier Code of Conduct

Wenaas Workwear AS (from now called Wenaas) as a member of the United Nations Global Compact has embraced and committed to its guiding 10 principles for Corporate Responsibility on Human Rights, Labour, Environment and Anti-Corruption, and our Code of Labour Standards is based on those of the International Labour Organisation (ILO). We recognize that our business has an impact on environmental and social aspects far beyond our own immediate operations and we expect our suppliers and each and every of their factories to share the same values.

The Wenaas Code of Conduct for Suppliers lists the minimum requirements for supplier performance pertaining to human rights, labour rights, environmental management, and anti-corruption. These requirements are applicable to Wenaas and all its brands' suppliers as well as its own production facilities. It is a non-negotiable requirement from our side that all our suppliers should follow this code, communicate the obligations set out herein and ensure compliance with the code throughout their organisations, supply chain and each and every of the factories that produce Wenaas' products.

HUMAN RIGHTS and LABOUR STANDARDS

EMPLOYMENT IS FREELY CHOSEN

There shall be no use of forced, including bonded or prison, labour. (ILO Conventions 29 and 105). Suppliers shall not engage in human trafficking or exploitation, and shall not retain employees' government-issued identification, Passports or work permits as a condition of employment.

THERE IS NO DISCRIMINATION IN EMPLOYMENT In recruitment, wage policy, admittance to training programs, employee promotion policy, policies of Employment termination, retirement, and any other aspect of the employment relationship shall be based on the Principle of equal opportunities, regardless of race, color, sex, religion, political affiliation, union membership, Nationality, social origin, deficiencies, or handicaps. (ILO Conventions 100 and 111)

NO EXPLOITATION OF CHILD LABOUR

There shall be no use of child labour. The age for admission to employment shall be no less than the age of completion of compulsory schooling and, in any case, not less than 15 years. (ILO Convention 138). There shall be no forms of Slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. Children [in the age of 15- 18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals. (ILO Convention 182).

FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

The right of all workers to form and join trade unions and bargain collectively shall be recognized. (ILO Convention 87 and 98) The Company shall, in those situations in which the right of freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143).

PAYMENT OF A LIVING WAGE

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131). Whenever the legal or industry minimum standards are not sufficient to meet these basic needs, suppliers are encouraged to provide adequate compensation to their employees in order for the basic needs to be met. Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

WORKING HOURS

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work more than 48 hours per week and shall be provided with at least one day off for every 7-day period (ILO Convention 1). If local law allows employees may voluntarily work overtime and on rest days and shall always be compensated at a premium rate.

DECENT WORKING CONDITIONS

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible. (Following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited. Clean bathrooms and access to potable water shall be provided. If dormitories are available for the workers, these should be designed and maintained in a way that ensures human dignity and an acceptable degree of personal privacy.

LEGALLY BINDING EMPLOYMENT RELATIONSHIP

Working relationships shall be legally binding, and all obligations to employees under labour or social security laws and regulations shall be respected.

FIRE SAFETY

Fire safety is an important concern in manufacturing operations, proper safety conditions must be maintained both in the factory workplace as well as all office, living, dining, and recreational facilities.

ENVIRONMENTAL STANDARDS

CONDITIONS OUTSIDE THE WORKPLACE

Marginalized populations: production and extraction of raw materials for production should not contribute to and destroy the resource and income base for marginalized population groups, for example by claiming large areas of land or other natural resources on which these populations depend.

EMISSIONS TO AIR, WATER AND GROUND

The Wenaas' supplier shall ensure compliance with all applicable laws and regulations pertaining to air, water, and noise pollution and if required obtain the necessary permits and be able to demonstrate compliance with those permits. The Wenaas' supplier shall ensure compliance with all applicable laws and regulations pertaining to ground contamination.

WASTE MANAGEMENT

Companies must ensure that waste is stored and disposed properly as per legal regulations without any harm to employees and the environment.

CHEMICALS MANAGEMENT IN THE FACTORY

(Below, the word chemicals refer to both substances and products, such as lubricant oil, glue, solvents, and dyes.) The Wenaas supplier shall ensure compliance with applicable laws and regulations pertaining to procurement, storage, handling and use of chemicals. The Wenaas shall have a valid permit for chemicals that are legally restricted. The supplier shall demonstrate compliance with those permits. Specific requirements regarding chemicals in products related to information provision, limit values for chemical residues in products, banned chemicals and testing requirements are detailed in the Wenaas Restricted Substances List (RSL).

RECORDS AND PROVISION OF INFORMATION

The Wenaas supplier shall establish and maintain a list of all chemicals used in production and maintenance, including the name of the chemical product, the purpose or area of use and a reference to a Material Safety Data Sheet.

The Wenaas supplier shall have valid Material Safety Data Sheets (MSDS) for all chemicals used in production and maintenance.

PROCEDURE FOR CHEMICAL MANAGEMENT

The Wenaas supplier shall have a written procedure for the storage, handling and use of chemicals. The procedure shall specify who is responsible to ensure that proper procedure for handling chemicals is always followed at the supplier.

EMPLOYEE INFORMATION AND TRAINING

The supplier shall ensure that employees that procure, store, handle and use chemicals have the right competence and are adequately trained. Records from training shall be kept by the supplier. Information regarding the risks and safe handling of chemical compounds and substances shall be displayed at storage areas and in production areas where the chemical is used. The information can be either the Material Safety Data Sheet, or specific instructions for safe handling and use (following the MSDS). Information must be in language understood by the workers.

LABELLING OF CHEMICALS

The Wenaas supplier shall ensure all containers of chemicals - including temporary containers - are properly labelled with appropriate danger symbols and chemical names to ensure the contents are known and the potential risk minimized.

STORAGE AND HANDLING OF CHEMICALS

The Wenaas supplier shall undertake all necessary precautions to prevent chemicals from leaking to air, ground, and water.

DISPOSAL OF CHEMICALS

The Wenaas supplier shall dispose chemicals in compliance with legal regulations referring to its classification.

ANTI-CORRUPTION

Wenaas follows a policy of zero tolerance for all forms of corruption, including extortion and bribery. Suppliers shall not engage in any form of bribery, corruption, extortion, and embezzlement. Wenaas will not accept any kind of corruption related to our business and we expect all our employees and our partners in the supply chain to embrace this position.

AUDIT AND ASSESSMENT

The Wenaas reserves the right to audit compliance to its Code and the BSCI (Business Social Compliance Initiative) Code of Conduct at any time at its suppliers and each and every of its factories. The suppliers and each and every of its factories are to sign

the Wenaas Code of Conduct, and by doing so agree to allow Wenaas and/ or any organizations acting on its behalf, to carry out audits with or without notice at the supplier's production premises and the production premises of the supplier's factories, at any time.

The Wenaas supplier and/ or factory shall cooperate fully with the audit team during audits and shall grant full access to the premises and any documentation that the audit team ask for, as per Wenaas Supplier Compliance Guidelines document.

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1 INTRODUCTION

At Wenaas, we take respect for human rights, compliance with labour laws and environmental protection very seriously. In our own operations we are committed to upholding high standards and to continuous improvement. We also recognize that our business has an impact on social and environmental aspects far beyond our own immediate operations. It is therefore important for Wenaas to select business partners that share our commitment to ethical and environmental practices and our standards of business conduct.

The Wenaas Code of Conduct for Suppliers contains Wenaas requirements for supplier performance pertaining to human rights, labour rights, environmental management and anti-corruption. These requirements are applicable to Wenaas suppliers as well as our own production facilities.

It is a nonnegotiable requirement from our side that all our suppliers and factories sign the “Wenaas Code of Conduct - Supplier Commitment”, the BSCI (Business Social Compliance Initiative) Code of Conduct , Restricted Substance List latest version and participate in the Wenaas Compliance program.

It is Wenaas’ policy to maintain longstanding business partnerships with our suppliers (whenever technically feasible) and, since we know that our supply base plays a key role in our success, we select suppliers that show excellence in all relevant performance areas. Wenaas considers compliance with its’ Code of Conduct to be the initial key area of supplier performance.

There is a clear correlation between the social performance of a company and its employees' productivity, and the quality of its products.

Poor social performance reduces the output capability of employees, thus hurting the company's bottom line. We are therefore confident that the Wenaas and the BSCI (Business Social Compliance Initiative) Code of Conducts for Suppliers will work to the benefit of all affected stakeholders: manufacturers’ employees, suppliers and factories, Wenaas, and the many companies that buy Wenaas’ products. By adhering to high standards for social and environmental performance we can all contribute to positive development and remain an attractive business partner in a highly competitive market.

This Supplier Compliance Guidelines applies to all suppliers and each and every factories manufacturing Wenaas products and allows them the opportunity to assess their practices and make improvement prior to audit.

The guidelines in this document provide information and practical solutions regarding what is expected, what requirements must fulfilled, and what tasks must be undertaken in the process.

2 COMPLIANCE PROGRAM

2.1 Transparency and product traceability

Suppliers are responsible for reporting all factories used for the production of products provided to Wenaas (Appendix 1)

Factory information are sent to the entities Supplier Owners and the Group Sustainable and Corporate Responsibility (SCR) team.

Supplier and/ or factories will receive Wenaas “Code of Conduct - Supplier Commitment”, the BSCI (Business Social Compliance Initiative) Code of Conduct,” Supplier Compliance Guidelines” and the “Restricted Substance List” latest version (RSL) documents.

The Wenaas Code of Conduct - Supplier Commitment, the BSCI (Business Social Compliance Initiative) Code of Conduct and the Restricted Substance List latest version (RSL) acknowledged and signed with company seal/ chop are to be returned as soft copies by email to csr@wenaas.no.

A Self-Assessment document (SSA) is sent to suppliers and/ or factories to be filled in and returned to the CSR team.

It is a non-negotiable requirement from the Wenaas that all suppliers and each of their factories (= sub-contractors) sign the Code of Conducts and the Restricted Substance List, and participate in the compliance scheme. By signing the Code of Conduct - Supplier Commitment, suppliers and factories agree to participate in the compliance program for verification and development.

Failure to complete the Supplier Self assessment and sign and return the Code of Conduct and RSL means that Wenaas must find an alternative supplier.

Though Wenaas does not expect suppliers and factories to be in full compliance from the start, we do, however expect full commitment to work towards that goal within mutually acceptable timeframes.



- *Detailed process in Appendices 4*

2.2 Chemical Compliance

By signing Wenaas Code of Conduct Supplier Commitment, suppliers agree to participate in our Chemical compliance program and submit random products of any of our brands to an appointed independent global leader testing company.

• Wenaas RSL (Restricted Substance List)

Wenaas follows the Chemical Guidance document from its partner RISE based in Sweden.

- The document is regularly updated, made more specific and key chemicals listed and linked to the product categories mostly used by Wenaas.
- All suppliers and/ or factories receive the Wenaas latest version (RSL) document.
- All supplier and/ or factories of Wenaas are requested to sign and send back the RSL document according to the signing policy described in Chapter 2.1 of this document.

• Chemical test

- Wenaas is in the process to appoint a recognized 3rd party chemical testing company with global coverage Europe and Asia.
- Wenaas will enter a frame agreement with the appointed 3rd party chemical testing company and will agree on key chemicals to be tested per fabric/product family, and also agree on prices and terms and conditions.
- Wenaas will give instructions to its raw materials and finished product suppliers about products to be tested and frequency.
- The chemical test results will be sent directly to Wenaas.
- Chemical test costs are conducted at Supplier's cost.

2.3 Audit process

2.3.1 Audit Cost

Wenaas recommends that suppliers/ factories revise their policies in accordance with the BSCI (Business Social Compliance Initiative). All audits are at supplier/ factory cost, and will be conducted by appointed Wenaas approved 3rd party BSCI certified auditing companies.

Wenaas recognises the following audit systems:

- Business Social Compliance Initiative (BSCI)
- Social accountability 8000 (SA 8000)

2.3.2 Scheduling

For Bangladesh only.

All factories must have been audited either by Accord or Alliance and must have submitted a corrective action validated before entering the Wenaas Compliance program.

The Supplier Self Assessment are reviewed by the Group Sustainable and Corporate Responsibility (SCR) team and shared with the Supplier owners.

Suppliers/ factories must provide the name of the person with operational responsibility for compliance and are strongly encouraged to submit all previous audits and valid certifications (within validity period).

Wenaas reserves the right to send its Quality Controllers to proceed to a Visual audit.

All new and existing suppliers and each and every of their factories which have not yet been audited, will be contacted by the Wenaas Compliance team to schedule an initial compliance audit.

Suppliers/factories will be contacted 4 weeks prior to audit proposed date by Wenaas Compliance manager and/or appointed BSCI 3rd party auditors.

The BSCI Audit Document Request List will be emailed to the supplier/ factory to prepare all documents requested for inspection.

If proposed inspection date is not workable for supplier/ factory, upon justifications another date can be agreed.

2.3.3 Audit execution

- **Audit**

Conducted by Wenaas' approved 3rd party BSCI certified auditing company.

The initial audit is performed based on the BSCI system standards.

- **Audit procedure**

Audits time will be calculated based on 1-man day per 50 workers.

The audit procedure includes the following steps:

Opening meeting: audit team members will have a meeting with representatives of supplier/ factory to explain the procedure of the audit.

Full site, canteen and dormitories inspection: audit team members will then walk through the factory accompanied by representatives of management and photographic records may be taken.

The following areas are checked and assessed during the site inspection:

- Fire-fighting equipment, fire extinguishers and their installation,
- Emergency exits, escape routes and their marking/signposting,
- Health and safety relevant issues: equipment, personnel, training, etc.
- Machines, electrical equipment and power generators,
- Steam generators and steam pipes,
- Room temperature, ventilation and lighting conditions General cleanliness and hygiene,
- Sanitary facilities (toilets, washrooms, drinking water facilities),
- Required social amenities: sick room, first-aid kits, eating area, coffee/tea making area, crèche for children, etc.,
- Dormitories/housing, if provided to employees.

Document inspection: The audit team will review all relevant records and documents as per BSCI Audit Document Request List sent prior to inspection.

- General/ financial documents

- Proof of registration or factory licenses for operation, employment, etc. Policy manuals
- Information material about Wenaas Code of Conduct (poster) and/or the BSCI Code of Conduct (poster)
- Flow chart of the production process
- Map of the factory, specifying type of operations in every room,
- List of all workers, including date of appointment, gender, birth date, function, etc.

- Documents related to labour issues
 - Working hour records over the last 3 months, and possibly longer, as to be discussed during the inspection, and an "attendance register"
 - Overtime register
 - Records of all employees / personal files specifying names, birth dates (including proof of age), identity document number, gender, function, wage scale, date of employment
 - Permits for young workers
 - Leave register, including leave payments
 - Applications for all kinds of leave
 - Grievance files
 - Disciplinary notices
 - Employee manuals and/or (certified) standing orders or factory rules
 - Contracts between management and recruiting agencies
 - Timecards for all employees
 - Payroll journals, or wage lists showing base wages, incentive or bonus earnings, gratuity, hours, deductions, net pay and gross pay
 - All piecework rates and piecework calculations (or other incentive system rates and calculations - base plus, attendance bonuses, quality incentives, etc.) Payroll deposit slips, payroll checking account ledgers and deposit receipts for tax and benefit deductions
 - Payroll tax calculations, records and reports
 - Proof of payment of social security fees
 - Official authorisation for overtime hours
 - Copies of pay slips as handed out to workers
 - Collective bargaining agreement or any other document specifying the working conditions
 - Employment contracts of all workers
 - Documentation of elections of worker representatives, either provided by management or the factory union
 - In cases of 100% union membership: a list of signatures of workers for agreeing to have union dues subtracted from their wages.

- Documents related to Occupational Health and Safety
 - Accidents register
 - Sickness registers
 - Fire certificate
 - Proof of payment for inspection of fire extinguishers, electric appliances, elevators
 - Maternity leave register
 - List of pregnant workers
 - Any other legally required registers concerning the labour laws and labour situation.

Interviews with management: Interviews will be held with representatives of the management. Interview with management is used as a source of information to verify compliance, but also to provide us with an understanding of the view and policies of the management and, if possible, to identify underlying root causes for any identified areas of non-compliance.

Private and confidential interviews with workers: Interviews with workers may be performed inside and/or outside company premises.

Closing meeting: At the end of the audit, the audit team conducts an exit meeting with representatives of management (and if they are available: worker representatives) to discuss the audit conclusions, requirements for necessary corrective actions, recommendations, and a timeframe for implementation. Before the meeting, every effort will be made by audit team members to resolve problems of interpretation and differences of opinion. During the exit meeting, supplier/ factory management team (and the worker representatives) is asked for comments on the findings and the proposed corrective action plan and agreement between all parties will be made in regard to Corrective Action Plan (CAP) and signed

Within 10 days of completion of the audit, the audit team will issue a formal audit report and a Corrective Action Plan (CAP). A copy of the audit report and the agreed Corrective Action Plan will be sent to supplier/factory and Wenaas by email.

Unannounced audits

Please note that Wenaas retains the right to perform unannounced audits as a part of our verification plan. The unannounced audit can also take place in the evening.

2.3.4 Reporting based on BSCI audit rating

Performance Areas: The auditee's path towards continuous improvements is defined through the 13 Performance Areas against which the auditee is evaluated. The Performance Areas are the translation of the BSCI Code of Conduct principles into measurable practices.

These are the 13 BSCI Performance Areas:

- Social Management System and Cascade Effect
- Workers Involvement and Protection
- The Rights of Freedom of Association and Collective Bargaining
- No Discrimination
- Fair Remuneration
- Decent Working Hours
- Occupational Health and Safety
- No Child Labour
- Special Protection for Young Workers
- No Precarious Employment
- No Bonded Labour
- Protection of the Environment
- Ethical Business Behaviour

BSCI Audits can be:

	Fully Announced	Semi-announced	Fully Unannounced
Full audits	The auditee is informed of the date of the audit	The auditee is informed of the “timeframe” when the audit will be conducted	The auditee is not informed of the date of the audit. The audit can take place at any time without previous communication
Follow-up audits			

Rating per question: In every Performance Area, each question can be answered by the auditor:

- **YES:** The auditor finds the amount of evidence satisfactory
- **NO:** The auditor finds the amount of evidence unsatisfactory
- **PARTIALLY:** The auditor finds some satisfactory evidence

The rating for each Performance Area relates to the answers given by the auditor, as each answer has a numerical value. The table below shows the values, which depend on the answer and the type of question:

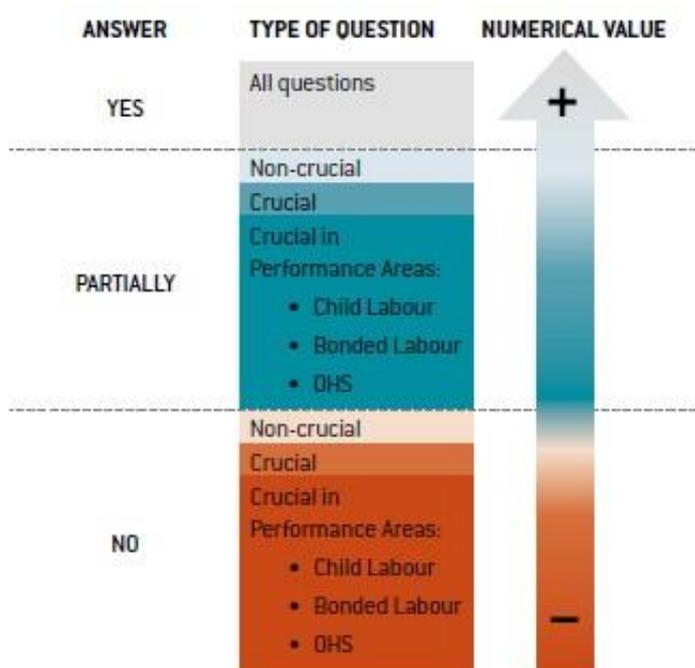


Figure 10: BSCI Audit Rating- Questions and Values

Rating per Performance Area: The values per question are added up and translated into a fulfilment percentage per Performance Area. This fulfilment percentage determines the rating for each Performance Area.

RATING PER PERFORMANCE AREA FULFILMENT PERCENTAGE

RATING PER PERFORMANCE AREA	FULFILMENT PERCENTAGE
A	86% to 100%
B	71% to 85%
C	51% to 70%
D	30% to 50%
E	0% to 29%

Figure 11: BSCI Rating per Performance Area

Overall rating:

Depending on the different combinations of ratings per Performance Area, the auditee will receive a final audit result.

Rating	A combination of ratings per Performance Area where:	Consequence
A Outstanding	<ul style="list-style-type: none"> Minimum 7 Performance Areas rated A No Performance Areas rated C, D or E These are three examples: A B B B A A A A A A A B B B B B B	The auditee has the level of maturity to maintain its improvement process without the need for a follow-up audit.
B Good	<ul style="list-style-type: none"> Maximum 3 Performance Areas rated C No Performance Areas rated D or E These are three examples: A A A A A A B B B B B B B A A A A A B B B B B B B C B B B B B B B B B B C C C	The auditee has the level of maturity to maintain its improvement process without the need for a follow-up audit.
C Acceptable	<ul style="list-style-type: none"> Maximum 2 Performance Areas rated D No Performance Areas rated E These are three examples: A A A A A A A A A C C C C A A A A A B B B B C C C D C C C C C C C C C C C D D	The auditee needs follow up to support its progress. Following the completion of the audit, the auditee develops a Remediation Plan within 60 days.
D Insufficient	<ul style="list-style-type: none"> Maximum 6 Performance Areas rated E These are three examples: A A A A A A A A A A D D D A A A B B B C C C D D D E D D D D D D D E E E E E E	The auditee needs follow up to support its progress. Following the completion of the audit, the auditee develops a Remediation Plan within 60 days..
E Unacceptable	<ul style="list-style-type: none"> Minimum 7 Performance Areas rated E These are three examples: A A A A A A E E E E E E E A A B B C D E	BSCI Participants shall closely oversee the auditee's progress as the producer may represent a higher risk than other business partners.
Zero Tolerance	A Zero Tolerance Issue was identified (see BSCI System Manual Part V – Annex 5: BSCI Zero Tolerance Protocol)	Immediate actions are required. The BSCI Zero Tolerance Protocol is to be followed.

Figure 12: BSCI Audit Rating: Results and Consequences

IMPORTANT – The auditor must trigger an alert in case of flagrant child labour, bonded labour, imminent risk to workers’ health and/or lives and unethical behaviour. In these cases, the auditee does not receive an overall rating but instead it receives a status of Zero Tolerance.

Any critical **Zero tolerance** noncompliance issue detected by Wenaas representative or visiting staff, will lead to immediate audit for evaluation (within 1 day to 1 week).

AUDIT VALIDITY

Rating A or B: BSCI full audits are valid for 2 years, unless follow-up audits are to be conducted. This is the case for producers that receive an overall rating of A or B. Producers rated A and B are eligible to receive a Random Unannounced Check in the period between the two full audits.

Rating C, D or E: When an auditee receives an overall rating of C, D or E after a full audit, this audit is valid until the follow-up audit is conducted.

The follow-up audit shall be conducted on the date defined in the Remediation Plan but it can only take place up to a maximum of 12 months after the last audit:

- If the result of the follow-up audit shows improvements (A or B rating) then the audit is valid until the full audit is due
- If the result of the follow-up audit is C, D or E, the audit is valid until the next follow-up audit is due provided that the period between two full audits never exceeds 2 years

3 FACTORY COMPLIANCE GUIDELINES OVERVIEW

3.1 Our requirement on legal compliance

The Wenaas representative supplier and factory shall be in full compliance with all national laws and local laws, rules and regulations, industry minimum standards, and any other relevant statutory requirements relevant to their business operations, including those which are related to human rights, labour practices, the environment, safety, sanitation codes and building safety codes.

The supplier shall always stay updated on laws and regulations that are relevant to their operations, and there shall be a procedure for updating the list on a regular basis. The Wenaas representative supplier shall always comply with the most demanding requirements whether they are applicable regulations or Wenaas' Code of Conduct specific requirements. Should any of the requirements of the Wenaas Supplier Code of Conduct be in violation of the national law in any country, the local law should be followed, and Wenaas informed about this violation immediately upon the supplier's receipt of this Code of Conduct.

3.1.1 Guidance to compliance

- Ensure that you have access to and follow with all national legal requirements in the country of operation, in particular those pertaining to:
 - Commercial operations
 - Working times
 - Salary and other
 - Compensation
 - Social security
 - Contributions

- Minimum age of employees
 - Forced labour prohibition
 - Disciplinary measures
 - Freedom of association and collective bargaining Prohibition of discrimination
 - Working conditions
 - Occupational health and safety
 - Legal requirements for employee accommodation (dormitories, housing, etc.), if relevant
 - Environmental requirements for your type of facility
-
- Develop a procedure for keeping up-to-date information regarding laws and regulations that are relevant to your operations, and for ensuring that relevant changes, e.g. concerning wages and safety are implemented in your company.
 - Make sure all executives, management and staff are aware of the relevant legal rights and duties under the labour legislation in your country.
 - Make sure that all affected parties are aware of the relevant environmental regulations and standards in your country.
 - Go through the requirements specified in the Wenaas CoC to ensure that none of these requirements is in violation of the national law in your country. If you find that any of the requirements of the Wenaas CoC is in violation of the national law, you must follow the local law and inform the Wenaas Compliance team about this violation immediately.

3.1.2 Documents to support compliance

- Electronic or printed file containing all relevant laws and regulations.
- File with all necessary permits for your company.
- Written procedure for ensuring that the company always has access to updated versions of relevant laws and regulations.

3.2 Our requirement on anti-corruption

Wenaas follows a policy of zero tolerance for all forms of corruption, including extortion and bribery. Wenaas will not accept any kind of corruption related to our business and we expect all our employees and our partners in the supply chain to embrace this position.

Guidance to compliance

- Ensure that your management team is aware of Wenaas' policy on anticorruption.

3.3 Our requirement on labour standards

The Labour Standards in the Wenaas CoC and are based on the Conventions of the International Labour Organisation (ILO) and the Universal Declaration of Human Rights. In the text below reference is made to specific conventions.

Where clarifications of ILO Conventions are required, the standards follow ILO Recommendations and existing jurisprudence.

3.3.1 Employment freely chosen

There shall be no use of forced, including bonded or prison, labour. (ILO Conventions 29 and 105)

Comment Today, forced or bonded labour, if it occurs, mostly appears as economic bondage: employees are not free to leave their jobs, for example, because they have insurmountable debts with the company or a labour contractor.

3.3.1.1 Guidance to compliance

- All your employees have accepted their jobs freely and that they can leave the jobs at any time (observing the legal term of notice.)
- Company always returns original documents of employees, such as ID cards, passports or birth certificates to the employees after the hiring procedure.

- All your employees are free of monetary deposits to your company.
- Workers do not incur debts with your company that will be insurmountable to repay within a reasonable timeframe.
- Wages are always paid regularly and in time. Workers' wages are not retained.
- All employees are free to leave the factory grounds during non-working hours.
- Company does not employ forced or prison labour including labour that is hired as means of punishment for any peaceful political expression or demonstration or as part of any penal regime or other penal system adopted pursuant to the laws or regulations of the relevant country.

3.3.1.2 Documents to support compliance

- List of all employees, including date of appointment, gender, birth date and function.
- Employment contracts of all workers.

3.3.2 No discrimination in employment

In recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspects of the employment relationship shall be based on the principle of equal opportunities, regardless of race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps. (ILO Conventions 100 and 111)

3.3.2.1 Guidance to compliance

- All workers are treated with dignity and respect.
- All decisions related to recruitment, employment termination, wages, promotion, and participation in training programs are solely based on the competence and the personality of the individual and that such decisions are not affected by the individual's race, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps.
- All staff, management and workers alike, know that no sexual harassment is tolerated in the company.
- Policy, routines and procedures in place to ensure that the principle of equal opportunity prevails within the company and that no discriminatory behavior occurs or incorporate this into existing human resources and/or recruitment policy.
- All management staff that makes decisions related to recruitment, employment termination, wages, promotion, and participation in training programs is aware of the policy on discrimination.
- Current or potential female employees are not subjected to obligatory pregnancy tests.

3.3.2.2 Documents to support compliance

- Policy documents detailing your position against any form of discrimination.
- Information or training material used to inform staff about company policy on discrimination and sexual harassment.

3.3.3 No exploitation of child labour

There shall be no use of child labour. The age for admission to employment shall be no less than the age of completion of compulsory schooling and, in any case, not less than 15 years. (ILO Convention 138) There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. [...] Children [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals. (ILO Convention 182)

3.3.3.1 Guidance to compliance

- No employee under the age of completion of compulsory country's schooling, and in any case not below the age of 15 years.
- ID cards and/or birth certificates or other documents to be checked to ensure hired employees are above the legal minimum age.
- Personal data file of all employees up to date including proof of age (copy of ID card, birth certificate or other document that can prove the age of the employee).
- No employees younger than 18 years of age are to be exposed to situations in or outside of the workplace that are hazardous, unsafe or unhealthy.

- All apprentices or vocational students have reached at least the minimum working age and that all legal regulations for apprentices or vocational students are enforced (e.g. educational program, theoretical lessons, working hours, wages, etc.).

IMPORTANT!

If a child below the age of 15 years employed in the company, Wenaas expects the company to take full responsibility for ensuring that the child can attend and remain in school until they are no longer a child. Adequate financial support must be provided to the child so that they can afford to complete their schooling and that the company guarantees them employment when the child is of legal working age. If

Should Wenaas find that a supplier has fired an under-aged employee without ensuring the wellbeing of the child according to the above, Wenaas will see this as grounds to immediately cancel all collaboration with this supplier including existing orders.

3.3.3.2 Documents to support compliance

- Records of all employees or personal files including proof of age. Employment contracts of all workers.
- Policy related to child labour.
- Written procedure for ensuring that you do not hire anyone under the age of completion of compulsory schooling in your country, and in any case not below the age of 15 years.
- Policy and procedure for remediation of children.

3.3.4 Freedom of association and the right to collective bargaining

The right of all workers to form and join trade unions and bargain collectively shall be recognized. (ILO Conventions 87 and 98) The Company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143)

Comment: Social dialogue is defined by the International Labour Organisation (ILO) to include all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. Wenaas believes, as the ILO, that successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability and boost economic progress.

<http://www.ilo.org/public/english/dialogue/ifpdial/areas/social.htm>

3.3.4.1 Guidance to compliance

- Facility does not require and/ or discourage union membership as a condition of hire or continued employment.
- Collective Bargaining Rights: Suppliers shall respect the rights of people to bargain collectively where such rights are established by law or contract.
- Representatives within the facility are freely elected without management interference.
- Representatives include non-management employees.
- Representatives are allowed to carry out activities relating to workers' right and interest without management interference and given access to the workplace in order to carry out their representative functions.
- Management Systems are in place to ensure compliance to standard.
- Effective and appropriate grievance procedure in place for workers.
- If the company is based in a country where the right to freedom of association and collective bargaining are restricted under law, facilitation should be made for parallel means of independent and free association and bargaining for all workers.

3.3.4.2 Documents to support compliance

- List of unions that have members within the factory.
- Documentation describing who the elected worker representatives are and the processes by which they were elected. (This can be developed by the union, the workers representative body, or by the management of the company).
- If there is no official union representation. Written procedure detailing whom (formal or informal spokespersons) the management should contact if they would like to have consultations/negotiations with workers.
- A collective bargaining agreement or if there is no collective bargaining agreement in place it can be good to develop a document containing all rules and procedures related to personnel issues.
- A written communication policy which describes who is responsible for informing and communicating with workers, how workers will be informed, on what subjects and with what frequency.
- A written grievance procedure.
- Records of field grievances and their resolution.

3.3.5 Payment of living wages

Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131) Whenever the legal or industry minimum standards are not sufficient to meet these basic needs, suppliers are encouraged to provide adequate compensation to their employees in order for the basic needs to be met.

Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount

that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

3.3.5.1 Guidance to compliance

- Ensure that all employees receive a wage that meet at least the legal industry minimum standards and that is sufficient to meet the basic need of the employee and her/his family and to provide some discretionary income.
- Ensure that the company pay, at least, the statutory contribution to **all** required social funds (for example: health insurance, retirement benefits, unemployment insurance, etc.) for **all** employees.
- Where workers may be hired through labour contractors, ensure that there is a contract in place which requires the contractor to pay workers a wage that meets at least the legal industry minimum standards after legal deductions.
- Ensure that all employees receive all statutory benefits applicable in your country including:
 - Paid leave and on statutory and/or religious holidays
 - Maternity leave benefits
- Overtime compensation is in accordance with legal regulations or conditions stipulated in a collective bargaining agreement.
- Salaries are paid out regularly, at least once per month.
- All employees receive a pay slip when salaries are paid.
- Wages calculation is documented and understood by all employees.
- No illegal deductions are made from the workers' wages.

3.3.5.2 Documents to support compliance

- Collective Bargaining Agreement or policy on wages describing how wages are calculated including bonus systems, deductions, etc.
- Written procedure for how working hours is recorded.
- Payroll journals, or wage lists showing base wages, overtime compensation, incentive or bonus earnings, gratuity, hours deductions, net pay and gross pay.
- Copies of pay slips handed out to employees.
- Payroll deposit slips, payroll checking account ledgers and deposit receipts for tax and benefit deductions.
- Payroll tax calculations, records and reports.
- Proof of payment of social security fees.
- Working hours record including overtime register
- Timecards for all employees.
- Leave register, including leave payments and applications for all kinds of leave. List of workers currently on maternity leave.

3.3.6 No excessive working hours

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate (ILO Convention 1)

3.3.6.1 Guidance to compliance

- Develop written policies and procedures, defining regular working hours, overtime, shifts, breaks and holidays for your operation, to ensure that:
- Regular working time is in compliance with applicable laws and industry standards, and do not exceed 48 hours per week.
- Employees receive reasonable meal and rest breaks, which must comply with applicable laws.
- All employees get at least one day off for every 7-day period. No employee work more than 60 hours per week.
All overtime work is voluntary and compensated at a premium rate according to law and Collective Bargaining Agreement (if applicable).
- Negative incentives or punitive actions to induce overtime must not be allowed. In case of overtime, the wages based on piecework calculations must equal to or exceed the wage rate that would otherwise be paid for regular hours plus overtime hours.
- All employees are aware of the regular working hours, the applicable wage rate, the company's policies regarding overtime hours and overtime pay rates.
- Systematic records documenting employees' working hours: e.g. by attendance list confirmed by the employee, punch/timecards, IT-based data recording system, pay slips mentioning the hours worked and confirmed by the employee.

3.3.6.2 Documents to support compliance

- Written policies and procedures related to overtime work and overtime compensation, such a document should include the defined regular working hours, shifts, multi-shift working, breaks and holidays for your operation.
- Written procedure explaining the base rate on which overtime is computed and how the overtime calculation is performed.
- Working time register. Time records should contain the following data:
 - start and end of working time per day
 - start and end of breaks per day
 - overtime worked divided into regular working days, Sundays, public holidays rest days
 - sickness and maternity leave or other absences with reason
 - periods of absence without indicated reason
- Timecards/records of hours worked for all employees.

- Payroll documentation including information on hours worked overtime and their compensation.
- If authorization for overtime is needed according to law or Collective Bargaining Agreement, maintain records of official authorization for overtime.
- Document proposed and implemented measures to keep overtime working hours within the acceptable norm.

3.3.7 No excessive working hours

A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible. (Following ILO Convention 155)

Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer are strictly prohibited.

3.3.7.1 Guidance to compliance

- All relevant national and/or regional laws and regulations are followed regarding:
 - Working conditions (Including issues such as room temperature, ventilation, noise levels and lighting conditions, etc.)
 - Health and social facilities (Including issues such as health checks, first aid, sanitary facilities, etc.)
 - Occupational Health & Safety (Including issues such as accident prevention, protective measures, chemicals management and risk minimization)
- All relevant legally required certificates are available.
- Written policy for occupational health and safety, and that you have implemented appropriate procedures to identify and prevent workplace hazards and risks.
- Ensure that the best available occupational health and safety practice is promoted within your factory, bearing in mind prevailing knowledge within the industry. Procedures are in place for dealing with serious injuries that require medical treatment outside the factory.
- All accidents are registered, and the cause analyzed
- Working environment is safe and hygienic and all workers have access to potable water and clean toilet facilities. Kitchen or canteen facilities, when provided, must be clean, sanitary and well lit.
- Dormitories must be clean, safe and comply with all applicable laws and regulations regarding safety, living conditions and fire safety.
- All employees receive appropriate training on procedure to prevent workplace hazards and risks.
- Fire safety procedure is implemented as per legal requirement and training provided and recorded. No physical abuse or punishment, sexual harassment or threatening or abusive

language directed towards another person occurs within the company, and management aware and appropriately trained.

3.3.7.2 Documents to support compliance

- Up-to-date compilation of all relevant national and/or regional laws and regulations regarding working conditions, health and social facilities, and Occupational Health & Safety.
- Written policy for occupational health and safety.
- Written procedure for prevention of hazards and risks.
- Written procedure for consulting workers on safety and health matters.
- Written procedure for dealing with serious injuries that require medical treatment outside the factory.
- Map of factory layout.
- Accidents register.
- Sickness registers.
- Fire certificate.
- Fire drill reports.
- Proof of payment for inspection of fire extinguishers, electric appliances, and elevators. Any other legally required registers concerning the labour laws and labour situation.
- Emergency evacuation plan for all facilities including dormitories if these are provided by the company.
- Other written policies on issues such as physical abuse, sexual harassment, recruitment, wages, etc.

3.3.8 Legally binding employment relationship

Working relationships shall be legally binding, and all obligations to employees under labour or social security laws and regulations shall be respected.

3.3.8.1 Guidance to compliance

- All employees have a legally binding employment contract, or that the labour relationship is registered in such a way that it becomes binding under national law. Please note that if workers are hired through a labour contractor, management is still responsible for their labour contracts. For these workers the labour standards are fully applicable.
- All obligations to employees under labour or social security laws and regulations arising from the regular employment are respected and that you pay all due social security benefits required by law for all employees.

3.3.8.2 Documents to support compliance

- Employment contracts for all employees or other legally acceptable form of documentation to ensure that the labour relationship is registered in such a way that it becomes binding under national law.
- Proof of payment to social insurance funds.

3.4 Our requirement on environmental standards

Wenaas expects from its suppliers and factories that they develop a formal Environmental Management System and monitor their environmental performance so that they can maintain a process of continuous improvement. Cleaner Production is a preventive approach to environmental management that focuses on reducing resource use as well as emissions. In addition to improving environmental performance, cleaner production measures often generate considerable financial savings by reducing your cost of water, energy and other input materials.

3.4.1 Emissions to air, water and ground

The Wenaas' suppliers and factories shall ensure compliance with all applicable laws and regulations pertaining to air, water, ground contamination and noise pollution and if required obtain the necessary permits.

3.4.1.1 Guidance to compliance

- Knowledge of all relevant legal requirements and applicable industry standards
- Assign responsibility for legal awareness and operational compliance:
- Treatment of effluent water as per legal requirements before discharging it to the environment.
- Availability of all necessary approvals from official authorities.
- Legal requirements for air emissions respected and documented
- Prevention of ground contamination and compliance with all applicable laws and regulations.

3.4.1.2 Documents to support compliance

- Document the applicable laws and regulations by name, article, and source. Document industrial standards and the source of information.
- Document official approvals on, e.g. Effluent water, emissions, waste and required authorizations to run operations, machinery, etc.
- Document the function/person responsible for logging, managing, and keeping these laws and regulations up to date.
- Document the function/person responsible for checking compliance with these laws and regulations.

- Document official approvals on effluent water treatment plants and the water quality after treatment.
- Document official approvals on emissions.

3.4.2 Waste Management

Suppliers and factories must ensure that waste is stored and disposed properly as per legal regulations without any harm to employees and the environment.

3.4.2.1 Guidance to compliance

- Dispose waste in compliance with legal regulations referring to the kind of waste.
- Store waste in a way that the environment cannot be damaged.
- Keep dangerous and hazardous waste in suitable closed tanks and containers.
- Use collection basins to avoid any leaking and contamination.
- Store waste in a way that employees cannot be harmed.

3.4.2.2 Documents to support compliance

- Document the applicable laws and regulations by name, article and source.

3.4.3 Chemical management in the factory

Specific requirements regarding chemicals in products related to information provision, limit values for chemical residues in products, banned chemicals and testing requirements are detailed in the Wenaas Restricted Substances List.

The Wenaas supplier shall ensure compliance with applicable laws and regulations pertaining to procurement, storage, handling and use of chemicals.

The Wenaas supplier shall have a valid permit for chemicals that are legally restricted.

Records and provision of information

The Wenaas supplier shall establish and maintain a list of all chemicals used in production and maintenance, including the name of the chemical product, the purpose/area of use and a reference to a Material Safety Data Sheet (MSDS).

The Wenaas supplier shall have valid Material Safety Data Sheets for all chemicals used in production and maintenance.

Procedure for chemical management

The Wenaas supplier shall have a written procedure for the storage, handling and use of chemicals. The procedure shall specify who is responsible for ensuring that proper procedure for handling chemicals is always followed at the supplier.

Employee information and training

The supplier shall ensure that employees that procure, store, handle and use chemicals have the right competence and are adequately trained. Records from training shall be kept by the supplier. Information regarding the risks and safe handling of chemical compounds and substances shall be displayed at storage areas and in production areas where the chemical is used. The information can be either the Material Safety Data Sheet, or specific instructions for safe handling and use (following the MSDS). Information must be in a language understood by the workers.

Labelling of chemicals

The Wenaas supplier shall ensure all containers of chemicals - including temporary containers - are properly labelled with appropriate danger symbols and chemical names to ensure the contents are known and the potential risk minimized.

Storage and handling of chemicals

The Wenaas supplier shall undertake all necessary precautions to prevent chemicals from leaking to air, ground and water.

Disposal of chemicals

Dispose chemicals in compliance with legal regulations referring to their classification.

3.4.3.1 Guidance to compliance

- Ensure compliance with all relevant legal requirements and applicable industry standards pertaining to procurement, storage, handling and use of chemicals.
- Assign responsibility for legal awareness and operational compliance.
- Implementation of an up-to-date chemicals inventory with all relevant documentation in place.
- Available complete list over all chemicals used in production and maintenance including the name of the chemical product, the purpose/area of use and a reference to a Material Safety Data Sheet (MSDS).
- Ensure validity of permit for any chemical that is legally restricted
- Ensure Material Safety Data Sheets for chemicals used in production and maintenance is available and up to date.
- Written procedure for chemical storage, handling, use and disposal. The procedure shall specify who/what function is responsible for ensuring that proper procedure for handling chemicals is always followed.
- All employees into contact with chemicals in their work (including employees that procure, store, handle, use and dispose of chemicals) are trained to the relevant procedure and have sufficient qualification for managing chemicals safely.
- Information regarding the risks and safe handling of chemical compounds and substances is displayed at chemical storage areas and in production areas where the chemical is used.
- All containers of chemicals, including temporary containers, are properly labelled with appropriate danger symbols and chemical names to ensure that contents are known and potential risk minimised.

- Chemicals Storage:
 - Dangerous and hazardous chemicals in suitable closed tanks and containers. Use of collection basins to avoid leaking and contamination.
 - Store chemicals in a way that employees cannot be harmed and inform employees about the storage places of hazardous chemicals.
 - Marked areas where chemicals are stored accordingly.
- Dispose chemicals in compliance with legal regulations referring to their classification and ensure that chemicals are not mixed with other waste material.
- Collection oils by an oil separator, and greases by a grease separator.

3.4.3.2 Documents to support compliance

- Written procedures for chemical management.
- Complete chemicals inventory listing all chemicals used in production and maintenance, with valid Material Safety Data Sheets for all chemicals on the list.
- Records from employee training on appropriate procedure for chemical procurement, storage, handling, use and disposal.
- Information material regarding risks and safe handling displayed in storage and production areas where chemicals are used.
- Document applicable laws and regulations by name, article and source.
- Document the function/person responsible for documenting, managing and keeping these laws and regulations up to date.
- Document the function/person responsible for checking compliance with these laws and regulations.

4 APPENDICE



Sent by CSR manager

Completed by Supplier/ Factory and returned to CSR manager

Uploaded to MSB by CSR manager

1+2+3 Sent by CSR manager to supplier

Completed by Supplier/ Factory and returned to CSR manager

Uploaded to MSB by CSR manager

Requested date to supplier/factory by CSR manager

Conducted on BSCI system satndated with result rating of A, B, C, D.

E and Zero tolerance issued leads to Code Red Process and no order can be placed.

Report to be sent to CSR manager within 10 days of audit date

Uploaded to MSB by CSR manager

CAP and remediation time frame agreed between auditors and supplier/factory

Supplier/factory update remediation completion within agreed time frame

CSR manager engage, support and follow uo suppliers/factory remediation completion wtihtin agreed time frame

Mandatory requirements within 3 months