

# CODE OF CONDUCT

## FOR THE PROCUREMENT OF GOODS

The s.Oliver Code of Conduct comprises the company's fundamental ethical business principles, which represent the basic framework for any procurement of goods along the supply chain of s.Oliver Bernd Freier GmbH & Co. KG and all of its affiliated companies. s.Oliver considers this Code of Conduct as inherent to the relationship with our national and international business partners and the procurement of goods. It constitutes the legal basis for every purchase contract and any other contractual relationship which we conclude with a vendor or intermediary business partner. The rules reflect our ethically motivated standard business principles with regard to ensuring compliance with all applicable laws and regulations as well as international standards focusing on the safeguarding of Human Rights in our supply chains. We regard this as an imperative for conducting business and trust all of our vendors to comply with this Code of Conduct and to also apply it to their relations with their business partners.

Our operational requirements with regard to the purchase and delivery of merchandise, such as quality, payment, logistics and respecting third party intellectual property rights, are addressed in our **Production & License Agreement**, which is based on this Code of Conduct. It should also be considered in the context of the general „Business Partner Code of Conduct for the s.Oliver Group“, which it is complementary to.

Our expectations and interpretations with regard to specific requirements of this Code of Conduct will additionally be addressed in other respective s.Oliver policies that will be updated from time to time and will then become an integral part of this Code of Conduct and the Production & License Agreement.

### 1. GENERAL REQUIREMENTS

s.Oliver operates within the general principles of honesty, integrity, dignity and fairness in all aspects of its business and expects its business partners to do the same and to take appropriate measures for protecting people and the environment from adverse impacts resulting from the production and delivery of goods. Our principles reflect the various international rules, conventions and recommendations for the protection of human rights and social and environmental standards established by the global community. Although they are not directly legally binding for private parties they function as a source and reference for the requirements outlined in this Code of Conduct.

This refers particularly to the „Universal Declaration of Human Rights of the United Nations“ and the core conventions of the International Labour Organization's „Declaration on Fundamental Principles and Rights at Work“, the „United Nations Convention against Corruption“, the „OECD Guidelines for Multinational Enterprises“ and the German National Action Plan implementing the “United Nations Guiding Principles on Business and Human Rights”, recognizing the joint responsibility of governments and businesses when it comes to supporting sustainable supply chains and encouraging best practices.



Furthermore, s.Oliver believes in applying the principle of sustainability to its business activities in terms of the sustainable use of natural resources and the protection of the environment, as well as the reconciliation of environmental, social and economic demands. This particularly includes the protection of animals and endangered species and the adoption of the principle of biodiversity.

s.Oliver takes the United Nations Sustainable Development Goals (SDGs) into account as a guideline and intends to act within the framework provided by promoting human rights, voluntary and decent working conditions, sustainable economic growth, responsible consumption and production as well as environmental and climate action. In support of any respective activities, s.Oliver may participate in common initiatives and industrial partnerships such as the „Accord on Fire and Building Safety in Bangladesh“ or the German „Partnership for Sustainable Textiles“, for example, in order to pursue these aims jointly with other stakeholders such as governments, brands, vendors, unions and the civil society. s.Oliver expects its vendors to support this participation within the scope of their responsibilities by collaborating closely with s.Oliver on these issues. Any respective non-cooperation by vendors may result in the termination of the business relationship.

A separate addendum to the Production & License Agreement addresses s.Oliver's specific requirements and expectations in terms of the responsibilities of our vendors in respect of these initiatives, their active support and banned activities.

We are fully aware of the fact that our business is often conducted in cultures with a different legal, social and economic framework. Other practices and traditions may be established in these communities which we will honour and respect. We will comply with the national laws, regulations, minimum industry standards and any other relevant legal provisions as well as third party intellectual property rights, and we expect our vendors to do the same.

Some of the requirements set out in the s.Oliver Code of Conduct may go beyond what is stipulated by national laws and regulations. If this results in an unresolvable conflict that cannot be resolved with a legally acceptable interpretation to make the requirements of the s.Oliver Code of Conduct comply with the law, the business partner must immediately inform s.Oliver of this circumstance so that we may find a compliant solution. If the applicable standards differ, the stricter standard will be applied.

### **(1) Vendors**

The s.Oliver Code of Conduct constitutes the legal basis of each sales contract with a third business party. By signing these rules, the vendor therefore expressly accepts the validity of the Code of Conduct and will act accordingly in all of its business operations.

s.Oliver, in our role as a retailer and/or wholesaler without own production facilities, is willing to pragmatically work with our vendors in a trusting, fair and transparent manner and in performing due diligence. As a principle, 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 and their intermediaries to support our Code of Conduct, and to share it with all business partners that are involved in the production of goods for s.Oliver.

## (2) Disclosure / Monitoring

The Code of Conduct demands full transparency on all main processes related to the manufacturing of s.Oliver goods. It is therefore necessary that Vendors disclose all of the relevant information regarding their production or service processes, including any work which is outsourced or performed by third parties within or in relation to the supply chain (e.g. manufacturers, sub-contractors or material suppliers). These third parties must be defined and listed before an order is produced and must be approved by s.Oliver beforehand. This includes the disclosure of all relevant business documentation that reflects the circumstances of any service or production process within the scope of a legally compliant and transparent management system.

With respect to the protection of the environment and the safeguarding of biodiversity, s.Oliver is entitled to require the vendor to document and publish any emission or disposal of potentially critical chemical substances that may affect the environment in any form.

Furthermore, s.Oliver'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 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. As far as documentation is required in order to verify the production conditions, e.g. construction plans, fire protection measures, electrical appliance plans, health & safety measures, payroll and working time records, this documentation must be kept on hand and must be easily accessible. Vendors must ensure that any subcontractors/manufacturers mandated for production of goods for s.Oliver are aware of this procedure and our 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.

s.Oliver is entitled to communicate its Code of Conduct and discuss the extent to which a vendor has implemented and enforced it with any stakeholder, the media and any other interested parties, for example by publishing these details in media accessible to the public or in a social or environmental report. This includes statements about the working and safety conditions at the vendor's production sites that may be accessible to the public. 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) Cooperation / Remediation / Mitigation**

s.Oliver expects its vendors to take full responsibility in respect to the adequate remediation of any relevant grievances in order to provide a safe, compliant and acceptable working environment. Respective grievance mechanisms must be in place and vendors are expected to take adequate mitigation and compensation measures with respect to any damage. If vendors have caused or contributed to any adverse impacts, this vendor must ensure their remediation through legitimate processes. Vendors must fully and promptly cooperate with s.Oliver in the event of such a situation.

### **(4) Publication / Reporting / Whistleblowing**

The contents of this Code of Conduct are not considered confidential and are in the public domain. Vendors must make the contents of this Code of Conduct easily accessible to all of their employees in an easy to understand and simplified form. s.Oliver can provide a respective communication template.

s.Oliver will provide a confidential communication channel through which unethical behaviour and violations of the Code of Conduct can be reported directly to the s.Oliver senior management at the company headquarters.

## **2. SPECIFIC REQUIREMENTS**

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

### **(1) Prohibition of Child Labour**

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 or below the age of completion of compulsory education, whichever is higher. Young employees of legal working age but below the age of eighteen 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. Any supplies and raw materials originating from areas where child labour is systematically exploited may not be used for the production of goods for s.Oliver.

The vendor shall maintain adequate official documentation for the verification of any employee's age. 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 policy, which is an addendum to this Code of Conduct.

## **(2) Prohibition of Forced, Bonded, Indentured Labour, Prison Labour, Slavery and Human Trafficking**

All forms of forced labour and prison labour as defined in ILO Conventions No. 29 and No. 105 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. All forms referred to as „modern slavery“ in the respective UK legislation (UK Modern Slavery Act 2015) are prohibited. This includes 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.

Any human trafficking for work or any other purposes is prohibited. Employees must not be required to lodge ‚deposits‘ or identity papers with an employer 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.

## **(3) Prohibition of Discrimination, Harassment and Abuse**

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, caste, social background, disability, ethnic or national origin, nationality, membership in workers' organisations including unions, legal political affiliation, sexual orientation or any other personal characteristics of any kind shall not be tolerated, especially with regard to recruitment, remuneration, disciplinary measures, access to training, promotion, termination of employment or retirement.

All employees and aspirants for employment must be treated with respect and dignity. Mental or physical abuse or verbal intimidation of any kind, especially sexual harassment and discrimination against women, is prohibited. The same applies to any legally inadmissible disciplinary measures and corporate punishment.

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

## **(4) Freedom of Association and the Right to Collective Bargaining**

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 employer in any way. All employees shall have the right to organise 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 employer must facilitate and does not hinder the development of alternative means for employee association and bargaining.

Employee representatives must not be discriminated against and must be able to carry out their representative functions in the workplace without being subjected to any hindrance, intimidation or negative personal consequences.

## (5) Remuneration, Benefits and Terms of Employment

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. Employers 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 the wages are not sufficient to cover workers' basic needs and provide some discretionary income, vendor companies shall provide their employees with adequate compensation to meet these needs.

Employees must receive a remuneration for their regular working hours which at least meet 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, Article 5).

Employees shall be provided with a written employment contract in the local language 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 necessary, assistance should be provided to ensure that the employee fully understands the main contents. 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.

Illegal or unauthorised payroll deductions or payroll deductions as a disciplinary measure are prohibited, unless this is permitted by national law and a respective freely negotiated collective bargaining agreement is in force. 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 the more favourable for the workers. The minimum to be paid is the internationally recognised overtime rate of no less than one-and-a-quarter times the regular rate (as per ILO Convention No. 30, Article 7.4.).

Working relationships should be conducted on the basis of an established employment relationship. The use of labour-only contracting, subcontracting or homeworking relationships is discouraged and must be made transparent to s.Oliver. Apprenticeship schemes shall impart skills or enable for later regular employment.

## (6) Working 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. 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, the company may require such overtime work as described above. Regular breaks must be provided in line with the national law.

## (7) Health and Safety

The production facilities, the individual workspaces and the working processes must be professionally organised 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 building's interior, 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, in as far as reasonably practicable, through adequate constructive, technical and organisational safety measures. All employees must be given safety instructions and must take part in fire drills on a regular basis. This must be documented.

Chemical substances must be properly labelled and stored. Only respectively trained staff must be able to access these chemical substances. The company must regularly train its managers and employees in the respective protection and evacuation measures (for example the evacuation of a building) in accordance with the principle of safety first. In emergencies, the production site managers must not prevent any employee from evacuating the working area without prior permission. 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. 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. Where legally required or adequate, a staff member with medical training should be on site during the working hours.

All employees must have access to basic amenities such as food, free clean water and fresh air. Their working place environment must be adequately 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.

### **(8) Environmental Responsibility**

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

### **(9) Production Ecology**

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. s.Oliver 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.

s.Oliver is particularly concerned about the impact of any production or goods handling process on climate change and water consumption. The emission of carbon and other substances with a greenhouse effect that impacts on the climate caused by all production activities must be monitored, documented and reduced. s.Oliver will cooperate its vendors in this respect and will establish respective monitoring systems in order to meet our joint responsibilities.

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. s.Oliver 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.

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.

### **(10) Corruption / Bribery**

Vendors must adhere to high ethical standards and must show integrity in their business practices under any circumstances and maintain a preventive policy. All vendors must comply with all of the applicable national as well as international corruption and anti-bribery laws, regulations or conventions such as the USW FCPA, the UK Anti Bribery Act and the OECD Anti Bribery Convention and not offer, provide, solicit or accept bribes, kickbacks, facilitating payments or any other improper monetary rewards and gifts to s.Oliver employees, representatives or any other third party to obtain unethical or undue advantages. This includes all kind of deceptive trade practices, protection money, tax evasion and money laundering. Vendors shall report any s.Oliver employee suspected of making such demands or taking such improper advantages.



Vendors must commit themselves to fair and ethical business practices under consideration of fair competition, third party intellectual property rights and anti-trust regulations.

### **(11) Sanctions**

In the event of non-compliance with the principles and requirements of this s.Oliver Code of Conduct and a respective breach of trust by any of our vendors, we shall have the right to impose appropriate sanctions (as warranted by the seriousness of the actual infringement), including the immediate termination of the business relationship as a last resort. We may also require the vendor to take appropriate mitigation and remediation measures.

### **(12) Management Systems**

The vendor shall define and implement a policy and an effective quality management system regarding his social accountability. This means the existence of an implemented framework of policies and procedures must be in place which is communicated to all employees. In particular, this must include an effective anti-corruption/anti-bribery compliance system based on a respective company policy.

The company management is responsible for the correct implementation and continuous improvement of this system through appropriate corrective measures, and also for the communication of the requirements of the Code of Conduct to all employees. The vendor shall also address all employee concerns regarding non-compliance with any of the provisions of this Code of Conduct. The vendor will establish an appropriate internal system that permits such concerns to be submitted directly and confidentially to the top management. Vendor will refrain from any form of retaliation against employees who have made truthful and proper use of this grievance channel to report abuse, intimidation, discrimination, harassment or any violation of any laws or this Code of Conduct, or any employee who assists in the investigation of such a report.

The s.Oliver Code of Conduct may be subject to review on a regular basis and updated whenever appropriate.