

SUPPLIER AND PARTNER CODE OF CONDUCT

Introduction

Luhta's sustainability mission is to make responsible choices from one generation to another. Social responsibility, environmental protection and fair cooperation are integral parts of the operations of Luhta Sportswear Company (hereinafter: "Luhta"). In 2023 Luhta reviewed and updated its internal and external Code of Conduct and related policies. Luhta's procedures in social responsibility and environmental protection are based on continuous improvement to ensure that both Luhta and its Partners act in a responsible and ethical way. Luhta improves its processes regularly by following international standards and applicable legislation, updating its policy commitments yearly and monitoring that our entire supply chain complies with the commitments Luhta sets out in this Code of Conduct by regular visits and auditing processes.

Luhta has partnered up with an external human rights specialist in order to ensure the best and most effective pathway to meet with the new sustainability requirements deriving from new EU legislation regarding companies' sustainability responsibility. The management of Luhta has ambitious goals for Luhta's social responsibility pathway.

Luhta's Supplier and Partner Code of Conduct applies to Luhta itself, and its business partners (such as suppliers, sub-suppliers, manufacturers, service providers and other business partners (hereinafter: "Partners" and individually "Partner" as the context may require)). Luhta's Code of Conduct is based on including but not limited to International Bill of Human Rights, ILO Declaration of Fundamental Principles and Rights at Work, UN Convention on the Rights of the Child, UN Convention on the Elimination of All Forms of Discrimination Against Women, OECD Guidelines for Multinational Enterprises, UN Global Compact initiative, UN Sustainable Development Goals and Amfori Business Social Compliance Initiative's responsible procurement principles.

Compliance with this Code of Conduct is mandatory for all Partners. The principles set forth in this Code of Conduct are to be regarded as minimum requirements for both Luhta and Partners and they are to be exceeded whenever possible and required by local legislation. In case of any conflict between these above-mentioned requirements, Luhta and Partners shall actively seek ways to abide by the requirements that provide the highest protection to workers and environment.

We are confident that we can engage in business activities that are both successful and responsible. It is a promise to our valued customers and a requirement for our Partners and, most of all, ourselves.

Lahti, Finland 31.1.2024



Juha Luhtanen/CEO
L-Fashion Group Oy

What do we expect from our Partners?

1. Compliance

Luhta is committed to ensuring human rights in the full length of its value chain, which includes its suppliers and possible sub-contractors of its suppliers. One way to ensure that our suppliers and their sub-contractors conduct their business operations with the same principles as Luhta is to require them to commit to this Code of Conduct and therefore this Code of Conduct pertains to suppliers.

By signing this Code of Conduct, all Partners also expressly commit to comply with its attachments (Amfori BSCI Code of Conduct, Human Rights Statement, Child Labour, Modern Slavery and Human Trafficking Statement, Labour Rights Policy, Environmental Policy, Animal Welfare Policy), all applicable national and international laws and regulations, industry minimum standards and the relevant international Conventions, such as the International Bill of Human Rights, Conventions of the ILO, the United Nations Convention on the Rights of the Child and the United Nations Convention on the Elimination of All Forms of Discrimination against Women. All Partners must ensure that its own workers and possible workers of its sub-contractors are familiar with the laws and regulations concerning their own work, this will enhance the protection of their human rights and enhances the compliance with applicable laws and regulations. This Code of Conduct and its attachments are part of all contracts between Luhta and Partners.

2. Respecting Human Rights

Luhta respects human rights and therefore it requires all of its Partners to demonstrate their compliance with human rights. Partners are encouraged to implement a process- and risk based human rights due diligence management system in their business practices as soon as possible in order to identify and assess human rights related impacts and risks of their operations and implement adequate measures to prevent, mitigate, and remediate adverse impacts on people.

2.1 Freedom of Association and Collective Bargaining

Luhta recognizes the workers' right to form and join trade unions and any other legitimated organizations of their choosing, participate in trade union activities, and to bargain collectively and their doing so must not result in any negative consequences to them. Partner must not interfere with establishment or functioning of trade unions or collective bargaining. Partner must not discriminate against workers because of trade union membership or participation in trade union activities. When operating in countries where trade union activity is unlawful, Partner allows workers to elect their own representatives with whom the Partner can enter into dialogue about workplace issues. Such representatives must have access to their member workers in the workplace. (ILO Conventions 11, 87, 98, 135 and 154). Please see more in Appendix 4.

2.2 Prohibition of Discrimination, Violence and Harassment

Luhta does not accept any discrimination, violence or harassment of workers. Partners must ensure that workers are not subject to any form of violence, harassment, abuse and inhumane or degrading treatment in the workplace. Partners must not discriminate, exclude or have a certain preference for persons based on gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in trade unions or any other legitimated organizations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination. Workers must not be harassed or disciplined on any of the grounds listed above. No discrimination is tolerated in hiring, remuneration, access to training, promotion, retirement or termination. (ILO Conventions 100, 111, 143, 158, 159, 169 and 183). Please see more in Appendix 4.

2.3 Fair Remuneration

Luhta respects everyone's right to earn a fair remuneration for their work. Partners must also respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted. Partners must comply, as a minimum, with wages mandated by governments' minimum wage legislation, industry standards approved on the basis of collective bargaining, or the prevailing industry wage, whichever is higher. The Partners are encouraged to provide their employees with adequate compensation if the legal minimum wage or the industry standard wage does not cover living expenses and provide some additional disposable income. Wages must be paid in a timely manner, regularly, and fully in legal tender. The level of wages is to reflect the skills, experience and education of workers and shall refer to regular working hours. Deductions are permitted only under conditions and to the extent prescribed by law or fixed by collective agreement. (ILO Conventions 12, 26, 101, 102 and 131). Please see more in Appendix 4.

2.4 Decent Working Hours

Luhta respects the international recommendations regarding decent working hours. Also Luhta's Partners must ensure that workers are not required to work more than allowed by the applicable law or 48 regular hours per week, whichever is less. Possible overtime hours must not exceed the number allowed by the applicable law or 12 hours per week, whichever is less. Overtime work must be exceptional and always voluntary. Overtime work must be paid at a premium rate of not less than one and one-quarter times the regular rate and must not represent a significantly higher likelihood of occupational hazards. Partners must grant their workers the right to resting breaks on every working day and the right to at least one (1) day (24 hours) off in every seven (7) days. (ILO Conventions 1 and 14 and ILO Recommendation 116). Please see more in Appendix 4.

2.5 Workplace Health and Safety

Luhta is committed to provide healthy and safe workplace for its workers and it recognizes the need to ensure that also all of its Partners also provide a safe and healthy work environment for all of their workers. Partners must therefore establish systems to detect, assess, avoid and respond to potential threats to the health and safety of workers and protect workers against any foreseeable emergency or danger. Partners must also take measures to prevent workers from having accidents, illnesses or injuries arising from, associated with, or occurring during work. These measures should minimize the causes of hazards inherent within the workplace. For example, hazardous equipment or unsafe buildings must not be used. Personal Protective Equipment (PPE) must be provided to workers free of charge and fire drills should take place regularly. Emergency exits must be clearly marked, well-lit and remain always unblocked all the way out so that evacuation through these emergency exits is always possible. Workers must have the right to exit the working premises from imminent danger immediately and without seeking permission.

Partners must also ensure that workers have access to clean and safe i) toilet facilities; ii) resting areas; iii) cooking, eating and food storage areas; and iv) drinking water. Vulnerable individuals such as young workers, expecting mothers and workers with disabilities must receive special protection. Partners must have adequate occupational medical assistance and adopt compulsory insurance schemes. Please see more information in Appendix 4.

The active co-operation between management and workers, and/or their representatives is essential to develop and implement systems towards ensuring a safe and healthy work environment. This may be achieved through the establishment of Occupational Health and Safety Committees. Upon request, Partner shall inform Luhta about possible establishment of such Committees. (ILO Conventions 155, 184 and ILO Recommendations 164 and 190)

To always ensure the health and safety of workers, Partners expressly agree to strictly comply with the related international standards such as the ILO Conventions, amfori BSCI Code of Conduct and this Code of Conduct where domestic legislation is weak or poorly enforced.

2.6 No Child Labour and Special Protection for Young Workers

Luhta does not accept child labor. Partners must never employ, directly or indirectly, children under the age of 16, or below the minimum age of completion of compulsory schooling as defined by applicable law, or below the minimum working age as defined by applicable law, whichever is higher. Young workers under the age of 18 must not perform work which is likely to harm their health, safety or morals. Partners must ensure that young workers do not work at night. Partners must also ensure that the working hours of young workers do not prejudice their attendance at school. Partners must establish age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to workers. If dismissing children from the workplace, Partners should identify in a proactive manner, measures to ensure the protection of affected children from, for example, prostitution or drug trafficking. When appropriate, Partners should provide decent work for adult household members of the affected children's family. (ILO Conventions 10, 79, 138, 142 and 182 and Recommendation 146). Please see more in Appendix 3.

2.7 No Precarious Employment

Luhta is committed to appropriate processes regarding employment. Partners must also ensure that their recruitment process and employment relationships do not cause insecurity and social or economic vulnerability for their workers. Partners shall ensure that work is only performed on the basis of a recognized and documented employment relationship (documenter contracts or documentary evidence), established in compliance with relevant national legislations, custom or practice, and international labor standards, whichever provides greater protection. In addition, before entering employment, partners must provide understandable information to the workers and ensure that all workers are aware of their rights, responsibilities and employment conditions (such as working hours, remuneration and terms of payment) in their own language.

2.8 No Forced Labor

Luhta prohibits all forced labour in its supply chain. Partners must never engage, directly or indirectly, in any form of forced or compulsory labor such as servitude, bonded, indentured, trafficked or otherwise non-voluntary labor. Forced or compulsory labor is defined as all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily. All workers are treated with respect and dignity. Partners must never engage in or tolerate physical, sexual, psychological, or verbal harassment or abuse. Workers must be free to terminate their employment with Partners. (ILO Conventions 29 and 105). Please see more in Appendix 3.

3. Protection of the Environment

Luhta is committed to taking environment into account in its operations. Partners must also comply with all environmental laws and regulations in the countries or jurisdictions in which they operate. Partners must obtain and have all required environmental licenses and permits for their operations. Partners are encouraged to implement a process- and risk based environmental due diligence management system in their business practices, and to assess regularly environmental impacts and risks of their operations and implement adequate measures to prevent, mitigate, and remediate adverse impacts on the surrounding communities, natural resources, climate and the overall environment.

3.1 Energy and Climate

Partners are encouraged to implement effective management practices and to minimize greenhouse gas emissions and other emissions to air through improved efficiency and use of renewable energy sources. Partners are encouraged to use international good practices and standards to manage their energy use.

3.2 Water and effluents

Partners shall strive to minimize freshwater withdrawals and promote water reduction and efficiency in its operations. In addition, partners are encouraged to promote water reuse where

possible. Partners must ensure that outgoing wastewater is treated before it is discharged and that the treated wastewater quality meets the requirements of the applicable laws, at a minimum. Partners shall reduce or eliminate adverse impacts of effluents by reducing their quality and/or their content of hazardous substances.

3.3 Resources and waste

Partners must constantly improve resource efficiency and strive to reduce and minimize waste generation in its operations. Partners segregate, manage, and dispose of all waste in compliance with local and national laws and regulations. All hazardous materials shall be handled, transported, stored, used, recycled and disposed of safely. Partners are encouraged to have practices to improve their waste management processes, for example by improving practices that divert waste from disposal (reuse, recycling and/or other recovery operations).

3.4 Chemicals

Partners must comply with applicable national and international laws regarding environment and chemicals, such as attached list of Restricted Substance List (Appendix 5), the Regulation (EC) No 1907/2006 of the European Parliament and of the Council on the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), Regulation (EU) No 2019/1021 on persistent organic pollutants, Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their Disposal and POP Regulation (EU) No 2019/1021. Moreover, Luhta follows the European Chemical Agency's (ECHA) list of avoidable Substance(s) of Very High Concern ("SVHCs"). Luhta also prohibits its suppliers from using mercury in the production process according to Regulation (EU) 2017/852. Please see more information on our Environmental Policy (Appendix 6).

4. Ensuring Animal Welfare

Luhta has made the decision not to use real fur sourced from animals in captivity in any of its products. Furthermore, in those products that require materials derived from animals, Luhta prohibits the suppliers of such material any form of cruelty to animals. Luhta expects that Partners recognise animals as sensitive beings which must be treated with respect and care. Partners shall comply with applicable animal welfare laws and international recommendations relating to animal welfare and ensure that materials derived from animals are from animals that are treated in accordance with applicable animal welfare laws and international recommendations. Please see more information on our Animal Welfare Policy (Appendix 7).

5. Ethical Business Behavior

5.1 Prohibition Bribery and Corruption

Luhta does not accept any form of bribery or corrupt practices. Luhta expects Partners to fully comply with applicable national and international laws and regulations concerning bribery and corruption and to conduct business in a professional, fair and lawful manner. All gifts and hospitality must be in compliance with applicable law taking into account bribery and corruption risks as well as potential conflicts of interests.

5.2 Respecting Intellectual Property Rights

As a brand company, Luhta highly values intellectual property – its own as well as those of others. Luhta therefore expects Partners to operate in accordance with the same principles and to use their best efforts to avoid any infringements of intellectual property rights. Luhta requires its Partners to verify that it will not offer infringing intellectual property for Luhta to use in its products.

5.3 Avoid Antitrust Issues and Conflict of Interests

Luhta is determined to improve fair and lawful competition and does not accept any violations of applicable national or international competition laws. Luhta therefore expects Partners to operate in accordance with the same principles and to use their best efforts to avoid any violations of applicable competition laws. Personal interests of employees or directors of Luhta must not be in conflict with the interests of Luhta. Employees or directors of Luhta may not engage in competitive business with Luhta.

5.4 Transparent Communication

To enhance transparency of their activities, Partners must collect and communicate accurate information regarding their activities, structure and performance. Partners shall disclose this information in accordance with applicable regulations and industry benchmark practices. In addition, Partners shall provide awareness to the workers about the policies, controls, programmes and measures against unethical behavior, and promote compliance with the company through training and communication.

5.5 Protection of Personal Information

Partners must collect, use and otherwise process personal information (including workers, business partners, customers and consumers) with utmost care. The collection, use and other processing of personal information must comply with privacy and information security laws and regulatory requirements.

6 Sub-contractor process

All Partners must provide Luhta a list of its sub-contractors and possible available audit reports. Luhta may, if it deems imperative, prohibit Partner from using a certain sub-contractor if there is a high risk of human rights violations. Luhta has full and sole discretion on the consideration of whether there is a high risk of human rights violations on behalf of the supplier. Luhta has also the right to prohibit its Partner from using a particular sub-contractor and changing such sub-contractor to another shall not affect the price and/or delivery times.

7 Monitoring

Partners are responsible for ensuring that the requirements of this Code of Conduct are met. Partners need to ensure that any third parties working on their behalf also abide by this Code of Conduct or adopt similar requirements within their own operations and their value chain.

Luhta or a third party on behalf of Luhta may conduct a review of the Partner's compliance with this Code of Conduct. For the purpose of the review, the Partner agrees to have its facilities audited by Luhta or a third party. Luhta enforces and monitors Partners' compliance with this Code of Conduct according to its North Star-process.

8 Complaints and Breaches

All Partners are required to inform Luhta immediately should they notice and/or suspect any non-compliance with this Code of Conduct and/or relevant laws and regulations. Partners may contact Luhta through Luhta's representative or should they wish to handle the matter anonymously, Partners may contact Luhta through Luhta's whistleblowing channel.

Moreover, all Partners must share the purpose, safeguard mechanism for the person making the report and the address of Luhta whistleblowing channel to its value chain so everyone has easy access to the anonymous whistleblowing channel. All reports from the whistleblowing channel will be processed confidentially.

Partner must take corrective actions to remedy any non-compliance as soon as possible in respectful and inclusive manner. Furthermore, whenever reasonable, Luhta shall support, train and assist its Partners in order to reach better compliance by making corrective plans, providing training and/or other means. Luhta shall observe whether Partner is able to remedy the non-compliance and if Partner does not demonstrate sufficient improvement, Luhta has the right to terminate its contracts with Partner with immediate effect.

Updates

Luhta has the right to update this Code of Conduct to continuously improve its procedures in social responsibility, environmental protection and fair cooperation as well as to develop its compliance processes.

Contact information

L-Fashion Group Oy
Tiilimäenkatu 9, 15680 Lahti, Finland
Tel: +358 (0)3 822 111
E-mail: sustainability@luhta.fi

Appendix

Appendix 1: BSCI Code of Conduct
Appendix 2: Human Rights Declaration
Appendix 3: Child Labour, Modern Slavery and Human Trafficking Statement
Appendix 4: Labour Rights Policy
Appendix 5: Restricted Substance List
Appendix 6: Environmental Policy
Appendix 7: Animal Welfare Policy