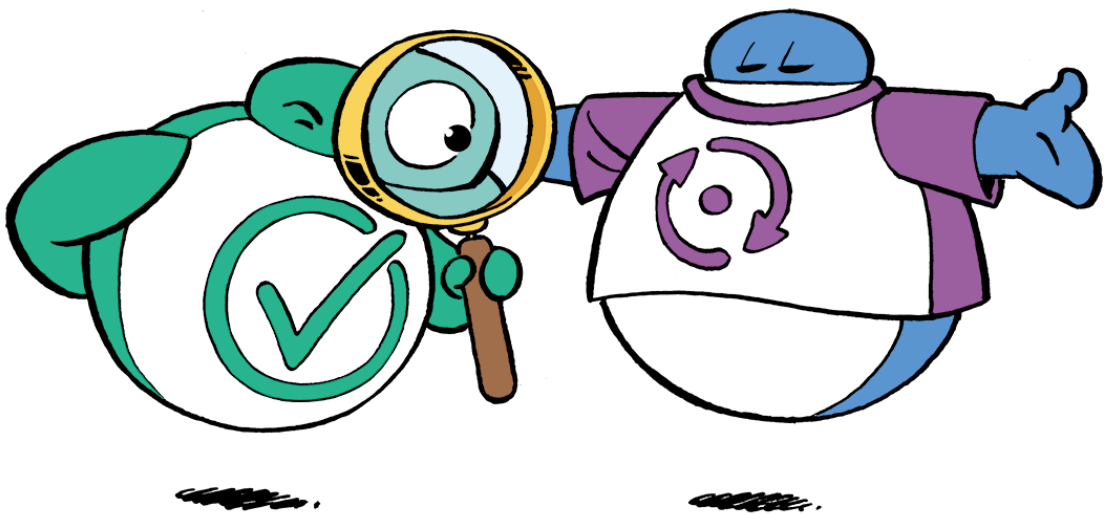




Code of Conduct for suppliers



Erve Group Code of Conduct for the Supply of Merchandise

Introduction

The Erve Group Code of Conduct for the Supply of Merchandise (Supplier Code of Conduct) describes the standards of business conduct that we see as fundamental in our dealings with merchandise suppliers. This Supplier Code of Conduct applies to all suppliers, their subcontractors and all other business partners that do business with Erve Group.

We take responsibility across the whole supply chain and do this based on due diligence following the OECD guidelines (1) and ILO conventions. Certain standards are universally valid and must apply to all our commercial activities and business relationships. Where the requirements of this Supplier Code of Conduct set a higher standard than is required by local laws and regulations, suppliers must align with the requirements of this Supplier Code of Conduct. Suppliers are also responsible for ensuring that this Supplier Code of Conduct and all relevant laws and regulations are complied with within their own supply chains.

Erve Group aims to translate its mission and vision in a collaborative way, working with its partners across the entire supply chain. Growth for our customers, partners and people is what we stand for. We believe in creating a level playing field rather than strict hierarchies; a positive work environment that gives everyone a chance to grow. If every individual has the opportunity to develop and to reach their full potential, we'll be happier and more successful as a team. An open environment, collaboration and growing together is what we stand for: step by step, better each time.

At Erve, we are committed to reducing our business impact on the environment. This includes minimising the environmental impact of our own operations, while aiming to ensure that the diverse range of products are manufactured and purchased in a responsible and environmentally friendly manner. In addition to complying with environmental laws in each of the countries in which we directly operate, we also seek to promote environmentally sustainable practices and continuously improve our environmental management wherever possible.

To realise this responsibility, we:

- aim to produce clothing in a socially and environmentally sustainable way
- engage with the societies in which we operate, and with our partners across our supply chain
- provide visibility of our supply chain and transparency to the customer
- monitor our supply chain
- address non-compliance and remediate.



1 Social responsibilities

1.1 *Legal aspects and intellectual property*

- We will always comply fully with the legal requirements of the countries in which we do business, and our suppliers are required to do the same at all times. The intellectual property rights of third parties will be respected by all concerned.
- It is our social responsibility to respect human rights and internationally accepted standards of employment. All the requirements of this Supplier Code of Conduct are based on the International Labour Organization (ILO) standards and international human rights law, as well as the OECD guidelines.

1.1.1 **Bribery and corruption are not tolerated**

- Offering, paying, soliciting or accepting bribes is strictly forbidden.
- Business ethics and fair competition are important to Erve Group; therefore, Erve Group prohibits bribery, corruptibility and other corruption. Corruption and bribery are prohibited in all operations and transactions.
- Suppliers must comply with the requirements of anti-corruption and bribery as defined in the OECD Annex II (1). This applies to all the production countries in which Erve Group currently operates and will operate in the future.

1.2 *Supplier relationship*

- We seek to develop long-term and socially sustainable business relationships with our suppliers, who should have a natural respect for our ethical standards in the context of their own particular culture.
- Our relationships with suppliers are based on the principle of fair and honest dealings at all times and in all ways. We specifically require our suppliers to extend the same principle of fair and honest dealings to all others with whom they do business, including workers, subcontractors and other third parties.
- Obligations towards workers under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting or homeworking arrangements or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor must any such obligations be avoided through the excessive use of fixed-term contracts of employment.

1.2.1 **Subcontracting must be transparent and communicated**

- We want our suppliers to openly communicate about their supply chain and disclose their suppliers of raw materials and other components (fabric, leather, labels, trims, packing and others) to Erve Group.
- Our first-tier suppliers are only permitted to work with nominated and approved suppliers. Our suppliers are encouraged to impose the same social and environmental requirements that we impose on them to their supply chain.

1.2.2 **No forced labour, human trafficking & slavery**

- Forced labour will not be tolerated – this includes prison labour, indentured labour, bonded labour or other forms of forced labour that involve physical or mental abuse or any form of corporal punishment. Workers should always have access to and have control of their citizenship documents.
- Under no circumstances will the exploitation of any vulnerable individual or group be tolerated.

- Breach of these principles by a supplier may lead to the termination of the relationship.
- The supplier is responsible for employment eligibility fees of all workers, including recruitment fees.

1.2.3 Freedom of association and the right to collective bargaining are respected

- We recognise and respect the freedom of workers to choose whether or not to associate with any group of their choosing, as long as such groups are legal in their own country.
- Suppliers must guarantee the right of their workers to join unions and to bargain collectively.
- There should be a procedure that allows workers to raise and address workplace grievances without fear of reprisal.
- This procedure must be clearly communicated to workers at the time of their recruitment and be easily accessible to all workers and their representatives.
- The grievance procedure must involve an appropriate level of management.
- The management must address workers' concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned.
- The grievance procedure must not be used to undermine the role of trade unions and collective bargaining processes and must not impede access to other existing judicial, arbitration or administrative procedures.

1.2.4 Working conditions: fair, safe and continuous

- Suppliers provide a safe and hygienic working environment for all workers. There must be systems in place to detect, avoid and respond to potential risks to the safety of all workers. All possible precautions must be taken to prevent accidents at the workplace. Suppliers must ensure that the manufacturing and storing buildings are safe and that fire and emergency action plans are in place. All safety measures must also be in place at dormitories, canteens and childcare facilities. All workers have the right to refuse unsafe working conditions.

1.2.5 Child labour shall not be used

- The use of child labour will not be tolerated. Workers must not be younger than the legal minimum age for working in any specific country and they must never be under 15 years in any country .
- Workers aged under 18 years shall not perform work that harms their health, safety and/or morals.
- Breach of these rules by a supplier may lead to the termination of the relationship.

1.2.6 Living wages are paid

- Wages and benefits must be fully comparable with local norms and comply with all local laws. Wages are in line with the general principle of fair and honest dealings.
- This means paying women and men equal wages for equal work.
- A minimum of the legal minimum wage needs to be paid in a timely manner, including benefits such as holidays, leave and statutory severance when employments ends.
- Disciplinary deductions from pay are not tolerated.
- Workers shall be clearly informed about the specifications of their wages, including wage rates and pay periods.
- Wages need to be sufficient to meet basic needs and to allow workers a modest saving.

1.2.7 Working hours are not excessive

- Workers must not be obliged to work in excess of the regular working week and maximum overtime set by local law. A regular working week shall not exceed 60 hours (including overtime of 12 hours). This should be

defined in workers' contracts. All overtime should be voluntary and cannot replace regular employment. The overtime hours should always be compensated at the premium rate of 125% of the regular rate of pay.

- Working hours can only exceed 60 hours per week in the following circumstances: if it is permitted by national law, if it is allowed by a collective agreement and negotiated with a workers' committee (which represents a significant proportion of the workforce), and safeguards are taken to protect the workers' health and safety. The worker should have at least one day off within a seven-day period.

1.2.8 No discrimination is practiced

- All aspects of the employment relationship shall be based on the principle of equal opportunities.
- No discrimination based on gender, race, caste, religion, age, disability, marital status, sexual orientation, union membership or political affiliation and in hiring, compensation, promotion, training, retirement is acceptable.

1.2.9 No harsh or inhumane treatment is allowed

Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation are prohibited.

2 Environmental responsibilities

2.1 Chemical and hazardous substances

- The realisation of environmental standards in accordance with local and national law is complex. We therefore aim to closely work with our suppliers to meet our joint obligations towards the environment.
- We will work with our supply chain to achieve zero use and discharge of substances deemed to be hazardous. Meanwhile, hazardous substances must be stored and handled in accordance with the law. A material safety data sheet (MSDS) must be available in factories and its instructions must be followed.
- All goods made for Erve Group must comply with the MRSL (Manufacturing Restricted Substances List) and ZDHC (Zero Discharge of Hazardous Chemicals). All raw materials used must be recorded and checked throughout the complete production process. The MRSL should be communicated to raw-material suppliers, including wet-processing facilities and sub-contractors, and factories assembling or manufacturing garments. ZDHC brands expect that material suppliers and factories will communicate with their chemical suppliers to ensure that the listed substances are not present in chemical formulations above established limits.
- Beyond this, we will also research better alternatives in facilities manufacturing our products and materials and will seek to ensure that we have appropriate measures in place for pollution prevention and control.

2.2 Water management and waste treatment

- We will work with our supply chain to improve water efficiency in agricultural and manufacturing processes as well as operating efficiently in our own business operations. Water usage must be measured against the output. Water-saving alternatives such as recycling water or using collected rain and surface water must be taken into consideration.

- All outgoing wastewater from wet processes must be treated before it is discharged. The quality of the discharged water must meet local and national regulations. The water should be tested periodically to ensure it meets legal requirements. Waste must be managed in accordance with local law.

2.3 Energy efficiency and greenhouse gases

- Erve Group seeks to improve energy efficiency and reduce the greenhouse gas emissions of our offices and distribution networks and will work with our supply chain to consciously use resources, achieve energy efficiency improvements and consider more environmentally friendly energy sources. Suppliers are required to monitor energy use, record the source and set targets for reducing resource consumption.
- Beyond this, we are committed to plant a tree in our Erve forest for each order to offset a part of the incurred greenhouse gas emissions.

2.4 Animal welfare

- Erve Group does not make products which involve animals or any type of animal products.

2.5 Sustainable materials

- In partnership with our customers, Erve Group aims to increase the share of sustainable materials used, such as organic cotton, Better Cotton, Cotton made in Africa, and synthetic recyclable alternatives.

2.6 Responsible buying practices and sourcing

- We aim to buy materials and products from sustainable and traceable sources in our supply chain and require this information from all our suppliers and related tier-2 and tier-3 suppliers.
- Furthermore, we commit to improving purchasing practices in accordance with the CFRPP (Common Framework for Responsible Purchasing Practices) guidelines. We do that in corporation with ETI (Ethical Trade Initiative) and through the participation in a learning and implementation community.

3 Monitoring and enforcement responsibilities

3.1 Disclosure and inspection

- Erve Group requires its suppliers to fully disclose all facts and circumstances concerning production and the use of subcontractors to us.
- All Erve Group suppliers are obliged to make their subcontractors aware of and comply with the Supplier Code of Conduct.
- Additionally, our suppliers are required to authorise the auditing company appointed by Erve Group to make unannounced inspections of any manufacturing facility at any time.
- Erve Group is entitled to conduct facility checks of factories at random and unannounced.

3.3 Monitoring

- To enforce the requirements and guidelines stated in this Supplier Code of Conduct, we will ensure that standards of compliance on the part of workers and suppliers are actively audited and monitored.

3.4 Corrective action plans

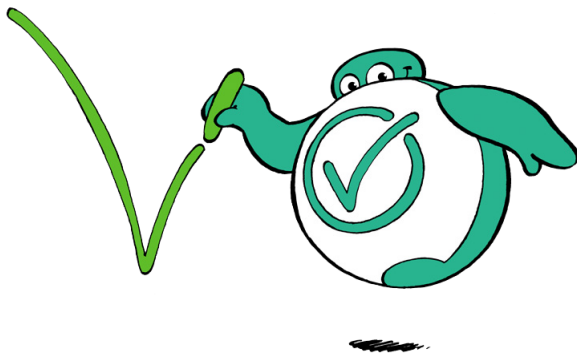
- Where business has been suspended due to an infringement of the Supplier Code of Conduct, the business relationship may only be re-established after a convincing corrective plan has been submitted and approved.
- Implementation of this plan will be verified by Erve Group and remediation will be monitored.

3.5 Awareness and trainings

- We will take all necessary steps to ensure that our workers and suppliers are fully aware of our standards and requirements.
- We will take all necessary actions to promote full understanding and cooperation with the aims and objectives of this Supplier Code of Conduct.

3.6 Sanctions

- Where we believe that a supplier has breached the requirements set out in this Supplier Code of Conduct either for Erve Group production or for any other third party, we will not hesitate to end our business relationship, including the cancellation of outstanding orders.
- Examples of breaches might include unwillingness to cooperate or repeated violations of this Supplier Code of Conduct and local law.
- We also reserve the right to take any other possible actions that are appropriate, including legal action.



We hereby confirm that we take part in and fully understand the Erve Group Code of Conduct for the Supply of Merchandise. We will inform all parties involved in our production (subcontractors, companies, factories, employers and other parties) of our commitment to the Supplier Code of Conduct.

Date:.....

Company name:.....

Name and position:.....

Signature:.....

Stamp: