

Ethical Sourcing Policy as of 01/01/2020

Expectations

We expect our suppliers to support the ethical standards set out in this Policy with regard to workplace safety, environment, and fair pay and employment conditions.

The Policy sets out the standards that we expect all of our suppliers to comply with when producing and supplying products for SCHOLL SHOES / HEALTH AND FASHION SHOES, no matter where they operate in the world. We recognise that full compliance with these criteria may take time for some suppliers, and we are committed to working with our suppliers to implement improvement plans and help them achieve compliance. Our suppliers must commit to complying with the following requirements.

1. Employment is freely chosen

- a. There is no forced, bonded or involuntary prison labour.
- b. Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

2. Freedom of association

- a. Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- b. The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- c. Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- d. Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

3. Safe and hygienic working conditions

- a. A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and

injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

- b. Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- c. Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- d. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- e. The company observing the code shall assign responsibility for health and safety to a senior management representative.

4. Non-tolerance of child labour

SCHOLL SHOES / HEALTH AND FASHION SHOES supports ILO Convention 138 (Minimum Age) with regard to the appropriate age of workers and will not work with suppliers who use child labour.

- a. There shall be no new recruitment of child labour.
- b. Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.
- c. Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- d. These policies and procedures shall conform to the provisions of the relevant ILO standards.

5. Working hours are not excessive

- a. Working hours must comply with national laws, collective agreements, and the provisions of b. to f. below, whichever affords the greater protection for workers. B. to f. are based on international labour standards.
- b. Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.
- c. All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be

- compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.
- d. The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by clause 6.5 below.
 - e. Working hours may exceed 60 hours in any 7 day period only in exceptional circumstances where all of the following are met:
 - i. this is allowed by national law;
 - ii. this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
 - iii. appropriate safeguards are taken to protect the workers' health and safety; and
 - iv. the employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.
 - f. Workers shall be provided with at least one day off in every 7 day period or, where allowed by national law, 2 days off in every 14 day period.

6. No discrimination is practiced

- a. There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

7. Regular employment is provided

- a. To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- b. Obligations to employees 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 home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of

employment.

8. No harsh or inhumane treatment is allowed

- a. Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

9. Entitlement to Work and Immigration

- a. Only workers with a legal right to work shall be employed or used by the supplier.
- b. All workers, including employment agency staff must be validated by the supplier for their legal right to work by reviewing original documentation.
- c. The supplier shall implement processes to enable adequate control over agencies with regards to the above points and related legislation.

10. Sub-Contracting and Home Working

- a. Supplier must ensure that subcontractors comply with this Policy in all aspects.
- b. Suppliers must have adequate processes in place for properly managing sub-contracting and home working to ensure subcontractors do not abuse, exploit or provide unsafe working conditions for their employees.

11. Bribery and corruption

- a. Suppliers shall put in place procedures to prevent or mitigate the risk of bribery incorporating good practices as set forth by the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance.
- b. Suppliers shall implement ethics and compliance programmes or measures designed to prevent or detect bribery, including the bribery of public officials, applicable to all directors, officers and employees and applicable to all entities over which a company has effective control, including subsidiaries, on, inter alia, the following areas:
 - i. Gifts, hospitality, entertainment and expenses
 - ii. Customer travel
 - iii. Political contributions
 - iv. Charitable donations and sponsorships

- v. Facilitation payments
- vi. Solicitation and extortion
- vii. Acceptance of goods
- viii. Personal investments and employment and related activities, including but not limited to publishing seat on board of directors and employment for spouses or other relatives

12. Business is conducted in a manner which embraces sustainability and reduces environmental impact

- a. The supplier is encouraged to implement best available techniques (BAT).
- b. Where there is a risk of harm to the environment, the supplier is encouraged to avoid reference to the lack of full scientific evidence as a reason for postponing cost-effective measures to prevent or minimise such damage, consistent with the scientific and technical understanding of the risks, taking into account risks to human health and safety.
- c. Suppliers may also rely on existing guidance on how to promote water efficiency and/or reduced dependence on fresh water at textile production, tanneries and cotton growing. Example methods are likely to include: investment in water saving equipment; water re-use and reduction in water usage (for example in dyeing). Policy and training should support any water management plan.
- d. Suppliers are encouraged to work towards measuring the greenhouse gas GHG emissions that are a result of their own activities—these may include activities owned or controlled by the supplier that release emissions straight into the atmosphere (i.e. direct emissions), or the supplier’s consumption of purchased electricity, heat, steam and cooling (i.e. energy indirect emissions).