



Code of Conduct for suppliers

Nille AS guidelines and requirements for a sustainable, responsible and fair supply chain.

Passed by Nille AS board. Last modified 2020-10-21.

Introduction

Nille AS is a responsible member of the global community and it is our obligation to ensure that our business is conducted in a socially responsible manner, with respect for human rights, worker's rights and the environment.

It is important for Nille AS to take responsibility for our actions, thereby using our influence to promote respect for Human- and Labour Rights and environmental protection both within the company and towards our business partners.

Nille is a member of the Ethical Trading Norway, a membership organization for private and public enterprises and organizations. Ethical Trading Norway is a resource center and an advocate for ethical trade practices. Nille reports annually to Ethical Trading Norway and the report is made publicly available.

Nille AS focuses on improving human's quality of life, that includes our customers, employees and everyone involved in the production of our merchandise. Based on this commitment, Nille AS have set up this Code of Conduct to make our position clear for all Vendors, for the staff and for other partners.

The requirements of Nille Code of Conduct are non-negotiable and must be complied by the vendor, and their subcontractors, through all their activities. If non-compliances occur, corrective and preventive actions will be expected to take place within a reasonable time frame agreed upon between the vendor and Nille AS.

After repeated failure or unwillingness to carry out corrective actions, business with the vendor may be terminated. Also, when placing new orders, the level of compliance with our Code of Conduct and willingness to make improvements is an important criterion for selection of vendors. The principle aim of our Code of Conduct is to help improve the social and environmental conditions of our vendors.

The business relationship between Nille AS and its vendors shall be based on mutual respect, and all parties shall communicate in a good and constructive manner throughout the process.

Nille AS will continuously evaluate and, if applicable, improve our own policy and purchasing practices in order to facilitate vendors and subcontractor's compliance with this Code of Conduct.

Definitions:

Vendor: the contractual partner responsible for the product, process or service supplied to Nille AS.

Subcontractor: a legal business entity in the supply chain directly or indirectly providing the Vendor with goods and/or services integral to, and utilized in/for the production of the vendor's goods and/or services.

Principles for responsible business conduct

These principles for responsible business conduct are based on UN and ILO conventions and provide minimum, not maximum standards. The relevant legal framework at the place of production shall be respected. Where national laws and regulations address the same subjects as these guidelines, the most stringent shall apply.

1. Forced and compulsory labour (ILO Conventions Nos. 29 and 105)

1.1. There shall be no forced, bonded or involuntary prison labour.

1.2. Workers shall not be required to lodge deposits or identity papers with their employer and shall be free to leave their employer after reasonable notice.

2. Freedom of Association and the Right to Collective Bargaining (ILO Conventions Nos. 87, 98, 135 and 154)

2.1. Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively. The employer shall not interfere with, obstruct, the formation of unions or collective bargaining.

2.2. Workers' representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.

2.3. Where the right to freedom of association and/or collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of alternative forms of independent and free workers representation and negotiations.

3. Child Labour (UN Convention on the Rights of the Child, ILO Conventions Nos. 138, 182 and 79, and ILO Recommendation No. 146)

3.1. The minimum age for workers shall not be less than 15 and comply with the national minimum age for employment, or; the age of completion of compulsory education, whichever of these is higher. If local minimum is set at 14 years in accordance with developing country exceptions under ILO Convention 138, this lower age may apply.

3.3. There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified above.

3.4. No person under the age of 18 shall be engaged in labour that is hazardous to their health, safety or morals, including night work.

3.5. Policies and procedures for remediation of child labour prohibited by ILO conventions no. 138 and 182, shall be established, documented, and communicated to personnel and other interested parties. Adequate support shall be provided to enable such children to attend and complete compulsory education.

Initials:

4. Discrimination (ILO Conventions Nos. 100 and 111 and the UN Convention on Discrimination Against Women)

4.1. There shall be no discrimination at the workplace in hiring, compensation, access to training, promotion, termination or retirement based on ethnic background, caste, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

4.2. Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behaviour, and from discrimination or termination of employment on unjustifiable grounds, e.g. marriage, pregnancy, parenthood or HIV status.

5. Harsh or Inhumane Treatment (UN Covenant on Civil and Political Rights, Art. 7)

5.1. Physical abuse or punishment, or threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, is prohibited.

6. Health and Safety (ILO Convention No. 155 and ILO Recommendation No. 164)

6.1. The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Hazardous chemicals and other substances shall be carefully managed. 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 minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

6.2. Workers shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers.

6.3. Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

6.4. Accommodation, where provided, shall be clean, safe and adequately ventilated, and shall have access to clean toilet facilities and potable water.

6.5 The supplier shall provide and pay for all appropriate Personal Protective Equipment (PPE) to all workers in any harmful or potentially risky work area(s). The supplier must ensure that the PPE is maintained and worn when needed.

6.6 Machines shall have satisfactory and functional safety devices which shall be maintained on a regular basis.

6.7 Employees shall be given the necessary and adequate safety training before operating machines and other equipment.

6.8 First aid equipment is mandatory in all work areas, shall be adequately stocked and available to all co-workers.

6.9 The factory shall have a sufficient number of exits, and these shall remain unlocked and free from obstruction in case of fire or other emergency situations. The vendor shall have an independent and functioning evacuation alarm. Evacuation plans shall be easily visible at the entrance of the production area. Fire extinguishers are mandatory in all work areas and shall be easily visible and accessible to all workers. The supplier must ensure that the firefighting equipment is maintained regularly. All employees shall be informed and drilled about the evacuation plan. The supplier shall have an adequate

Initials:

number of employees trained to use firefighting equipment in each work area, covering all production shifts.

6.10 The lighting must be sufficient so as to ensure a safe working environment.

6.11 There shall be ventilated according to legal requirements and the supplier shall ensure that the noise level is acceptable.

7. Housing

7.1 Factories providing housing for their workers must ensure reasonable cleanliness, privacy, quietness, personal hygiene and access to clean drinking water. Separate accommodations, toilets and washing facilities shall be available for men and women respectively.

7.2 Dormitories shall comply with local laws pertaining to health and safety (also fire safety, sanitary equipment, general security, as well as electrical, mechanical and structural equipment).

7.3 Freedom of movement cannot be restricted. The employee's must be able to come and go as they please in their own time, within reasonable limits due to security and comfort.

For more on housing conditions refer to the ILO Factsheet No.6 on workers' housing.

8. Wages (ILO Convention No. 131)

8.1. Wages and benefits paid for a standard working week shall as minimum meet national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs, including some discretionary income.

8.2. All workers shall be provided with a written and comprehensible contract outlining their wage conditions and method of payments before entering employment.

8.3. Deductions from wages as a disciplinary measure shall not be permitted.

9. Working Hours (ILO Convention No. 1 and 14)

9.1. Working hours shall comply with national laws and benchmark industry standards, and not more than prevailing international standards. Weekly working hours should not on a regular basis be more than 48 hours.

9.2. Workers shall be provided with at least one day off for every 7day period

9.3. Overtime shall be limited and voluntary. Recommended maximum overtime is 12 hours per week, i.e. that the total working week including overtime shall not exceed 60 hours. Exceptions to this are accepted when regulated by a collective bargaining agreement.

9.4. Workers shall always receive overtime pay for all hours worked over and above the normal working hours (see 8.1 above), minimum in accordance with relevant legislation.

10. Regular Employment (ILO Convention No. 95, 158, 175, 177 and 181)

10.1. Obligations to employees under international conventions, national law and regulations concerning regular employment shall not be avoided through the use of short term contracting (such as contract labour, casual labour or day labour), sub-contractors or other labour relationships.

Initials:

10.2. All workers are entitled to a contract of employment in a language they understand.

10.3. The contract must follow national law and minimum contain information regarding working position, location of the workplace, salary, working hours, annual leave and weekly rest days.

10.4. The duration and content of apprenticeship programs shall be clearly defined.

11. Marginalized Populations (UN Covenant on Civil and Political Rights, art. 1 and 2)

11.1. Production and the use of natural resources shall not contribute to the destruction and/or degradation of the resources and income base for marginalized populations, such as in claiming large land areas, use of water or other natural resources on which these populations are dependent.

12. Environment

12.1. Negative impact on the environment shall be reduced throughout the value chain. In line with the precautionary principle, measures shall be taken to continuously minimize greenhouse gas emissions and local pollution, the use of harmful chemicals, pesticides, and to ensure sustainable resource extraction and management of water, oceans, forest and land, and the conservation of biodiversity.

12.2. Vendor shall act in accordance to national and international environmental legislation and regulations, and relevant discharge permits shall be obtained.

12.3 Hazardous chemicals and other substances shall be carefully managed.

13. Animal welfare

13.1 Animal welfare shall be respected. Measures should be taken to minimize any negative impact on the welfare of livestock and working animals.

13.2 National and international animal welfare legislation and regulations shall be respected.

13.3 Only use of synthetic fur is allowed in products to Nille.

13.4 Leather products shall be manufactured only by using skins of utility animals such as pigs, sheep and cow, where the animals have originally been slaughtered for the legal meat market.

13.5 The use of unethical and inhumane production processes such as mulesing is prohibited.

13.6 Down and feather shall be picked from dead birds only which are by-products from the food industry. The down and feather must be traceable.

13.7 Nille is against animal testing. No animal testing should be done for products (included components used to the end- product) delivered to Nille.

14. Wood, bamboo, rattan and paper

14.1 The Vendor shall advise Nille AS that products are at use wood, bamboo, rattan and paper that have been produced in compliance with existing laws and legislations and accepted forest practices within the country and/or region where the wood originates from.

Initials:

14.2 All timber used must meet the requirements in the EU Timber regulations. Vendors must provide documentation about timber and paper products to prove they follow this regulation, and in this way prove that they do not buy illegally logged timer.

14.3 Nille encourage vendors to use certified wood, bamboo, rattan and paper, and for the vendors outside EU it is obligated to use FSC certificated on materials covered by the EU Timber regulations.

14.4 The Vendor shall maintain records of the origin of all wood, bamboo, rattan and paper sources. This must be defined to at least the specific region within the country.

14.5 The supplier shall not utilize wood, bamboo and rattan from protected areas. If high value tropical tree species, like teak, meranti, rosewood and mahogany is used, the supplier must inform Nille AS and the wood must be FSC certified.

15. Cotton

15.1 The cotton production may represent a risk regarding working conditions, child labour, heavy use of water and use of chemicals. Nille strongly encourage the vendors to use more sustainable cotton in the production of Nille products.

15.2 Nille prefer products/vendors who are certified after BCI, Oeko-tex, Gots, Fairtrade or other similar types of certified cotton.

16. Chemical management

16.1 The vendor shall ensure compliance with all applicable laws and regulations pertaining to procurement, storage, handling and use of chemicals.

16.2 A list of all chemicals including the valid Safety Data Sheet (SDS) used in the production, operations or services must be established, maintained and continuously updated. The list must include the name of the chemical product, the purpose/area of use and a reference to SDS. The SDS must be in a language understood by workers. A chemical inventory in English for any Nille product must be available upon request.

16.3 All chemicals must be properly labelled, with appropriate danger symbols and chemical names. The chemicals must be handled and stored securely in a way that prevents emissions to air, ground and water and risks of ignition/explosion, and that protects the health and safety of Workers. The storage facilities must be built in such a way that leakage into air, water and ground is prevented. Applicable information regarding the risks and safe handling of chemical compounds and substances is displayed at storage areas and in operations areas where the chemical is used.

16.4 Chemicals located at the production line shall be stored and handled in such a way that they cannot easily be spilled or cause accidents for workers. The volume stored shall not exceed the volume normally used during regular production cycle.

16.5 Workers handling chemicals must have the right competence and before starting work they must be adequately trained in purchasing, handling, using and storing chemicals. Training shall be provided on proper use of such equipment.

17. Management system of vendors

17.1 The Vendor shall take positive actions to implement the requirements of this code, to incorporate the code into all of its operations, and to make the code an integral part of its overall philosophy. The

Initials:

management system is central in implementing the code of conduct and in the continued work to improve.

17.2 The Vendor shall assign responsibility for all matters pertaining to this Code of Conduct to a manager within its organization. Top management of the vendor shall periodically review the operation of the requirements of this standard. The Vendor accepts responsibility for observing the requirements of this code with respect to all employees and workers that it supervises and agrees to:

- Assign responsibility for implementing this code at each place that it owns or controls to a centrally placed employee.
- Ensure that employees and workers are aware of this code by communicating its contents in a language understood by them.
- Refrain from disciplining, dismissing or otherwise discriminating against any employee for providing information concerning observance of this code.
- Have a system in place to manage complaints related to human rights, labour rights, the environment and corruption.

17.3 The Vendor shall maintain appropriate records to demonstrate the conformance to the requirements of this code and shall provide reasonable information and access to parties approved by Nille AS seeking to verify conformance.

17.4 The Vendor will make observance of this Code of Conduct a condition of all agreements with subcontractors. The agreements shall oblige the subcontractors to conform to all requirements of this code and participate in the vendor's monitoring activities as requested.

17.5 Regarding the use of agents, or several factories or vendors that have sub-contractors, all links shall be traceable concerning manufacturing location with respect to the manufactured goods delivered to Nille AS.

18. Corruption

18.1 Corruption in any form is not accepted, including bribery, extortion, kickbacks and improper private or professional benefits to customers, agents, contractors, vendors or employees of any such party or government officials.

19. Boycott of individual countries

Nille AS adheres to UN decisions regarding trade boycotts and embargoes and will avoid manufacturers from countries where there is broad international support for boycott.

20. Monitoring, auditing and external verification

20.1 The vendor shall be able to document their efforts to secure compliance with the Code of Conduct, and those of their sub-vendors, at the request from Nille AS. Such documentation may take the form of follow-up meetings, inspections and/or other means of mapping the working and environmental conditions at production sites.

20.2 To evaluate the compliance of this Code of Conduct, Nille AS will make use of audits either by own personnel or by approved third parties. We reserve the right to monitor the compliance of this Code of Conduct by systematic, unannounced or announced inspections, conducted by Nille AS or independent auditors.

Initials:

20. Corrective Action and non-Compliance

Nille AS's Code of Conduct sets the standard expected to be met by all our Vendors during operation and manufacturing. We are fully aware that all expectations can't be met immediately, but these as well as non-compliances are to be settled by corrective actions by the Vendor. If repeated violations are established without any effort by the vendor to take appropriate actions, it is our duty to terminate the cooperation.

21. Compliance commitment

We hereby confirm that we have received, read and fully understood the Nille AS Code of Conduct.

Date

Supplier name

Name

Signature

Company stamp

Please put your initial on all pages.

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