

S.OLIVER GROUP

Social, Environmental and Ethical
Code of Conduct

and

Handbook
on Social, Environmental and Ethical
Code of Conduct

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Social, Environmental and Ethical Code of Conduct

The Social, Environmental and Ethical Code of Conduct comprises the fundamental business principles as the basic framework for any business relationship along the supply chain of the s.Oliver Group and all of its affiliated brands. This document is a summary of its basic principles and elements. Safeguarding social, environmental and ethical practices in the entire supply chain is a shared responsibility between the s.Oliver Group and all business partners in the supply chains, where all parties must act compliant with applicable laws and requirements set forth in this Code of Conduct. Further implementation of this Code of Conduct is laid out in the Handbook.

1.1. Social

- 1.1.1. **Child Labour:** Child labour is prohibited and will not be tolerated. No person shall be employed under the age of 15 or completion of compulsory education, whichever is higher.
- 1.1.2. **Forced Labour:** All forms of forced labour are prohibited. This especially includes prison labour, indentured labour and bonded labour. Employment must be chosen freely.
- 1.1.3. **Non-Discrimination, Harassment or Abuse:** No employee shall be subject to any discrimination. This particularly refers to discrimination on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin in hiring, compensation, advancement, discipline, termination or retirement. Every employee shall be treated with respect and dignity and shall not be subject to any physical, sexual, psychological or verbal harassment or abuse.
- 1.1.4. **Freedom of Association and Collective Bargaining:** Vendors shall recognize and respect the right of employees to freedom of association and collective bargaining.
- 1.1.5. **Remuneration:** Every worker has the right to compensation for a regular working week that is sufficient to meet the worker's basic needs and provides some discretionary income. Vendors shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements regarding wages and provide any fringe benefits required by law or contract. Vendors shall compensate all overtime work at a premium rate. Where compensation does not meet workers' basic needs to provide some discretionary income, Vendors shall take appropriate actions that seek to progressively realize a level of compensation that does.
- 1.1.6. **Working Hours:** Vendors shall not require workers to work more than the regular and overtime hours allowed by law. In any case, the regular weekly working time shall not exceed 48 hours with at least one day off (24 consecutive hours) after six consecutive days. Working overtime must be voluntary. The overtime hours shall not exceed 12 hours in any one week, shall not be requested on a regular basis and shall be compensated at a premium rate (min. 1,25).
- 1.1.7. **Legally binding employment relationship:** Employment must be legally binding. Vendors shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labour and social security laws and regulations.
- 1.1.8. **Health and Safety:** The production facilities, the individual workspaces and the working processes must be professionally organized and superior to provide a safe and healthy working environment. Chemical substances must be handled and stored properly and reviewed regarding any negative impact on health and on environment.
- 1.1.9. **Impairments due to environmental changes:** Any harmful soil change, water and air pollution, harmful noise emission or excessive water consumption that significantly impairs the natural bases for the preservation and production of food, denies a person access to safe and clean drinking water, makes it difficult for a person to access sanitary facilities or destroys them or harms the health of a person is prohibited.

- 1.1.10. **Unlawful eviction:** Unlawful eviction or unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures the livelihood of a person is prohibited.
- 1.1.11. **Torture, inhumane or degrading treatment:** Hiring or use of private or public security forces for the protection of the enterprise's project is prohibited if, due to a lack of instruction or control on the part of the enterprise, the use of security forces is in violation of the prohibition of torture and cruel, inhumane or degrading treatment, damages life or limb or impairs the right to organize and the freedom of association.
- 1.1.12. **Fundamental human rights:** Any act or omission in breach of a duty to act that goes beyond the mentioned acts, which is directly capable of impairing a protected legal position in a particularly serious manner and the unlawfulness of which is obvious upon reasonable assessment of all the circumstances in question is prohibited.

1.2.Environment

- 1.2.1. **Environmental responsibility:** Compliance with ecological product requirements is required.
- 1.2.1. **Chemicals:** Procedures and standards for the use and disposal of chemicals in the production or treatment processes must be followed carefully.
- 1.2.2. **Climate protection:** Vendors must cooperate with the s.Oliver Group in this respect and establish respective monitoring systems in order to meet our joint responsibilities in regard to minimising global warming to 1.5°C.
- 1.2.3. **Waste management:** Any waste shall be dealt with in a responsible way that poses no harm to environmental integrity.

1.3.Ethic

- 1.3.1. **Corruption:** Every employee and Vendor acts with personal integrity and respect to all business and work-related dealings. Any corruption, bribery or similar unethical behaviour in any work, management or business level will not be tolerated.
- 1.3.2. **Fair Competition:** Vendors may not make any arrangements, agreements or coordinated behaviours with other companies with the objective or effect of preventing, restricting or distorting competition.
- 1.3.3. **Business secrets and data protection:** Vendors must refrain from making use of or disclosing to any third party any business, industrial or trade secrets.
- 1.3.4. **Accounting records:** Vendors' accounting records must be in accordance with the applicable law, in reasonable detail, accurately and fairly.
- 1.3.5. **Conflicts of interest:** Conflicts of interest must be reported to the s.Oliver Group immediately.
- 1.3.6. **Money laundering and financing of terrorism:** Compliance with money laundering and financing terrorism legislation is required.
- 1.3.7. **Export controls and economic reprisals:** Compliance with regulations for the import and export of goods is required.

Anyone who observes that these principles are violated may contact us in any language, trustfully and confidentially using any means of communication, including email to the following email address: complaints@fairwear.org. Hints can also be submitted via the s.Oliver Group grievance mechanism <https://soliver-group.hintbox.eu>.

Handbook on Social, Environmental and Ethical Code of Conduct

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1. Preamble

The s.Oliver Group operates within the general principles of honesty, integrity, dignity and fairness in all aspects of its business and expects its business partners, Vendors, direct and indirect suppliers to do the same and to take appropriate measures to protect people and the environment from adverse impacts resulting from the production and delivery of goods. Therefore, the s.Oliver Group's Social, Environmental and Ethical Code of Conduct (hereinafter: Code of Conduct) defines minimum human rights and environmental and ethical standards that aim to achieve decent working conditions, promote environmental protection and ethics across the entire supply chain. The s.Oliver Group expresses its commitment to the standards of the Code of Conduct which are based on principles illustrated in:

- Universal Declaration of Human Rights
- International Covenant on Civil and Political Rights
- International Covenant on Economic, Social and Cultural Rights
- Core Conventions of International Labour Organization
- International Convention on the Rights of the Child
- Convention on the Elimination of All Forms of Discrimination against Women
- International Convention on the Elimination of All Forms of Racial Discrimination
- United Nations Guiding Principles on Business and Human Rights
- UN Global Compact
- OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Business Conduct
- German Act on Corporate Due Diligence in Supply Chains
- Stockholm Convention on Persistent Organic Pollutants
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal

2. Applicability

The Code of Conduct constitutes the legal basis of each product and license agreement between the s.Oliver Group and the contractual partner (hereinafter: Vendor). By signing the Code of Conduct, the Vendor expressly recognizes the validity of the Code of Conduct, which applies to all employees, regardless of whether they are directly or indirectly employed by the Vendor. It requires all Vendors to comply with international and national labour, social and environmental laws while doing business with the s.Oliver Group. In addition, the Vendor is obliged to integrate the same minimum standards into its own supply chain.

At the s.Oliver Group, we encourage all our Vendors to undertake appropriate due diligence measures to carefully assess their potential suppliers' compliance with this Code of Conduct before carrying out any order for the s.Oliver Group. We pursue the aim of sustainable long-term business relationships, in order to create a prosperous environment and growth. In a complex supply chain landscape, we expect our Vendors to support our Code of Conduct and to share it with all business partners that are involved in the production of goods for the s.Oliver Group and make it accessible to all employees.

Whenever the provision of national and international laws, specific industry standards, collective bargaining agreements and the Code of Conduct address the same subject, the regulation which guarantees the greater protection for employees, or the environment applies.

The Code of Conduct is subject to continuous updates.

3. Supply Chain Transparency

The Code of Conduct demands full transparency on all processes related to the production of the s.Oliver Group's goods. This includes the disclosure of manufacturers, subcontractors, material suppliers and raw material suppliers. Vendors must have knowledge about the entire production chain in order to promote and monitor the implementation of the Code of Conduct.

3.1. Disclosure

It is therefore necessary that Vendors disclose all necessary information including exact names, locations, number of workers, management system and required production-related processes, including any which is outsourced or performed by third parties within or in relation to the supply chain of the s.Oliver Group. The third parties must be defined and listed before an order is produced and must be approved by the s.Oliver Group beforehand. A Vendor must ensure that it does not use or purchase material which may directly or indirectly finance, or benefit armed groups, forced labour or other human rights abuses.

The s.Oliver Group is entitled to communicate and discuss the extent to which a Vendor has implemented and enforced its Code of Conduct with all stakeholders, the media and other interested parties by presenting these social and environmental details in publicly available media or in a social or environmental report. Business interests of the Vendor, trade secrets and any personally identifiable data will always be handled with adequate care and in compliance with the data protection laws.

3.2. Unauthorized Subcontracting

Without approval, Vendors are not allowed to fully or partially subcontract production processes that otherwise take place at the contractual producer. In case these production processes take place at non-contractual producers, the s.Oliver Group is entitled to withdraw from the contract without setting a period of grace and to refuse the service and to claim damages.

4. Auditing and Monitoring

The Vendor's production site should first be audited before approval to place an order. Only in case of a positive audit result will the production site be approved for order placement and onboarding. The s.Oliver Group's auditors or any assigned professional third party auditors or verification bodies commissioned to do so may visit and inspect any site where s.Oliver Group's goods are produced and handled at any time. These inspections - both announced and unannounced - will be conducted during business hours on site at any location where goods or services for goods are performed. Auditors must be given immediate and direct access and must be permitted to move freely and unaccompanied throughout the site as requested. They may approach any individual employee unsupervised and must not be obstructed or hindered in the performance of their duties in any way. Vendors must ensure that any manufacturers, subcontractors or other suppliers are mandated for the production of goods for the s.Oliver Group and are aware of this procedure and the s. Oliver Group's commitment to the Code of Conduct and give the auditors full access to all production locations, installations, the relevant data and documents and permit them to conduct unsupervised interviews with randomly chosen employees and offer the assistance and support necessary or requested. Vendors must cooperate in effectively remediating any non-compliances that are discovered through the audit process.

5. Grievance Mechanism

The Vendors must ensure that the grievance mechanisms, including their own one, are effectively set up at its production sites and the employees, including workers, supervisors and managers are informed about the content of the Code of Conduct. Vendors shall ensure that their own grievance mechanism is transparent and ensures direct communication with supervisors.

In cooperation with the Fair Wear Foundation, the s.Oliver Group provides a respective communication template on the [Labour Standards of the Fair Wear Foundation](#) and on the confidential and anonymous communication channel through which violations of the Code of Conduct can be reported. Anyone who observes that the Labour Standards are violated may contact in any language, by any means of communication, including email to the following email address: complaints@fairwear.org.

The [Fair Wear Foundation's grievance policy](#) describes the procedure of presenting complaints by workers, their representatives, including trade unions and civil society organizations about working conditions and violations of working standards.

The s.Oliver Group also uses internal grievance mechanisms to enable employees to raise complaints about social, environmental and ethical standards not only at the production sites, but also in our own business area. Anyone who observes that the Code of Conduct is violated may contact in any language, by any means of communication esp. under the following address: <https://soliver-group.hintbox.eu>.

Vendors must ensure that the whistle-blowers and those who are filing complaints will not be retaliated against for submitting a grievance.

6. Cooperation and Remediation

The s.Oliver Group expects its Vendors to take full responsibility in respect to the adequate remediation of any relevant grievances. If Vendors have caused or contributed to any adverse impacts, the Vendor must ensure their remediation through legitimate processes. Vendors must fully and promptly cooperate with the s.Oliver Group in such an event.

7. Social Compliance

The following social requirements are particularly significant as they highlight the most important, salient and sensitive principles the s.Oliver Group apply to conducting our business.

7.1. Prohibition of Child Labour

“Child labour is prohibited and will not be tolerated. No person shall be employed under the age of 15 or completion of compulsory education, whichever is higher”.

Child labour as defined in the ILO Conventions No. 138 and No. 182 is prohibited and will not be tolerated under any circumstances. No person shall be employed under the age of fifteen (15), or below the age of completion of compulsory education, whichever is higher. Vendors must comply with all national laws, regulations and procedures concerning the prohibition of child labour and employment of young workers.

Young workers of legal working age but below the age of eighteen (18) have the right to be protected

from employment which, by its nature or the circumstances in which it is carried out, might jeopardize their health, safety or morals. Where such young employees are subject to compulsory education laws, work during school hours is prohibited. Apprentices or vocational students shall not be under the age of fifteen (15) or under the age for completion of compulsory education, whichever is higher.

Vendors shall have a system for identifying workstations and operations that are inappropriate for young workers according to applicable laws. Supplies and raw materials originating from areas where child labour is systematically exploited may not be used for the production of goods for the s.Oliver Group.

Vendors shall maintain adequate official documentation for the permission from parents as a condition of employment and the verification of any employee's age. Vendors shall take reasonable measures to ensure such documentation is complete and accurate. In case of missing official documentation, the Vendor must request other reliable records in the local context to verify the age. Children under minimum working age shall not be allowed in workplace areas at any time, unless they are part of a guided school tour or other such unusual event.

In remediation of child labour cases, the Vendor shall provide adequate financial and other support to enable such children to attend and remain in school until they are no longer considered a child. The necessary measures are subject to the corrective action requirements elaborated on further in the respective s.Oliver Group's policy, which is an addendum to the Code of Conduct.

7.2. Prohibition of Forced Labour

"All forms of forced labour are prohibited. This especially includes prison labour, indentured labour and bonded labour. Employment must be chosen freely".

All forms of forced labour as defined in ILO Conventions No. 29, No. 105 and Article 8 (3) (b) and (c) of the International Covenant of 19 December 1966 on Civil and Political Rights are prohibited. No measures may be undertaken and no goods and their components may be produced or purchased whereby workers have to conduct forced, bonded or involuntary work.

Vendor shall comply with all national laws, regulations and procedures concerning the prohibition of forced labour and human trafficking and in case of missing regulations, Vendors must provide protection to workers who allege violations of forced labour.

All workers shall have the right to enter into and to terminate their employment freely. Employment terms shall be those to which the worker has voluntarily agreed and may not include such terms which will allow Vendors to hold back wages already earned, to use hold wages as penalties and in any way to punish workers for terminating employment. Vendors may not limit in any manner the freedom of workers to dispose their wages.

All forms of slavery, practices akin to slavery, serfdom or other forms of domination or oppression in the workplace such as extreme economic or sexual exploitation and humiliation is prohibited, as mentioned by the UK Modern Slavery Act 2015. This includes any labour performed under employment schemes where employees are lodged in hostels or dormitories owned by the company or a third party in circumstances which deprive or restrict them of their basic rights to free movement, adequate communication and a fair and legally stipulated compensation. Vendors may not require workers to live in Vendor-controlled residences. Vendors should ensure that the workers have free egress at all times. The workers may not be bound to employment as a condition of fulfilling terms of a debt. Fees and other costs associated with the employment of workers shall be the sole responsibility of the

Vendor. Any human trafficking is prohibited. Employees must not be required to lodge 'deposits' or identity papers with a Vendor on commencement of employment and must be free to leave the company after giving reasonable notice and free to leave the workplace premises after completing their regular working hours. Vendors shall not utilize practices that restrict any worker's freedom of movement, ability to terminate their employment, or that create a threat of penalty. The imposition of overtime where workers are unable to leave the work premises constitutes forced labour. The overtime premium rate must be no less than one-and-a-quarter times the regular rate, as stated in the Article 7(4) ILO Convention 1930.

7.3. Prohibition of Discrimination, Harassment and Abuse

"No employee shall be subject to any discrimination. This particularly refers to discrimination on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin in hiring, compensation, advancement, discipline, termination or retirement. Every employee shall be treated with respect and dignity and shall not be subject to any physical, sexual, psychological or verbal harassment or abuse".

The Vendors must comply with all national non-discrimination laws, regulations and procedures. In the event of a legal conflict, the highest applicable standard is expected to be followed. In case of missing legislation, Vendors are required to provide protection to workers who allege discrimination in any form against themselves or others.

The equal treatment of all employees and equal opportunities on the basis of their individual qualifications must be ensured. Discrimination on the basis of gender, age, religion, race, birth, family responsibilities, marital status, pregnancy, caste, social background, disability, ethnic or national origin, nationality, membership in workers' organizations including unions, legal political affiliation, sexual orientation or any other personal characteristics of any kind, unless this is justified by the requirements of the employment shall not be tolerated, especially with regard to recruitment, remuneration, disciplinary measures, access to training, promotion, termination of employment or retirement.

7.3.1. Pregnant workers

Vendors shall abide by all protective provisions in national laws and regulations benefitting pregnant workers and new mothers, including provisions concerning maternity leave and other benefits. Night work, temporary reassignments away from workstations and work environments that may pose a risk to the health of pregnant workers and their unborn children or new mothers and their newborn children, temporary adjustment of working hours during and after pregnancy are prohibited. Pregnant workers may not be required to provide pregnancy tests.

7.3.2. Health-related issues

The workers may not be discriminated on the basis of their health status, unless such a decision is dictated by the inherent requirements of the job or a medical necessity to protect the worker and/or other workers. The workers may require routine medical examination to assess general fitness as a condition for recruitment or continued employment, but this shall not include testing for any disease or illness, such as HIV/AIDS, that does not have an immediate effect on a person's fitness and is not contagious. The confidentiality of workers health status should be respected. Vendors must take measures to accommodate workers with chronic illnesses appropriately.

7.3.3. Gender-based violence

Vendors must comply with all national laws, regulations and procedures concerning discipline, violence, harassment and abuse, including that which is gender based. If not provided under law, the Vendor must provide protection to workers who are victims of domestic violence, harassment or abuse violations.

All employees must be treated with respect and dignity. Mental or physical abuse or verbal intimidation of any kind at workplace facilities, especially sexual harassment and discrimination against women, is prohibited. Specific risks of harassment and abuse in the workplace, including gender-based violence, must be assessed in consultation with worker representatives and unions. Vendors shall develop, implement and monitor policies and procedures to eliminate the risk of violence, harassment and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment and abuse will not be tolerated, as well as procedures for the investigation of allegations and measures to protect any complainants, victims and witnesses. Vendors must take action against any gender-based violence and/or harassment, regardless of whether such actions occur in or outside of the workplace and/or working hours.

Vendors must refrain from

- any act of sexual harassment, including inappropriate remarks, insults, jokes, insinuations and comments on a person's dress, physique, age or family situation,
- a condescending or paternalistic attitude with sexual implications undermining dignity,
- any unwelcomed invitation or request, implicit or explicit, whether or not accompanied by threats,
- any lascivious look or other gestures associated with sexuality,
- any unnecessary physical contact such as touching, caresses, pinching or assault.

Vendors must not offer or take any action in return for a sexual relationship and abuse workers for rejected sexual advances. Vendors shall ensure that all security practices are gender sensitive and non-intrusive, so that the dignity of the workers involved is protected, if a search is carried out. Body searches and physical pat-downs of people may not be conducted in public and may be undertaken only when there is a specific and legitimate reason upon consent of the workers, unless a search is authorized by a government official.

Vendors must ensure that a system of administrative measures for allowing such cases to be reported confidentially is in place in their organization and that the management takes the appropriate preventative and sanctioning action against the source(s) of such behaviour.

7.3.4. Discipline and punishment

Vendors must not use fines and penalties, access to food, water, toilets, medical care, threats or physical or verbal violence, psychological abuse or freedom of movement as a means of maintaining work discipline. Vendors shall have a system to discipline supervisors, managers or workers who engage in any physical, sexual, psychological or verbal violence, harassment or abuse, through measures such as compulsory counseling, warnings, demotions and terminations or a combination thereof regardless of whether such action was intended as a means to maintain labour discipline. This shall prevent the reoccurrence of violence and harassment and facilitate their reintegration into work, where appropriate.

7.4. Freedom of Association and Collective Bargaining

“Vendors shall recognize and respect the right of employees to freedom of association and collective bargaining”.

Vendors must comply with all national laws, regulations and procedures relating to freedom of association and collective bargaining, in the event of legal collision the highest standard must apply. In case of missing legislation, Vendors must provide protection to workers who allege violations of freedom of association.

The freedom of association and the right of employees to collective bargaining refer to rights of workers defined in the ILO Conventions No. 87 and No. 98 and must not be restricted or obstructed by the Vendor in any way. All employees shall have the right to organize themselves and to establish or join a trade union of their choice and to bargain collectively with the company. In countries with restricted freedom of association and collective bargaining rights, the Vendor must facilitate and shall not hinder the development of alternative means of employee association and bargaining.

Employee representatives must not be discriminated against, physically or psychologically abused or threatened against. They must be protected and be able to carry out their representative functions in the workplace without being subjected to any hindrance, intimidation or negative personal consequences. Vendors shall not (threaten to) shift production or close a workplace site in an attempt to prevent the formation of a union, in reaction to the formation of a union, in reaction to any other legitimate exercise of the right to freedom of association and collective bargaining, including the right to strike, or in an effort to break up a union. If workers are discriminated against because of union activities, the Vendor must ensure that their rights and privileges are restored. In the event of a dispute, the Vendor should provide proof of reasons for closure assessed by a third party. In order to properly carry out their functions, Vendors must ensure the workers' representative has office space.

7.4.1. Interference

Vendors shall refrain from any acts of interference with the formation or operation of workers' organizations and any favourability of one workers' organization over another. Workers must not be manipulated or influenced in relation to the establishment of union rules and charters, elections, their organization and activities.

7.4.2. Collective Bargaining

Vendors shall recognize the rights of workers to free and voluntary collective bargaining with a view to the regulation of terms and conditions of employment by collective agreements. Vendor and worker representative shall engage in genuine and constructive negotiations and make every effort to reach an agreement. Vendors shall bargain with any union that has been recognized by law or by agreement between the Vendor and that union. Only where there is no workers' organization can Vendors engage in collective bargaining with representatives of unorganized workers.

In case the agreement on collective bargaining has not been negotiated freely, voluntarily and in good faith, it shall be considered not applicable.

7.5. Remuneration

“Every worker has the right to compensation for a regular working week that is sufficient to meet the worker’s basic needs and provides some discretionary income. Vendors shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements regarding wages and provide any fringe benefits required by law or contract. Vendors shall compensate all overtime work at a premium rate. Where compensation does not meet workers’ basic needs to provide some discretionary income, Vendors shall take appropriate actions that seek to progressively realize a level of compensation that does”.

Vendors must comply with all national laws, regulations and procedures concerning the payment of compensation to workers. In case of legal collision, the highest standard must be applied. In case of missing legislation, Vendors must apply the standards set out in this Code of Conduct.

Every worker has the right to compensation for a regular working week that is sufficient to meet the worker’s basic needs and provides some discretionary income. Vendors shall pay at least the minimum wage, comply with all legal requirements regarding wages and provide any fringe benefits required by law or contract. In case of probationary employment, temporary contract or apprenticeship or vocational training, workers, apprentices and vocational trainees shall receive at least minimum wage for regular workers and all legally mandated benefits. Probationary workers shall not work more than three months in this employment category.

Vendors shall not set production targets, piece rates or any other incentive or production system at such a level that workers need to work beyond regular working hours, in order to make at least the minimum wage or the prevailing industry wage.

7.5.1. Wages

Employees must receive an accurate remuneration for their regular working hours which at least meets the legal minimum wage, collective bargaining agreement or the applicable industry benchmark, whichever is the higher. Their wages must be paid in a timely manner and comply with the national legal regulations or industry standards. Wages shall be paid directly to the worker concerned unless the national laws or regulations, collective agreements or arbitration awards provide otherwise or if the worker concerned has agreed to a contrary practice (ILO Convention No. 95,). All workers shall be credited with all-time worked for an employer for purposes of calculating length of service and the benefits to which workers are entitled shall be determined.

Employees shall be provided with a written employment contract in the local languages stipulating the main employment conditions, including the scope of work, the remuneration for this work, their regular working hours, any additional social benefits, sick leave etc. before taking up their employment.

Where compensation for a regular workweek is not sufficient to meet workers’ basic needs and provide some discretionary income, Vendors shall work with the s.Oliver Group to take appropriate actions that seeks to progressively realize a level of compensation that does.

All workers have the right to use or not to use services provided by Vendors, such as housing and meals. Vendors must be able to demonstrate the accuracy or reasonableness of these charges. Employees must also receive transparent documentation about any specifics related to their individual remuneration and how these were calculated at the end of the respective payment term. Employees shall be entitled to any types of paid leave stipulated by law such as sick leave, maternity/parental leave and annual leave. Where such benefits are not provided for by law, employees should receive

alternative benefits as outlined in ILO Convention No. 102.

Vendors must establish a system through which workers can dispute compensation and receive clarifications in this respect in a timely manner.

7.5.2. Wage Deduction

Regardless of any production quotas, incentives shall not be reduced or not paid if the result would be wages below the legal minimum wage or the prevailing industry wage, whichever is higher. Illegal or unauthorized payroll deductions as a disciplinary measure are prohibited, unless a respective freely negotiated collective bargaining agreement is in force. Voluntary wage deductions may only be made upon consent of individual workers. Workers may have access to regular and full information concerning the status of relevant accounts and the status and level of their payments thereto. All disciplinary measures must be discussed in a transparent way with the employee and shall be recorded.

All overtime work shall be reimbursed at the premium rate defined by national law. In countries where the payment of overtime premiums is not regulated by law or a respective collective bargaining agreement, workers shall be compensated for overtime work at an appropriate premium rate or at a rate in line with the common industry standards, whichever is higher. Workers shall be informed about overtime wage rates prior to undertaking overtime. The minimum to be paid is the internationally recognized overtime rate of no less than one-and-a-quarter times the regular rate (as per ILO Convention No. 30).

7.6. Working hours

“Vendors shall not require workers to work more than the regular and overtime hours allowed by law. In any case, the regular weekly working time shall not exceed 48 hours with at least one day off (24 consecutive hours) after six consecutive days. Working overtime must be voluntary. The overtime hours shall not exceed 12 hours in any one week, shall not be requested on a regular basis and shall be compensated at a premium rate (min. 1,25)”.

Vendors must comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave. In case it is not provided by law, Vendors must provide protection to workers who allege violations of laws governing work hours.

The regular working hours and any public holidays must be in line with the applicable national laws, the regulations in force in the industry concerned and ILO Conventions No. 1 and No. 14. In any case, the regular weekly working time shall not exceed 48 hours and at least one day off after six consecutive days worked shall be provided. The Vendor must provide reasonable meal and rest breaks, which at minimum must comply with national law. Working overtime must be voluntary; the overtime hours shall not exceed twelve hours in any one week and shall not be requested on a regular basis.

In cases where overtime work is required in order to meet short-term business demands and is permitted by national law and/or a respective collective bargaining agreement, Vendors may require such overtime work as described above. Vendors must be able to provide explanation for all periods and inform workers about the expected duration of overtime. Vendors shall have in place policies for managing all working hours, overtime and leave records.

Regular breaks, such as public holidays, annual leave or sick leave must be provided in line with the

national law and procedures. Vendors shall not impose any sanctions on workers for requesting or taking any type of leave in line with all applicable rules and procedures. Workplace operations are suspended, shall not be counted as annual leave nor shall they be deducted from calculations concerning length of service, unless specified differently under national laws, regulations and procedures.

7.7. Legally binding employment relationship

“Employment must be legally binding. Vendors shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labour and social security laws and regulations”.

Vendors shall not avoid obligations to employees under labour or security laws and regulations arising from the regular employment relationship through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment. Young workers shall be given the opportunity to participate in education and training programmes.

7.8. Health and Safety

“The production facilities, the individual workspaces and the working processes must be professionally organized and supervised to provide a safe and healthy working environment. Chemical substances must be handled and stored properly and reviewed regarding any negative impact on health and on environment”.

The Vendor must ensure the occupational health and safety of its employees and take into account the obligations applicable under the law of the place of employment if this gives rise to the risk of accidents at work or work-related health hazards, in particular due to:

- obviously insufficient safety standards in the provision and maintenance of the workplace, workstation and work equipment
- the absence of appropriate protective measures to avoid exposure to chemical, physical or biological substances
- the lack of measures to prevent excessive physical and mental fatigue, in particular through inappropriate work organization in terms of working hours and rest breaks
- or the inadequate training and instruction of employees

The production facilities, the individual workspaces and the working processes must be professionally organized and supervised and a safe working environment that does not pose any risk or danger to the health and safety of the employees or any other person must be maintained. This particularly applies to the building structure, the machinery, boilers, electrical equipment and any chemicals used in the production process. Perils associated with the production process such as fire, flooding, electricity, structural collapse etc. as well as known increased exposure to elemental perils such as earthquakes, flooding etc. must be addressed and minimized as far as reasonably practicable, through adequate constructive, technical and organizational safety measures. Vendors shall at all times be in possession of all legally required and valid permits and certificates related to health, safety and environment. Documents required to be available to workers and management shall be available in the prescribed manner and all employees must be given safety instructions and must take part in fire drills on a regular basis. Vendors must ensure that managers and employees in the production sites are

regularly trained in the respective protection and evacuation measures in accordance with the principle of safety first. This must be documented. All safety and medical equipment shall be available in sufficient numbers throughout the workplace and a sufficient number of workers shall be trained in first aid and firefighting techniques. Where legally required, a staff member with medical training should be on site during the working hours. Medical facilities shall be established and maintained in factories as required by applicable laws and medical staff shall be fully licensed and recognized under applicable national rules.

All machinery equipment and tools shall be properly guarded and regularly maintained. Workers should receive training in the proper use and safe operation of machinery equipment and tools they use. Safety instructions must be posted near all machinery and should be readily accessible to the workers.

In emergencies, the production site managers must not prevent any employee from evacuating the working area without prior permission. Vendors must ensure that the workplace is safe and sufficient systems are in place, such as extinguishers, alarm systems and detectors and emergency lighting.

Chemical substances must be properly labelled and stored. Only respectively trained staff must be able to access these chemical substances. Material Safety Data Sheets for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language. Vendors shall ensure that unsafe exposure to hazardous chemicals and hazardous substances is prevented and pregnant women and young workers are not endangered.

All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility. Workstations shall be designed and set-up in such a manner as to minimize bodily strains. Personal protective clothing, protective work equipment, first aid equipment and safety appliances on machines must be provided if this is required for the safety of employees. Employees must regularly receive personal protection measure training.

All employees must have access to basic amenities such as food, free clean water and fresh air. Their workplace environment, toilets, canteens, kitchens and clinics must be adequately kept clean and safe, illuminated and ventilated. Access to adequate and hygienic sanitary facilities shall be granted at all times. The same health and safety guidelines apply to any kitchen or canteen facilities, or dormitories provided. All dormitories shall be kept secure, clean and have safety provisions. They must have emergency drills. The dormitory facilities must be located separately from production, warehouse and hazardous chemical storage areas.

A particular company manager shall be appointed as holding the responsibility and being accountable for the implementation and maintenance of all health and safety requirements.

7.9. Impairments due to environmental changes

“Any harmful soil change, water and air pollution, harmful noise emission or excessive water consumption that significantly impairs the natural bases for the preservation and production of food, denies a person access to safe and clean drinking water, makes it difficult for a person to access sanitary facilities or destroys them or harms the health of a person is prohibited”.

Vendors must avoid any harmful soil change, water and air pollution, harmful noise emission or excessive water consumption that significantly impairs the natural bases for the preservation and production of food, denies a person access to safe and clean drinking water, makes it difficult for a

person to access sanitary facilities or destroys them or harms the health of a person (right to life according to Article 6 (1) of the International Covenant of 19 December 1966 on Civil and Political Rights, right to health and right to adequate food, water and sanitation according to Article 11-12 of International Covenant on Economic, Social and Cultural Rights).

7.10. Unlawful Eviction

“Unlawful eviction or unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures the livelihood of a person is prohibited”.

Vendors shall refrain from unlawful eviction or unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures the livelihood of a person (guaranteed as per Article 11 (1) of the International Covenant on Economic, Social and Cultural Rights). The Vendor must ensure that production sites avoid evictions from the place where it conducts business when acquiring, developing or otherwise using land. Otherwise, the Vendor must act in compliance with national regulations and enable access to legal remedies and provide adequate compensation.

7.11. Torture, cruel, inhumane or degrading treatment

“Hiring or use of private or public security forces for the protection of the enterprise’s project is prohibited if, due to a lack of instruction or control on the part of the enterprise, the use of security forces is in violation of the prohibition of torture and cruel, inhumane or degrading treatment, damages life or limb or impairs the right to organize and the freedom of association”.

The Vendors must ensure that production sites may not hire or use private or public security forces for the protection of the enterprise’s project, if due to a lack of instruction or control on the part of the enterprise the use of security forces is in violation of the prohibition of torture and cruel, inhumane or degrading treatment, damages life or limb or impairs the right to organize and the freedom of association.

The s.Oliver Group is concerned with the widespread violence used by security forces. There is a high risk that the security forces may promote human rights abuses or commission of international crimes during armed conflicts as well as during peace time. While hiring and using public or private security forces to protect the business, the Vendor must verify whether such violations have been committed by the forces in the past. The Vendor must have a structural contractual relationship with the security forces in order to influence the compliance with the applicable legal framework and minimize the risk of human rights violation.

7.12. Violation of fundamental human rights

“Any act or omission in breach of a duty to act that goes beyond the mentioned acts, which is directly capable of impairing a protected legal position in a particularly serious manner and the unlawfulness of which is obvious upon reasonable assessment of all the circumstances in question is prohibited”.

The Vendors shall avoid any act or omission in breach of a duty to act which is directly capable of impairing a protected legal position in a particularly serious manner and the unlawfulness of which is obvious upon reasonable assessment of all the circumstances in question.

8. Environmental Compliance

The following environmental requirements are particularly significant as they highlight the most important, salient and sensitive principles we apply to conducting our business.

8.1. Environmental Responsibility

"Compliance with ecological product requirements is required".

The conservation of the natural principles of life and biodiversity is a fundamental condition for successful economic activity in the future. The s.Oliver Group is committed to and supports environmentally responsible and sustainable business practices. All Vendors are obliged to adhere to the s.Oliver Group's extended ecological product requirements.

The Vendors must comply with all national laws, regulations and procedures concerning environmental protection. The Vendor shall keep the environmental impact of its business activities to a minimum and actively implement measures to promote environmental protection.

Vendors shall recognize its ecological responsibility across the entire supply chain and implement this with regard to both products and packaging. Vendors shall avoid or continuously reduce the environmental impact of resource and energy consumption, emissions of greenhouse gases and air pollutants, water consumption, application of soil and water and waste, to preserve biodiversity and to promote the circular economy.

8.2. Chemicals

"Procedures and standards for the use and disposal of chemicals in the production or treatment processes must be followed carefully".

All procedures and standards regarding the use of chemicals in the production or treatment processes must be carefully reviewed and checked against the international standards and benchmarks. This refers to any chemicals used in the production or treatment processes and their ultimate disposal. Particularly chemicals used in wet processes require professional and effective waste management and effluent treatment to prevent hazardous substances from impacting on the environment. The s.Oliver Group will actively cooperate and work with our Vendors towards the abolishment and substitution of critical substances from the production process that are considered to have a hazardous or at least questionable ecological impact on humans, animals or the environment.

Beside the legal requirements for chemical use, Vendors are required to comply with a "[Manufacturer Restricted Substances List](#)" (MSRL). This contains pollutant limits for chemicals and mixtures used in manufacturing processes in the factories. To protect the workers and consumers from hazardous chemicals, all products delivered to the s.Oliver Group need to comply with the Restricted Substances List (RSL). The list contains clear guidelines on the absence of harmful substances and threshold values for the level of chemical substances in the end product.

The Vendor must ensure that production sites do not produce or use chemicals pursuant to Article 3 (1) (a) and Annex A of the Stockholm Convention on Persistent Organic Pollutants or handle, collect, store and dispose waste in a manner that is not incrementally sound in accordance with the regulations in force in the applicable jurisdiction under the provisions of Article 6(1) (d) (i) and (ii) of the PoPs Convention.

8.3. Climate protection

“Vendors must cooperate with the s.Oliver Group in this respect and establish respective monitoring systems in order to meet our joint responsibilities in regard to minimising global warming to 1.5°C”.

The s.Oliver Group is particularly concerned about the impact of any production or goods handling process on climate change and water consumption. The emission of carbondioxide and other substances with a greenhouse effect that impact the climate and are caused by all production activities must be monitored, documented and reduced. Vendors must cooperate with the s.Oliver Group in this respect and establish respective monitoring systems in order to meet our joint responsibilities in regard to minimising global warming to the 1.5°C requirement by the Paris Agreement.

8.4. Waste management

“Any waste shall be dealt with in a responsible way that poses no harm to environmental integrity”.

All Vendors are responsible for maintaining a waste management system that incorporates the sustainable principles of re-use and recycling. Any waste shall be dealt with in a responsible way that poses no threat to human health and environmental integrity.

Clean water, which is a scarce global resource, should be used considerately and efficiently both in the cultivation of cotton and in the production and processing of textiles. The s.Oliver Group encourages its business partners to analyse their supply and their production processes in order to highlight any possibilities for reducing their water consumption and will help them to develop or use innovative and sustainable methods to achieve this aim.

9. Ethical Compliance

The following ethical requirements are particularly significant as they highlight the most important, salient and sensitive principles we apply to conduct our business.

9.1. Corruption

“Every employee and Vendor acts with personal integrity and respect to all business and work-related dealings. Any corruption, bribery or similar unethical behaviour in any work, management or business level will not be tolerated”.

Vendors may not engage in corruption, extortion or embezzlement in any form, offer or accept bribes or any other means to obtain an undue or improper advantage. Vendors shall comply with all national laws, regulations and procedures concerning anti-corruption. Additionally, Vendors may not bribe, provide kickbacks, any other improper payments, improper gifts to any officer, director, employee, representative or agent of the s.Oliver Group with the objective of obtaining an order or other preference in the respective business relation. Vendors must immediately report to the s.Oliver Group any circumstance where an officer, director, employee, representative or agent of the s.Oliver Group has made any such improper request or demand of the Vendor.

9.2. Fair competition

“Vendors may not make any arrangements, agreements or coordinated behaviours with other companies with the objective or effect of preventing, restricting or distorting competition”.

Vendors shall comply with all national laws, regulations and procedures concerning competition and anti-trust laws. Vendors may not make any arrangements, agreements or coordinated behaviours with other companies with the objective or effect of preventing, restricting or distorting competition.

9.3. Business secrets and data protection

“Vendors must refrain from making use of or disclosing to any third party any business, industrial or trade secrets”.

Vendors shall ensure that confidential company information by the s.Oliver Group is kept secret and intellectual property remains protected. This also applies beyond termination of the business relationship. Vendors shall take all necessary steps to ensure that its employees likewise observe and maintain secrecy on all these matters. Furthermore, our business partners comply with all applicable data protection laws.

9.4. Accounting records

“Vendors’ accounting records must be in accordance with the applicable law, in reasonable detail, accurately and fairly”.

Vendors accounting records must (a) be kept and presented according to the laws of each applicable jurisdiction, (b) in reasonable detail, accurately and fairly reflect transactions, assets, liabilities, revenues and expenses and (c) not contain any false or misleading entries.

9.5. Conflicts of interest

“Conflicts of interest must be reported to the s.Oliver Group immediately”.

Vendors shall make their business decisions exclusively based on facts and may not be influenced by private interests or personal considerations. The s.Oliver Group and Vendors avoid any circumstance, business or relationship that could lead to a conflict between private interests of an s.Oliver Group employee or Vendor, as well as the business interests of the s.Oliver Group. Vendors must immediately report to the s.Oliver Group any conflict of interest of which it becomes aware.

9.6. Money laundering and financing of terrorism

“Compliance with money laundering and financing terrorism legislation is required”.

Vendors must comply with the legal provisions on money laundering prevention and comply with the applicable laws to counter international terrorism.

9.7. Export controls and economic reprisals

“Compliance with regulations for the import and export of goods is required”.

Vendors shall strictly obey the applicable laws and regulations for the import and export of goods and services and the relevant sanction lists.

10. Abuse of power

Social, environmental and ethical standards as defined in the Code of Conduct shall be acknowledged by the management of the Vendors and be incorporated in the Vendor's policies. Employees must be informed about the standards in a way that is accessible for them. In order to meet all requirements as set forth in this Code of Conduct, Vendors shall set up or use a feasible management system, including the appointment of responsible personnel, the definition of relevant processes and the maintenance of appropriate records to demonstrate compliance with this Code of Conduct.

10.1. Employment management system

Vendors shall have in place a written policy and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation. Vendors shall assign a responsible person in the administration for training about existing policies and procedures. Vendors shall ensure that all legally mandated requirements for the protection of special categories of workers, such as migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, pregnant and disabled workers are implemented. Vendors must provide information on workers' rights and responsibilities, rules, policies on human rights, grievance mechanism, as well as on this Code of Conduct. Workers shall receive trainings on policies and procedures on a regular basis and be provided with written documentation.

10.2. Recruitment and Termination

The Vendors must comply with all national laws, regulations and procedures concerning the hiring process. Vendors should ensure that minimum terms and conditions are met in the employment of contract, contingent, migrant and temporary workers, such as definition of the job functions, availability of an agreement in native language, application of rules and regulations on all workers equally. Vendors shall have in place a procedure for determining termination pay-outs taking into account national legal requirements.

11. Compliance

The violation of principles and requirements mentioned in the Code of Conduct constitutes an impairment of the business relationship between the s.Oliver Group and our respective Vendor. We therefore reserve the right to terminate the contractual relationship with Vendors who do not comply with the Code of Conduct or do not implement measures of improvement.