

How to be NICE

This publication includes the NICE Code of Conduct and the NICE Manual developed for the Nordic fashion industry.

The NICE Code of Conduct consists of 13 principles, with the purpose of ensuring an ethical and fair business for all parties, people and animals involved. It describes and sets out the ethical principles of the business. The general principles 1-10 are from the UN Global Compact and are augmented by our additional principles, 11-13.

The NICE Manual has been developed to assist fashion companies in upholding the 13 principles put forward in the NICE Code of Conduct. The Manual refers to the principles and appendices of the NICE Code of Conduct. The Manual also includes guidelines on how to ensure continuous improvement toward ethical, responsible and sustainable manufacturing—in relation to the specific challenges and dilemmas of this industry. The manual thus digs deeper into the question of what it means to act NICE, why it's important to act NICE, and how to act NICE.

We believe that a strong focus on ethical business conduct and compliance to the principles of the NICE Code of Conduct will ultimately benefit all parties involved in the fashion and clothing industry.

HOW TO BE NICE

NICE Code of Conduct and Manual

Version 1, December 2009

Nordic Fashion Association

HOW TO BE NICE

Nordic Fashion Association

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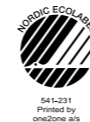
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0.0 | THE NICE MANUAL



THE NICE MANUAL

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The purpose of the NICE manual is to assist you in upholding the 13 principles in the NICE Code of Conduct.

The manual refers to the principles and appendices of the NICE Code of Conduct, but is more specific. It gives you some guidelines on how to ensure continuous improvement toward ethical, responsible and sustainable manufacturing—in relation to the challenges and dilemmas specific to the industry. Thus the manual digs deeper into the questions of **what** it is to act NICE, **why** it is important to act NICE and **how** to act NICE—the latter through a sample of **checkpoints**.

The manual does not cover every aspect of how to operate ethically in the manufacturing industry, nor does it cover every legal requirement of the country you're operating in. You should make sure to always follow local rules and regulations in the production country. Please inform us if you become aware of any additional aspects, challenges, or new ways of responding to these that we should include in the NICE manual, or post your inputs on our website, www.nordicfashionassociation.dk

Checking the checkpoints

Most manufacturing companies will at some point operate in countries or interact with business partners that do not take human rights and fair working conditions for granted. Therefore, it is important to have policies on how to ensure that your subcontractors or business partners follow the principles of the NICE Code of Conduct.

NICE recommends using independent auditors and making unannounced visits to the factories producing your goods. Smaller companies could consider forming joint ventures for such controls—e.g. by hiring independent auditors or NGO's in collaboration with another company to ensure the quality of working conditions throughout their supply chain.

What to do with violations

One of the big questions is what to do if the NICE Code of Conduct is violated. What happens in case a child is found in the production facilities, a pregnant woman is dismissed or chemicals from the factory are found in the local lake? Do you assist your subcontractor in taking corrective measures? Or do you terminate your business relationship? What kind of action is taken? These are decisions you should make before you face the problems.

Consumers hold your brand responsible

When consumers think of a brand they rarely distinguish between the supplier, subcontractors and other business partners. In case of violations of ethical or environmental standards, they will hold the brand responsible. In other words, your brand pays the price in case something goes wrong—or reversely, it gets credit for the positive stories told by employees, locals, media and stakeholders.

Thus, when we refer to “you” in this manual, it designates not only you as a supplier but also your business partners and subcontractors—in your own country as well as internationally. You are responsible for ensuring a sustainable, responsible, and ethical business throughout your supply chain.

The manual is made up of five sections

1 Working conditions (referring to the principles 3, 4, 5, and appendix 2 in the Code of Conduct)

We will not use prison or forced labour but only labour exacted from persons who have offered themselves voluntarily. We do not accept child labour and we will ensure that youth employees are not exposed to hazardous work. We will ensure that the employees have the freedom of association, the right to collective bargain and that the wages meet at least legal or industry minimum standards.

2 Health and Safety (referring to appendix 2 in the Code of Conduct)

The employees' safety should be of priority at all times. We will not accept hazardous equipment, insufferable surroundings or unsafe premises and we will work continuously to improve the working conditions for the employees.

3 Environment (referring to the principles 7, 8 and 9 in the Code of Conduct)

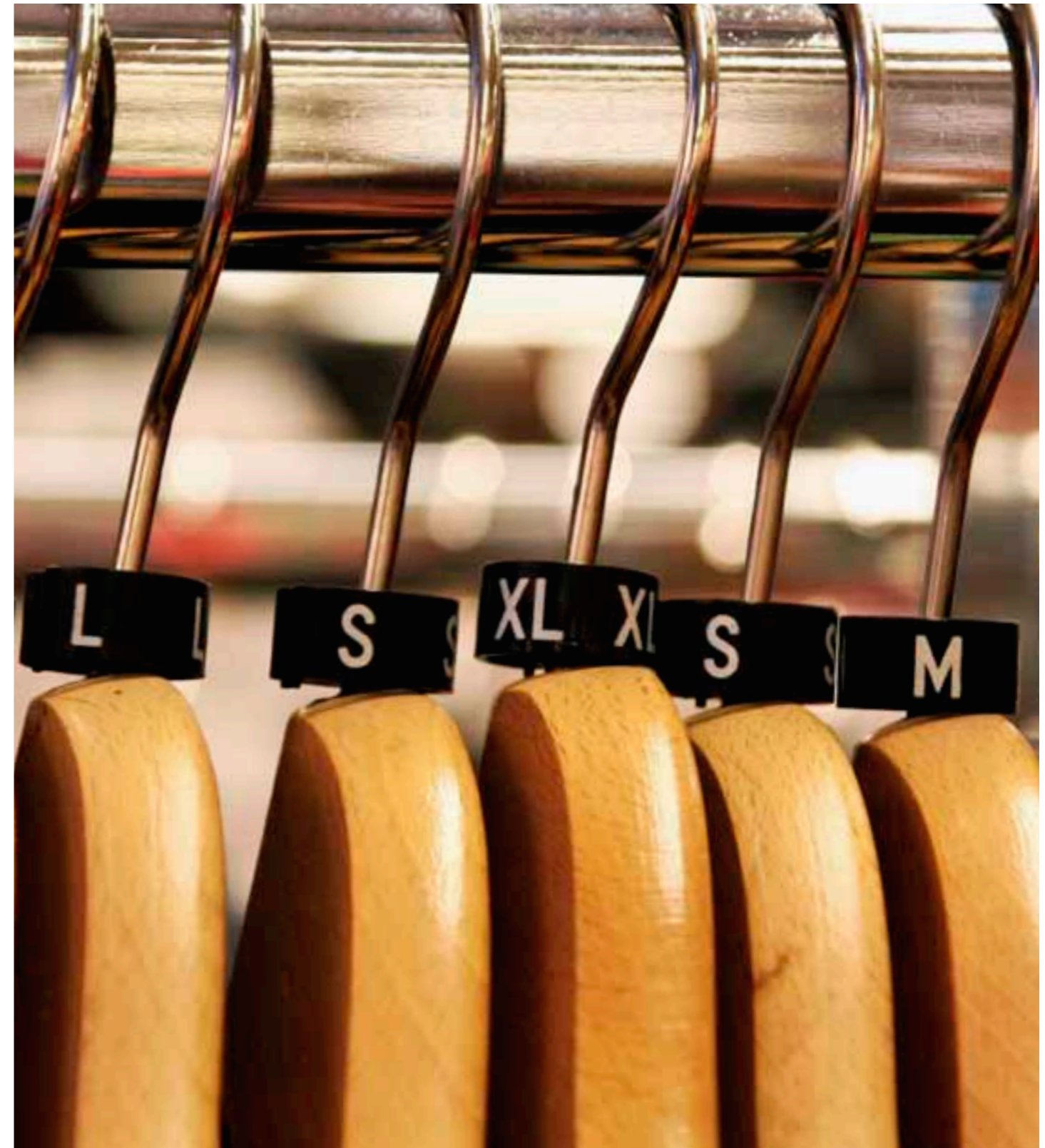
Environmental thinking should be an integrated part of the management planning. We intend to promote environmental responsibility among our employees and in all our actions.

4 Ethical behaviour (referring to the principles 1, 2, 6, 10, 11 and 12, and appendices 1, 4, 5 and 6 in the Code of Conduct)

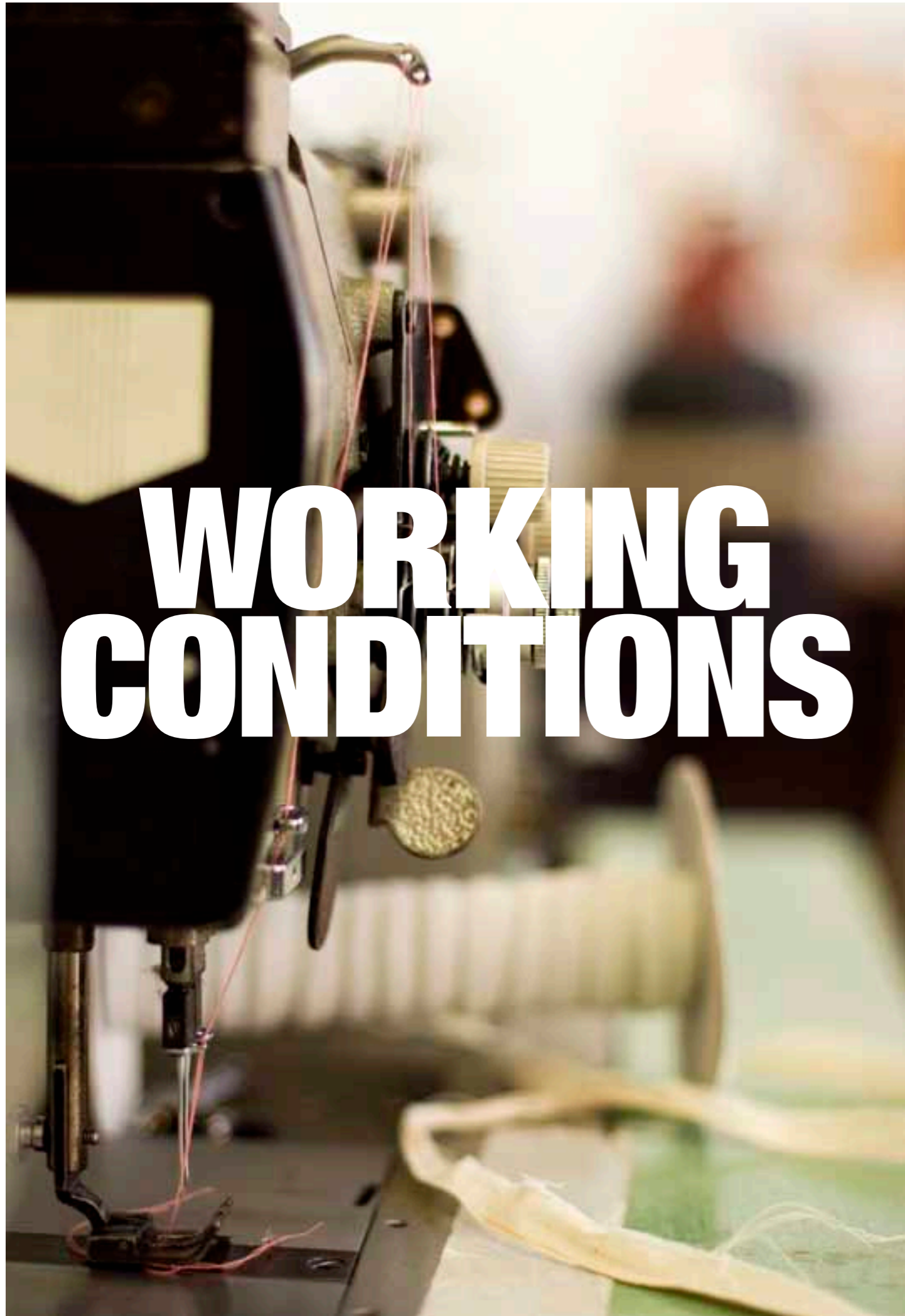
Employees should be hired because of the ability to do the job, rather than on the basis of religion, sex, ethnicity or national origin. Everybody working for, with or in any way contributing to our business is treated with dignity and respect. We do not use corporal punishment or other forms of mental or physical coercion. We treat animals with respect and we abstain from corruption in any form. We always try to contribute to the betterment of the communities in which we operate.

5 Auditing (referring to the principle 13, appendix 7 in the Code of Conduct)

Transparency in processes that have to do with the areas mentioned in the NICE Code of Conduct is necessary to ensure a high level of credibility and to satisfy the expectations of the consumers, customers and stakeholders in general.



1.0 | WORKING CONDITIONS



WORKING CONDITIONS

THE MANUFACTURING INDUSTRY FACES SOME SPECIFIC CHALLENGES CONCERNING WORKING CONDITIONS. WE HAVE CHOSEN TO POINT OUT AND GUIDE YOU THROUGH THE MOST IMPORTANT OF THESE. SOME OF THEM ARE MENTIONED BY THEIR OWN PRINCIPLE IN THE NICE CODE OF CONDUCT, OTHERS ARE MENTIONED IN THE APPENDIX.



1.1 | CHILD LABOUR

PRINCIPLE 5 | THE EFFECTIVE ABOLITION OF CHILD LABOUR

What

We do not accept child labour, and do our utmost to determine the correct age of the employees employed by us or by our subcontractors.

Why

Child labour is a sensitive issue. While it is easy to agree that children should generally not be working before they have reached the age for completing compulsory school, the fact remains that in some societies child labour does exist, often due to very poor social conditions. NICE encourages you to always work for the children and the improvement of their situation. If, for example, a child is found in your workforce, the best solution is not just to dismiss the child. Instead, you should have clear guidelines on how to cope with the situation in a manner that assists the child with, for instance, compensation, alternative work and education/vocational training.

Checkpoints

You have an age-verification procedure when hiring employees

All labour contracts include an identity card with the birth date and a photo

In case a child is found in the workforce, you have an action plan that points out the roles of the company, suppliers and family and takes measures to ensure that the child's situation is improved

You know the NGO's working for children's rights and who to contact in case you have questions and need help

You have responsible managers to ensure that no youth employees are exposed to night work or hazardous work as defined by ILO (the International Labour Organisation)

You collaborate with the relevant parties, i.e. trade unions, subcontractors, NGO's, or other companies, to improve the conditions for children and young people in the manufacturing industry

Facts

The UN has made guidelines for work suitable for children at different ages. The definitions are:

- Light work (pocket money): 13 years in developed countries, 12 years in undeveloped countries;
- Normal, non-dangerous work: 15 years in developed countries, 14 years in undeveloped countries;
- Dangerous work: 18 years in both developed and undeveloped countries.

The ILO (International Labour Organization) defines hazardous work for children as follows:

- Work that exposes children to physical, psychological or sexual abuse;
- Work underground, underwater, at dangerous heights or in confined places;
- Work with dangerous machinery, equipment and tools, or involving the manual handling or transport of heavy loads;
- Work under particularly difficult conditions, such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer;
- Work in an unhealthy environment that may expose children to hazardous substances, agents or processes, temperature, noise levels and vibrations damaging to their health.

Learn more

NICE Code of Conduct, Appendix 2

UN Convention on Rights of a Child

ILO, www.ilo.org

Save the Children Denmark: *Child Labour Toolkit*, Responsible Approaches to Child Labour in the Textile and Garment Industry (2006)





1.2 | DISCRIMINATION

PRINCIPLE 6 | THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

What

We do not accept discrimination in regard to race, skin colour, religion, political- or sexual orientation, gender, national origin or social rank or status. Employees should be employed because of their ability to do the job and not because of their individual characteristics. Female applicants are not to be tested for pregnancy and not to be discriminated in their hiring, advancement, discipline or retirement practise.

Why

Discrimination is not only cruel to individuals, minority groups or people in general. It is also a source for unstable social relations and affects communities as well as businesses negatively.

Learn more

NICE Code of Conduct, Appendix 2

ILO No. 183 the Maternity protection convention, www.ilo.org

Global compact, principle 6, www.unglobalcompact.org

Checkpoints

You have a policy on employment that prohibits discrimination

The policy is communicated to your subcontractors and to relevant HR and management staff

You train your staff on non-discrimination policies and practises

In case of violation of the policy you have an action plan for how to remove the discriminatory elements

You have a policy that prohibits discrimination in regard to pregnancy

You provide a favourable environment to all pregnant employees in accordance with ILO No. 183, such as granting six weeks before and after the presumed date of confinement and a job that is compatible with their physical condition from the moment they are informed about the pregnancy until 120 days after childbirth



1.3 | FORCED LABOUR

PRINCIPLE 4 | THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

What

We do not use prison or forced labour. Employees have permission to leave the factory under reasonable circumstances, such as personal or family emergencies. Employees are not required to leave any original ID-documents or monetary deposits at the factory. Overtime has to be performed voluntarily.

Why

Working by free will is essential in creating viable business. Forced labour undermines the society in which you do business—it reduces the lifetime earnings of whole families and deprives societies of the opportunity to develop human resources for the modern labour market. Also, the use of forced labour risks to damage your reputation as a fair and ethically responsible company.

Fact

ILO Forced Labour Convention defines forced labour as “all work or service that is extracted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”

Checkpoints

You communicate to all employees that your factory does not tolerate any kind of forced labour arrangement

You make sure, through audits or regularly assessments, that all overtime is voluntary

You do not keep employees ID documents, passports or tickets

You pay wages directly to the employee

Employees who have to leave the factory do not suffer any penalties due to this

No employees are restricted or limited in any way when they need access to religious facilities, toilets or drinking water

You train supervisors and employees on your policies

1.4 | FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

PRINCIPLE 3 | BUSINESSES MUST UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

What

We respect the employees' right to freedom of association and collective bargaining. We ensure that employees participating in unions are not subject to discrimination or punitive disciplinary actions.

Why

A genuine dialogue with freely chosen employees' representatives enables employees and employers to reach better mutual understandings. Security of representation is a foundation for building trust on both sides, and makes it easier to anticipate problems related to the workplace, and to make agreements that are mutually beneficial. In some countries, though, there are severe restrictions on the right to free association. We recommend that factories operating under such circumstances facilitate the formation of parallel means to independent and free association for all employees such as working groups or committees in the factory.

Learn more

Global Compact, Principle 3, www.unglobalcompact.org

Checkpoints

Employees have the right to meet in the factory during breaks, after or before work to discuss working conditions and concerns

You are informed of the local law in regard to collective bargaining and free association, in your own and your subcontractors' countries

You communicate your policy about the right to collective bargaining and freedom of association to the employees

You train your managers and supervisors in freedom of association compliance and give your employees instructions on their rights under national law and company standards

You facilitate the formation of parallel means to independent and free association for all employees such as working groups or committees in the factory

1.5 | WORKING HOURS

What

We do not exceed local limits on work hours. We do not require employees to exceed 48 hours of work per week on a regular basis, and employees are provided with at least one day off in seven. Overtime is voluntary and does not exceed 12 hours per week. Overtime is not demanded on a regular basis and is always compensated at a premium rate of wages. We keep work hour records for at least 2 years.

Why

Long working hours and overtime are huge challenges in the manufacturing industry, in which problems with the quality, late delivery of raw materials or last minute alterations often minimise the time left for production. Since the number of working hours has a direct impact on the employee's health and safety situation—too much work imposes more injuries and accidents, as well as a lower overall productivity—NICE recommends working proactively on reducing overtime.

Learn more

NICE Code of Conduct, Appendix 2
Impactt Limited (2005), Changing over time

Checklist

You have developed a work schedule that limits overtime and encourages the employees not to work on their days off

You keep work hour records containing overtime and lunch break or other statutory breaks during the day for at least two years

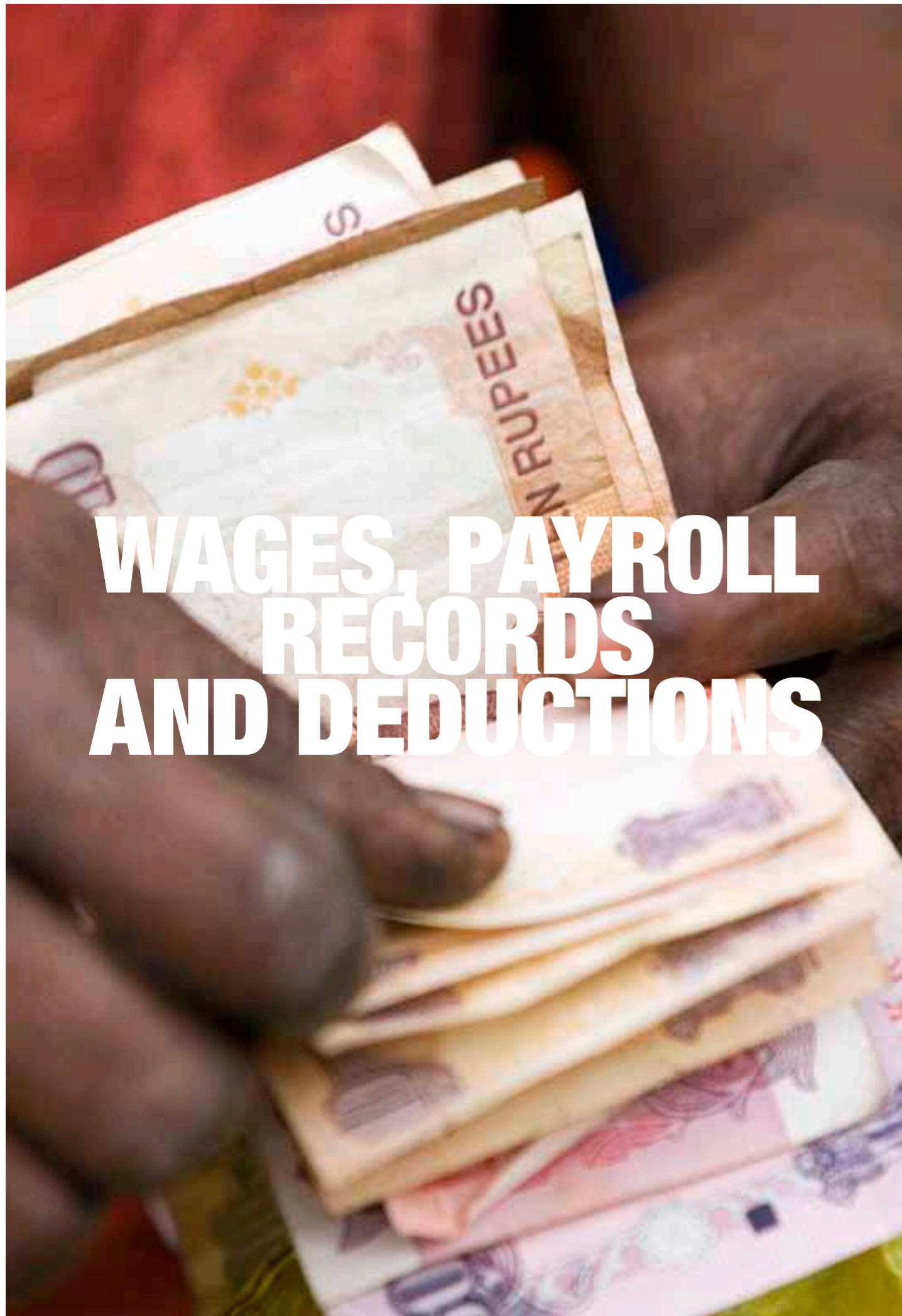
You also keep work hour records for temporary and subcontracted employees

The work hour records are accessible for the employees and are comparable with the payroll records

You have a system for assessing the skills of new employees and provide the necessary introduction or training soon after their employment

You have a well-developed production planning, which includes information about critical paths and standard times needed to produce items

You continuously try to improve the communication between merchandisers, factory management and production to minimise problems of late delivery, tight deadlines, etc.



1.6 | WAGES, PAYROLL RECORDS AND DEDUCTIONS

What

We respect the employees' right to earn a living wage and we ensure that wages paid for a normal work week meet at least legal or industry minimum standards—whichever is greater. The wage should always be sufficient to meet basic needs of employees and their families. We keep understandable payroll records for at least two years. We do not accept deductions as a disciplinary measure. It is a tax measure and is only to be made when provided for by national law. Wages should be paid regularly, on time and in a way that is convenient for the employees.

Why

Wages above the minimum requirement attract the best and most stable labour force. Factories that pay and focus on living wages often have a higher productivity and lower amount of overtime. To maintain a healthy workforce NICE encourages the provision of at least one free daily meal at work. Payroll records help you document the accurate and complete amount of working hours.

Facts

A living wage covers food, housing, clothes, medical care, school education and some money to put aside for savings.

The monthly payroll records should contain:

- The number of regular hours worked that month
- The amount of overtime hours worked that month
- Sick leave or other absence that month
- Bonuses of the month
- Deductions—why and how much they are
- The employee's contracted allowance agreement
- Basic salary of the month
- Overtime payment of the month
- The wage of the month
- Payment day
- The employee's signature

Checkpoints

Prior to their employment all employees are provided with written and easy understandable information about the conditions in regard to wages

Wages are sufficient to meet the basic needs of employees and their families

All wages are paid regularly, on time and in a way convenient to the employees

Deductions from wages are only made when provided for by national law

Deductions never constitute an amount that results in the employee receiving less than minimum wage

When the employees receive their salary payment they get a pay slip that shows regular and overtime hours, regular and overtime rates

In case you have a piece-rate system, the employees are informed of the way it is calculated. If the piece-rate salary does not reach the level of legal minimum wage, then you pay the difference to bring the wages to the minimum level

1.7 | LABOUR CONTRACTS

What

All employees should have a written employment contract that contains an accurate and complete summary of the terms of employment, including wages, benefits and working conditions. This also counts for foreign, migrant or home workers, who in any case are not to be treated less favourably. If an employee is illiterate, the working conditions should be explained to the employee, prior to signing the contract. No employees are to be asked to sign any blank papers.

In countries where the law permits apprenticeship programmes, we accept apprentices working on the basis of an apprenticeship contract, but we monitor continuously that apprentices actually fill out an apprentice function.

Why

A labour contract protects both the employer and employee from misunderstandings. It protects the employee from being exploited, and the employer from being responsible for things that is not the employer's responsibility.

Fact

Home worker: A person who is contracted by company or by a supplier, sub-supplier or subcontractor, but does not work in the factory or at the factory area.

Checklist

The labour contract states the responsibilities of both parties and contains work assignments, salary arrangements (both regular and overtime permissions), special benefits, and includes a copy of the worker's identification card (photo and age)

Every employment contract is signed by both employer and employee

The employee has a copy of the contract in a language that he or she understands

The employment contracts of migrant, temporary or home workers are equivalent to the standard of the contracts of permanent employees

You keep all paperwork for dismissed employees for at least two years (contracts, any disciplinary action taken, etc.)

1.8 | SICK LEAVE AND ANNUAL LEAVE

What

All employees should be able to leave without any negative repercussions if they are sick or have stipulated annual leave. If an employee is injured during work, the factory should pay any costs not covered by the national social security.

Why

A healthy and stable workforce is the spine of every viable business. Therefore, sick employees should be allowed to stay home until they have recovered. A good sickness policy constitutes an example and shows that you respect and value the employees, which in the end results in a better and more dedicated work force—and a higher productivity.

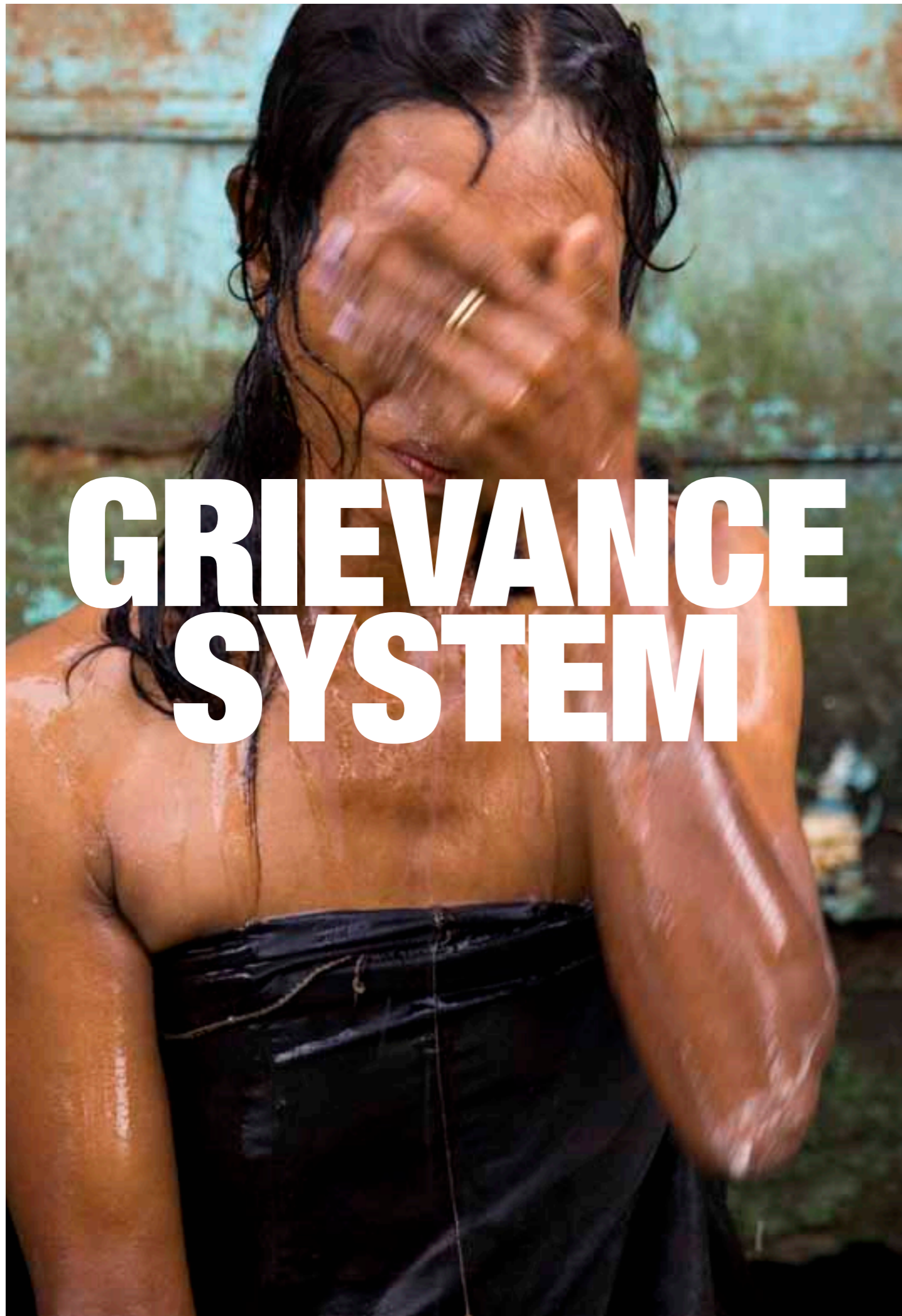
Checkpoints

You have a sickness policy that states clearly what happens if an employee gets sick or injured

The sickness policy is communicated directly to the employee when he or she is hired

The employee has a copy of the sickness policy in a language that he or she understands

You keep records of the social security routines, industrial injury insurances and the paid sick leave accorded, for at least two years



1.9 | GRIEVANCE SYSTEM

What

A grievance system ensures that the employees have the possibility to present matters of concern related to the employment and workplace.

Why

A grievance system is a good way to get information from the employees about issues of importance in the workplace. Often, a grievance system is the only way to get to know what the employees think about the work environment and conditions. It gives you a chance to listen and help the employees and prevent problems or make improvements.

Checkpoints

You have a grievance system where the employees can report anonymously

In case you have a “complaint box” you have placed the box where the employee is not exposed when he or she complains, but in a “hidden” place, for example a toilet, cafeteria, stairway...

You encourage your employees to tell you their opinion, for instance by communicating complaints and proposals, and how you dealt with them—and how they made a difference

The employees are able to talk to someone other than their supervisor

A certain committee is responsible of ensuring improvements in the working area

You have a system for documentation of your efforts

2.0



HEALTH

AND SAFETY



HEALTH AND SAFETY

SECURING THE HEALTH AND SAFETY OF EMPLOYEES IS A CONTINUOUS JOB. YOU NEED TO WORK PROACTIVELY TO MINIMISE WORK-RELATED RISKS AND HAZARDS. IN THIS CHAPTER, WE POINT OUT IMPORTANT HEALTH AND SAFETY ISSUES, SUCH AS PREPAREDNESS FOR FIRE AND OTHER EMERGENCIES, FIRST AID, SAFETY EQUIPMENT, HOUSEKEEPING AND WORKING CONDITIONS IN GENERAL.



2.0 | HEALTH AND SAFETY

What

We require that the employees' safety should be of priority at all times. We do not accept hazardous equipment, insufferable surroundings or unsafe premises. The workplace should be safe and hygienic, and we should take effective steps to prevent potential accidents and to minimise health risks as much as possible. Safety awareness should always be a priority and should be understood and implemented daily by everyone working in the factory.

Why

Machines, chemicals, sandblasting equipment and the like make most manufacturing factories a potentially hazardous place to be. Lack of control of the safety situation can cause injuries or deaths—hence it is crucial to establish systems to detect, avoid or respond to potential threats to the health and safety of the employees. NICE recommends you to investigate work-related accidents and keep record of them, stating causes and remedial measures taken to prevent similar incidents. NICE also recommends you to create a detailed safety policy. In particular, the following safety issues should be taken into account: emergency preparedness, emergency exits, general working conditions, fire, first aid, safety equipment, housekeeping and sandblasting.

Checkpoints

General routines and working conditions

You document the status of health and safety issues and plans for improvements in a written report every 12 months

You ensure training of your workforce on a regular basis to raise awareness of health and security issues

All employees are provided with information in their local language about the health and safety standards relevant to their activities. The information includes the effects of chemicals and substances used in manufacturing processes, on the potential hazards and the related measures available to protect the employees

The information is given both orally and in writing

All employees receive regular and recorded health and safety training

All working stations are at all working times sufficient in relation to adequate body positioning, lightning, air/ventilation, and temperature

Fans or heaters are provided wherever required

You have set up a routine for regular cleaning of the heating, ventilation, and/or conditioning system

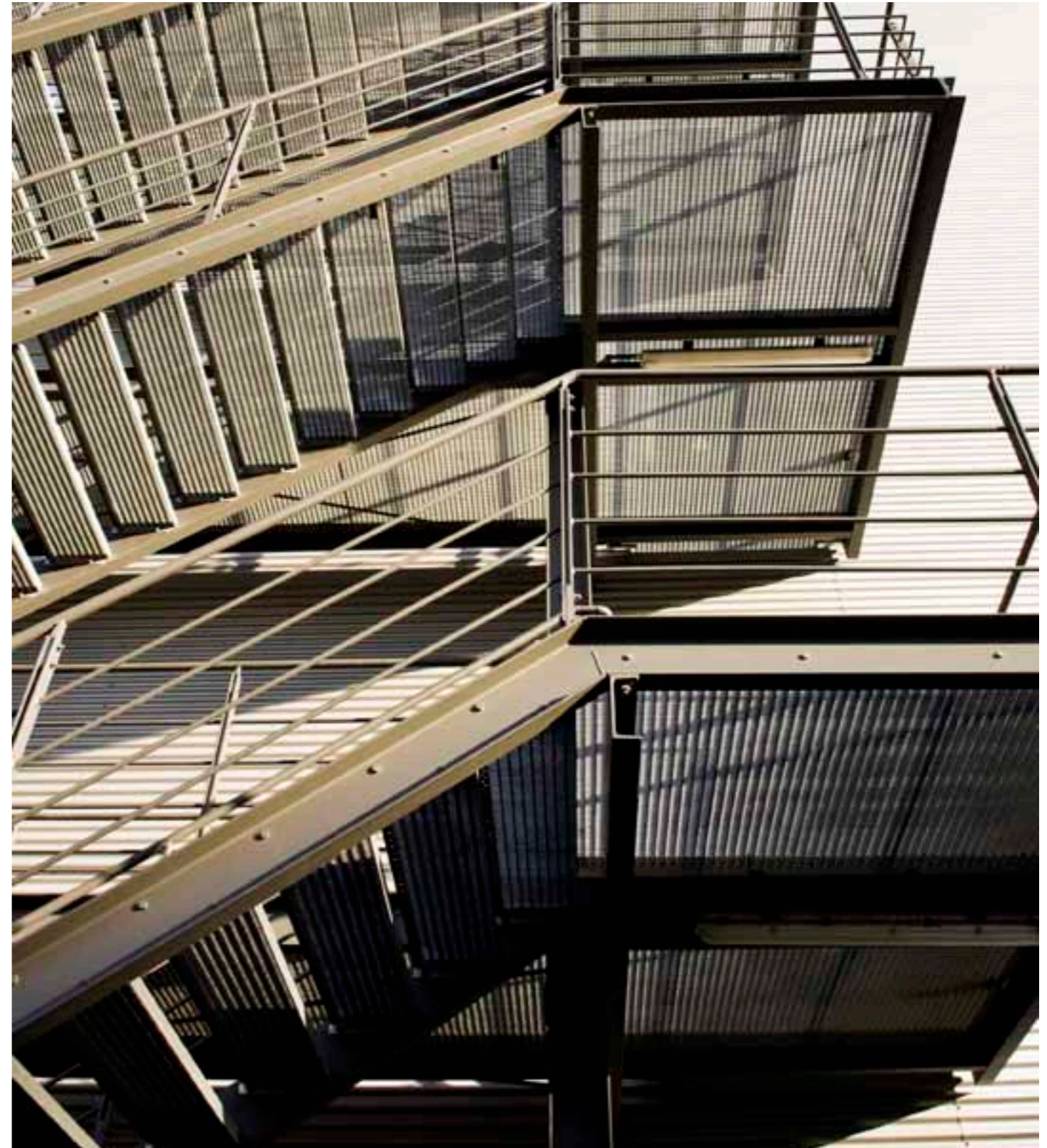
All employees have access to water at all times

Emergency preparedness

- You have a procedure for identifying workplace hazards and assessing the risks
- You have a safety committee or group that includes management representatives, employees from various factory divisions and, if possible, representatives from trade unions. They meet regularly to discuss the safety situations in various work areas, possible scenarios, different responsibilities in an emergency situation, complaints, and the overall safety situation in the factory
- You keep record of the meetings and eventual outcomes
- You have procedures to prepare for and respond to possible emergencies, such as fires, earthquakes, hurricanes or chemical spills
- All employees are aware of the safety arrangements, such as emergency exits, fire extinguishers, first aid equipment, etc.
- An evacuation plan is clearly displayed in the factory
- The evacuation plan is written in (a) language(s) all employees understand, and with symbols showing the location of the fire equipment, escape routes, etc.
- You have defined the roles and responsibilities of the employees in case of an emergency, so they are well prepared if an accident should happen
- You regularly hold evacuation drills to ensure that all employees know the evacuation procedures
- You document the drills with date, evacuation time, participants, and photos, and evaluate the training afterwards

Emergency exits

- All factories and/or housing facilities have clearly marked exits and preferably emergency exits on all floors
- All emergency exit doors open outwards
- No emergency exit door is blocked (i.e. by goods, fabrics, cartons or the like)
- If emergency exits for safety reasons or to prevent theft are locked, the keys are placed behind breakable glass next to the exit doors or are otherwise easily accessed, and thus available to all staff at all times
- The factory has enough emergency exits to safely serve the number of employees. NICE suggests; less than 150 employees—2 exits, between 150 employees and 1,000 employees—3 exits, more than 1,000 employees—4 exits. None of the emergency exits lead to elevators
- All exits are clearly marked out with signs written in (a) language(s) that all employees understand
- Exit signs are visible from 30 m (100 ft) and the letters are at least 15 cm (6 in) high, brightly coloured and contrasting with surrounding surfaces
- In case of power cut there is an emergency lighting showing the exits



Fire

- The telephone number to the fire brigade is posted on the notice boards
- All employees know how to contact the fire brigade in the case of an emergency
- You have an audible or visual device, such as an alarm, that is triggered by fire or smoke and alerts occupants in the entire building
- The fire alarm is checked regularly
- All floors and sections in the factory have fire extinguishers that are regularly checked and clearly marked out so they are visible from at least 30 m (100 ft) away
- Sufficient fire extinguishers are available on all floors
- An adequate number of employees is trained in the proper use of fire extinguishers
- Fire fighting training is documented with: date, participants and photos

First Aid

- The factory and, if present, dormitories are equipped with first-aid kits that are simple to use for lay persons
- A doctor or nurse is available at short notice in case of accidents
- You keep record of work-related accidents in a logbook, where you describe the cause of the accident and the remedial measures, all aimed at preventing future accidents
- You regularly train the employees to give first aid

Fact

The suitable number of employees trained to give first aid depends on the number of employees in the factory and the distance from the factory to the nearest medical facility. NICE recommends training at least one employee on every factory floor. He or she should be easy to identify, e.g. by wearing a Red Cross or Red Crescent symbol on the sleeve.

We also recommend one first-aid kit for every one hundred employees. The kit should be located on the factory floor to give employees immediate access and should be clearly marked out.

Safety equipment

- You supply the employees with personal protective equipment, i.e. specialised clothing or equipment protective against health and safety hazards
- All machinery is maintained, serviced and equipped with proper protection measures
- No hazardous working equipment or unsafe factories and/or housing facilities are accepted
- In case you sandblast, it takes place in a separate, closed area, the ventilation is adapted for it, and the employees are educated in how to use adequate personal protection

Fact

Examples of typical personal equipment include hearing protection, such as earmuffs and earplugs for high noise levels (all work performed where the noise is over 85 dB requires ear protection), eye protection, such as safety glasses or goggles, masks and face shields, gloves, aprons, hard hats and foot protection, such as safety shoes.

Fact

Sandblasting describes the act of propelling very fine bits of material at high-velocity to clean or etch a surface. Sandblasting is widely used in the manufacturing industry and demands special attention when it comes to securing the health and safety of the employees. This is because extended inhalation of the dust created by sand (or similar materials) causes the lung disease silicosis.

Housekeeping—food, water and sanitary facilities

- The factory is cleaned on a daily basis
- Stairs, aisles and exits are kept clear
- Workstations are kept free of dust and litter
- Roofs and roof drains are kept clean and unclogged
- The drinking water provided meets the local drinking water quality and is available on each floor
- Flammable and combustible chemicals and materials are properly stored
- Hazardous chemicals are stored and handled in a safe manner at all times
- Canteen/dining area is clean and equipped with cooking stoves, refrigeration possibilities, adequate counter space for food preparations, as well as hot and cold running water
- Sanitary facilities are clean and preferably separated for men and women. The employees have access without unreasonable restrictions
- The labour force has easy access to food, sanitary food storage, fresh, clean, potable water, toilet and bath facilities and medical aid

Housing facilities or dormitories

- Housing facilities or dormitories have conditions similar to those required in the workplace, concerning cleanliness, health and safety arrangements
- Housing facilities live up to the national standards of living facilities
- Dormitories are equipped with safety lockers
- All employees are provided with own individual beds
- There are no restrictions on the employees' right to leave the dormitory off hours
- The rent is in proportion to surrounding housing opportunities, the employees' salaries, and the conditions of the facilities
- Dormitories are in compliance with local and national housing laws and/or occupancy requirements, in addition to health and safety laws
- You keep record of investments or other initiatives made to improve the living conditions of the employees

3.0



ENVIRONMENT



THE TEXTILE INDUSTRY IS A LARGE-SCALE PLAYER WHEN IT COMES TO ENVIRONMENTAL IMPACT. FOR EXAMPLE, 25 PERCENT OF CHEMICALS PRODUCED WORLDWIDE ARE USED FOR TEXTILES, AND THE FINISHING OF TEXTILES TAKES UP TO 700 LITRES OF FRESH WATER PER KILO TEXTILE. ENSURING A SUSTAINABLE PRODUCTION WITH A MINIMISATION OF NEGATIVE ENVIRONMENTAL CONSEQUENCES IS PART OF YOUR RESPONSIBILITY AS AN ETHICAL SUPPLIER IN THE TEXTILE INDUSTRY.



ENVIRONMENT

3.0 | ENVIRONMENT

PRINCIPLE 7 | BUSINESSES MUST SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES
PRINCIPLE 8 | UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

What

Environmental sustainability concerns an organisation's impact on living and non-living natural systems, including the ecosystems of land, air, and water. We work for continuous improvement of environmental responsibility and we require that environmental initiatives are an integrated part of management planning. We ensure that any negative environmental consequence is minimised.

Why

The world is facing a complex set of challenges regarding environmental issues. Each day we throw out millions of tonnes of hazardous waste, we use toxic chemicals, diffusing heavy metals and wastewater. Unfortunately, the manufacturing industry carries its part of the responsibility. As a large-scale consumer of clean water, the industry has to pay special attention to minimising the amount of wastewater and how to deal with water issues in general. As water scarcity becomes a serious problem in many parts of the world, there may be corollary pressure, both regulatory and reputational, on products that require a significant quantity of water. They may be phased out by law, lose market share to less water-intensive products, or cause reputational damage to the company.

Prevention is definitely better (and cheaper) than cure. Also when it comes to other pollution challenges like chemicals, air emissions and hazardous waste. Pollution is likely to impose irreversible and severe damages to the local communities, the labour force and hence, to the business of the suppliers and the subcontractors. NICE recommend working continuously towards a cleaner and more environmentally friendly production with certain attention towards waste, water, chemicals and air emissions.

Checkpoints

Environmental management in general

In every environmental issue you work with integration, engagement and action: You integrate the environmental issues in your business plan—e.g. you set goals to minimise the amount of wastewater, or recycle as much as possible. You engage people—the workforce, locals, NGOs and other stakeholders by sharing your concern for the environment with them. And you take collective action, collaborating and sharing knowledge of best practices and methods with business partners and colleagues

PRINCIPLE 9 | ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Waste

- Waste of all types, including water and energy, is reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, material substitution, conservation, recycling and re-using materials
- Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are monitored, controlled and treated as required by national law prior to discharge or disposal
- Any discharge or disposal takes place under the highest national standard when it comes to preserving the environment
- Chemical and other materials that pose a hazard if released into the environment are identified and managed to ensure safe handling, movement, storage, recycling or reuse and correct disposal
- You have established guidelines that explain how and where the waste is kept and delivered, and if any special arrangements should be taken

Water

- You monitor the amount of water used for specific processes
- You monitor the amount of recycled water
- You monitor your water footprint throughout the value chain
- You monitor and manage the risks related to water-issues—regulatory, reputational etc.
- The improvements regarding water issues in your factory are summarized in a yearly report
- Your water policy is available to the public and communicated to everyone involved in your business

Chemicals

- The factory possesses a list of all chemicals used in the processes at the factory. The list describes the use of the chemicals and their environmental impact
- Employees working with hazardous chemicals are informed about the risks and trained to cover, handle, move, store, recycle or reuse and dispose the chemicals in question
- You work actively to replace all hazardous chemicals
- All chemicals or substances that have been classified as hazardous and are used in the factory bear an information label that contains the details of the specific chemical
- The employees handling chemicals know how to do this correctly
- The employees are provided with written instructions on the properties of the chemicals

Fact

According to ILO's International Occupational Safety Health Information Centre, the properties of a chemical should be described on a material safety data sheet. The data sheet should provide the following information:

- 1 Identification:
 - Name of the substance or preparation
 - Name, address and telephone number of the company/supplier/undertaking
- 2 Composition and information on ingredients
- 3 Hazards identification
- 4 First-aid measures
- 5 Fire-fighting measures
- 6 Spillage, accidental release measures
- 7 Handling and storage
- 8 Exposure controls and personal protection
- 9 Physical and chemical properties
- 10 Stability and reactivity
- 11 Toxicological information
- 12 Ecological information
- 13 Disposal considerations
- 14 Transport information
- 15 National regulations and references
- 16 Other information

Air emissions

- You monitor emissions and the greenhouse gases you diffuse during production. All air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products are characterised, monitored, controlled and treated as required per national law prior to discharge
- You monitor the type of fuel you use and its consequences for the environment
- You regularly check the efficiency and age of the production equipment

Learn more

About handling chemicals: International Occupational Safety and Health Information Centre, www.ilo.org
About Water management: United Nation Global Compact (May 2009), *Climate Change and the Global Water Crisis: What Businesses Need to Know and Do*, United Nations (p10).
www.water-pollution.org.uk
Business for Social Responsibility (2008) *Water Management in China's Textile and Apparel Factories* (p2).
About waste and pollution, www.epa.gov

4.0

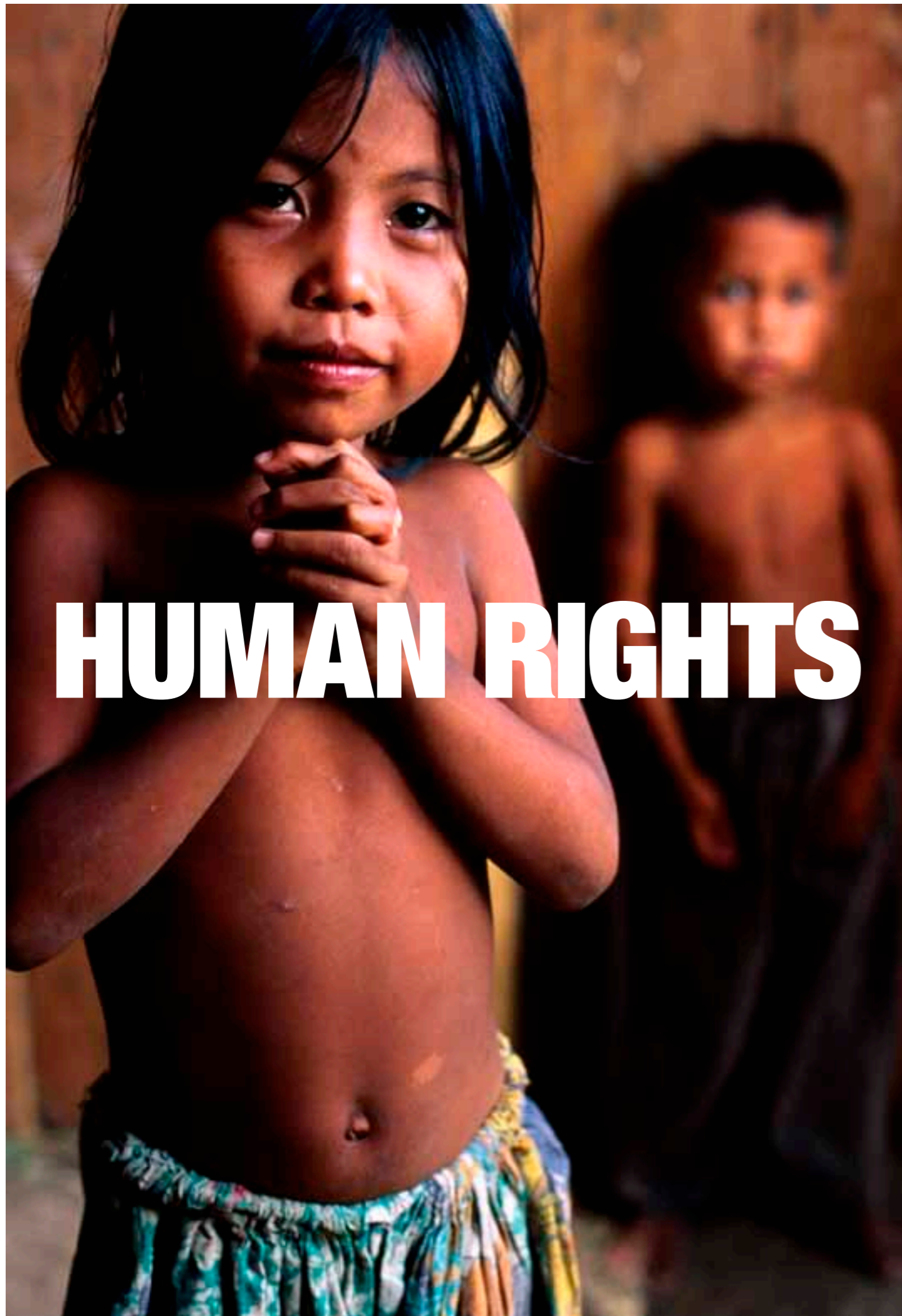


ETHICAL

BEHAVIOUR



THE RESPECT FOR HUMAN RIGHTS, ANIMAL WELFARE, AND THE FIGHT AGAINST CORRUPTION AND BRIBERY ARE THE CORNERSTONES OF A RESPONSIBLE AND ETHICAL BUSINESS. IN THIS CHAPTER, WE WILL GO THROUGH THE PRINCIPLES IN THE NICE CODE OF CONDUCT THAT HAVE TO DO WITH THESE SPECIFIC ISSUES.



HUMAN RIGHTS

4.1 | HUMAN RIGHTS

PRINCIPLE 1 | BUSINESSES MUST SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

PRINCIPLE 2 | MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

What

Everyone that works for or with our business, or contributes to it in some other way, should be treated with dignity and respect, regardless of social status, personal characteristics and beliefs. Discrimination in any form is prohibited and no abuse is tolerated.

Why

When people are treated NICE, the production and quality will be NICE and businesses will perform NICEly. The labour force is the foundation of any business. A solidly founded and respected labour force ensures a long-term viable business whereas violation of human rights and discrimination, as mentioned in the UN Global Compact, “risk to isolate an employer from the wider community and to damage a company’s reputation, potentially affecting profits and stock value.”

Fact

The NICE definition of human rights is based on the United Nations Universal Declaration of Human Rights, which defines human rights as the basic rights and freedoms to which all humans are entitled. These include civil and political rights, such as the right to life and liberty, freedom of expression, and equality before the law; and economic, social and cultural rights, including the right to participate in culture, the right to food, the right to work, and the right to education.

Learn more

NICE Code of Conduct, Appendix 1

Global Compact, www.theunglobalcompact.org

Checkpoints

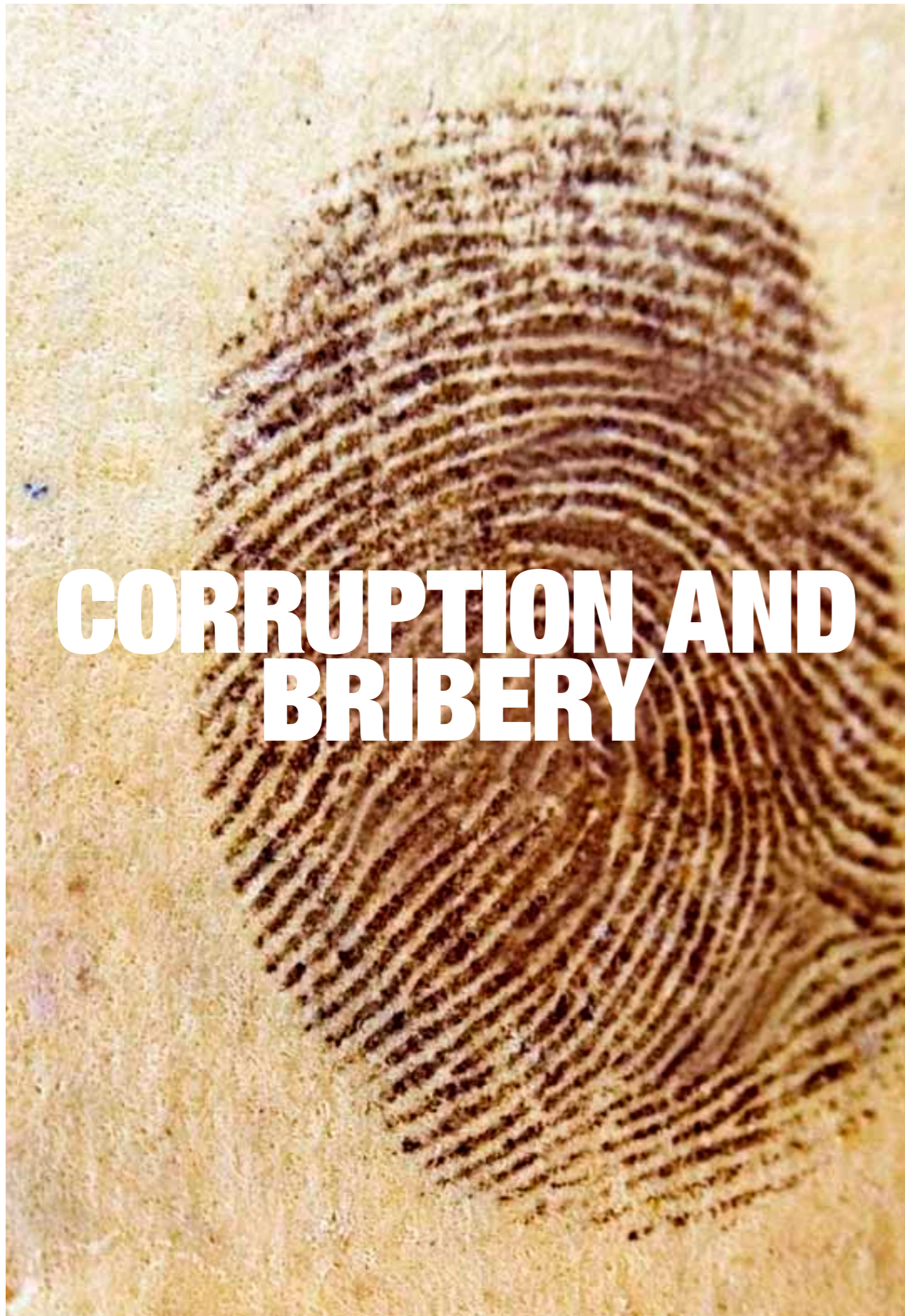
All employees throughout the supply chain know what it means to respect human rights.

The employees know who are responsible for ensuring the protection of human rights at every staff level

In the case of a violation of human rights, the employees and managers know who to contact, and what actions should be taken

You have a written procedure for hiring and firing that defines the disciplinary actions taken step by step

You raise the awareness of the importance of human rights issues among the employees



CORRUPTION AND BRIBERY

4.2 | CORRUPTION AND BRIBERY

PRINCIPLE 10 | BUSINESSES MUST WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

What

All forms of corruption, extortion and embezzlement are strictly prohibited. Such activities may result in immediate termination of the business relationship, in communication with relevant authorities and organisations, as well as in legal actions. We expect the highest standards of integrity in all business interactions.

Why

It is widely recognised that corruption is one of the world's greatest challenges. According to the UN Global Compact, it is thus a major hindrance to development, it distorts competition and represents serious legal and reputational risks for companies. Nevertheless, corruption, including extortion and bribery, is in some countries considered normal and is found necessary to secure a firm and continuing running business. NICE recommends striving toward a business where corruption is eliminated completely. Hence no bribery, improper gifts or the like can be offered—nor accepted.

Checkpoints

You have policies, procedures and management systems in your organisation that ensure that your employees know how to deal with bribery and corruption

You have defined the vulnerabilities of your organisation, its risks and the preventive measures you intend to implement to eliminate corruption

You communicate the policy to all relevant persons

You have introduced anti-corruption policies and programmes within your organisations and business operations

You report on the work against corruption on an annual basis

You join forces and cooperate within your industry and with other stakeholders to eliminate all forms of corruption

In case you discover some form of corruption inside your organisation, you have a procedure of how to handle it

Facts

Corruption, extortion and bribery

Corruption can vary in degree from the minor use of influence to institutionalised bribery. The NGO *Transparency International* defines corruption as “the abuse of entrusted power for private gain,” which means not only financial gain but also non-financial advantages.

Extortion is defined in the *OECD Guidelines for Multinational Enterprises* as follows: “The solicitation of bribes is the act of asking or enticing another to commit bribery. It becomes extortion when this demand is accompanied by threats that endanger the personal integrity or the life of the private actors involved.”

Bribery is defined in *Transparency International’s Business Principles for Countering Bribery* as follows: “An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise’s business.”

Learn more

NICE Code of Conduct, Appendix 4
The Global Compact (December 2004), Guidance Document “Implementation of the 10th principle against corruption”





4.3 | ANIMALS

PRINCIPLE 11 | IN BUSINESSES WHERE ANIMALS ARE USED IN LABOUR AND/OR IN THE PRODUCTION (FUR, WOOL ETC.) SUCH ANIMALS MUST BE FED AND TREATED WITH DIGNITY AND RESPECT AND NO ANIMAL MUST DELIBERATELY BE HARMED NOR EXPOSED TO PAIN IN THEIR LIFESPAN. TAKING THE LIVES OF ANIMALS MUST AT ALL TIMES BE CONDUCTED USING THE QUICKEST AND THE LEAST PAINFUL AND NON-TRAUMATIC (NOT IN THE VISION OF OTHER ANIMALS) METHOD AVAILABLE AND APPROVED BY NATIONAL AND ACKNOWLEDGED VETERINARIANS AND ONLY CONDUCTED BY TRAINED PERSONNEL

What

We do not tolerate the maltreatment of animals

Why

Animals have a mind and body, which can be harmed due to wrong, ignorant and brutal treatment. The maltreatment of animals can cause severe reputational damages in relation to retailers, consumers and other stakeholders. Animal activists are very persistent in their work and have a record of great influence on decision-makers.

Learn more

NICE code of Conduct, Appendix 5

Checkpoints

You have an animal treatment policy that clearly states that abuse or maltreatment of animals is not tolerated under any circumstances

You submit documentation in writing, with photographs and/or video footage, of the daily handling of animals involved as labour or production in the full production process

Situations in which the animals are at risk of being in pain are well documented in writing. There is a thorough description of the used method, available methods, business standards and an explanation of why the chosen method is used and which efforts you consider to reduce pain to the animals



COMMUNITY INVOLVEMENT

4.4 | COMMUNITY INVOLVEMENT

PRINCIPLE 12 | BUSINESSES ARE ENCOURAGED TO GET INVOLVED IN SOCIETY ENGAGEMENTS BOTH LOCALLY AND GLOBALLY, FOR THE IMPROVEMENT OF SOCIAL AND LIVING CONDITIONS

What

We always try to contribute to the betterment of the community in which we operate.

Why

No organisation or institution can work isolated from the community in which it operates. To ensure a sustainable and viable relation with the local community in the long run, NICE recommends that you establish your factory as a positive resource in the community. It carries an improvement of your relationship to the local stakeholders, a minimisation of the risk of sudden unforeseen problems with the local workforce, as well as better possibilities for recruitment and risk management in general.

Learn more

NICE Code of Conduct, Appendix 6

Checkpoints

Your overall business strategy includes goals and performance objectives regarding your community involvement

You take notice of the specific risks related to operating in your local community

You work systematically to improve the conditions for both factory and community

You have an action plan for how to improve the development of the local community

You communicate your work for the community to the relevant stakeholders

5.0



**MONITORING AND
EVALUATION**



MONITORING AND EVALUATION

5.0 | MONITORING AND EVALUATION

PRINCIPLE 13 | ALL BUSINESSES INVOLVED MUST AT ALL TIMES BE OPEN AND ACCESSIBLE FOR ANNOUNCED AND UNANNOUNCED AUDITS FOR MONITORING AND EVALUATION OF COMPLIANCE WITH THE NICE CODE OF CONDUCT

What

Audits are conducted with respect and in a friendly tone by all relevant parties.

Why

Transparency in processes that have to do with the areas mentioned in the NICE Code of Conduct is necessary to ensure a high level of credibility and to meet the expectations of the consumers and stakeholders in general.

Checklist

You work with business partners and subcontractors that are open for monitoring and evaluating their compliance with the NICE Code of Conduct

Upon completion of an audit you accept the findings and recommendations and work to improve your company in any critical area

6.0 | GLOSSARY



6.0 | GLOSSARY

THE MANUAL OF THE CODE OF CONDUCT REFERS TO THE FOLLOWING INSTITUTIONS

United Nations (UN)

An international organisation committed to maintaining international peace and security, developing friendly relations among nations and promoting social progress, better living standards and human rights.

www.un.org

United Nations Global Compact

A UN-based strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

www.unglobalcompact.org

The International Labour Organization (ILO)

A UN agency that brings together governments, employers and workers to promote decent work for all.

www.ilo.org

The Organisation for Economic Co-operation and Development (OECD)

An international organisation helping governments tackle the economic, social and governance challenges of a globalised economy, by publishing comparative statistics and annual outlooks as well as by providing a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and coordinate domestic and international policies.

www.oecd.org

Transparency International

A global coalition against corruption that aims to create change towards a world free of corruption.

www.transparency.org

**7.0 | CODE
OF CONDUCT**
APPENDICES

7.0 | CODE OF CONDUCT

APPENDICES

This Code of Conduct (CoC) describes and sets out the ethical principles of the business carried out and conducted with <COMPANY>. All suppliers and their subcontractors (when such are allowed and approved by <COMPANY>) must sign and comply with this CoC. The supplier is responsible for the subcontractors it chooses. A copy of this CoC must be translated into the national language by the supplier and read aloud to new (and upon its adoption also to existing) workers and placed at a visible and easily accessible place for the workers.

The purpose of this CoC is to ensure an ethical and fair business for all parties, people and animals involved. We believe that a strong focus on, and continuous improvement of, ethical business, and compliance to the principles below, will ultimately benefit all parties and countries—both economically and socially. No business will or can be expected to be conducted with suppliers failing to meet this CoC and failing to initiate improvements where needed.

The general principles 1-10 are the UN Global Compact, augmented by our additional principles, 11-13.

THE 13 PRINCIPLES

HUMAN RIGHTS (APPENDIX 1)

Principle 1:
Businesses must support and respect the protection of internationally proclaimed human rights; and

Principle 2:
make sure that they are not complicit in human rights abuses.

LABOUR STANDARDS (APPENDIX 2)

Principle 3:
Businesses must uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:
the elimination of all forms of forced and compulsory labour;

Principle 5:
the effective abolition of child labour; and

Principle 6:
the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT (APPENDIX 3)

Principle 7:
Businesses must support a precautionary approach to environmental challenges;

Principle 8:
undertake initiatives to promote greater environmental responsibility; and

Principle 9:
encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION (APPENDIX 4)

Principle 10:
Businesses must work against corruption in all its forms, including extortion and bribery.

ANIMALS (APPENDIX 5)

Principle 11:
In businesses where animals are used for materials in production and/or labour, such animals must be fed and treated with dignity and respect. No animal must deliberately be harmed, nor exposed to pain in their lifespan. Taking the lives of animals must at all times be conducted by trained personnel using the quickest and least painful method available, approved by acknowledged veterinarians, and must never be visible to other animals.

SOCIAL INITIATIVES (APPENDIX 6)

Principle 12:
Businesses are encouraged to get involved in initiatives that improve social and living conditions in their local societies or worldwide.

MONITORING AND EVALUATION (APPENDIX 7)

Principle 13:
All businesses involved must at all times be open and accessible for announced, semi-announced and unannounced audits for monitoring and evaluation of compliance with the CoC.

The principles are described in greater detail in the following 7 appendices. In case there are any questions or matters of uncertainty, please contact <COMPANY> at <e-mail address>.



APPENDIX 1.0 | HUMAN RIGHTS

PRINCIPLE 1 | BUSINESSES MUST SUPPORT AND RESPECT THE PROTECTION OF INTERNATIONALLY PROCLAIMED HUMAN RIGHTS

PRINCIPLE 2 | MAKE SURE THAT THEY ARE NOT COMPLICIT IN HUMAN RIGHTS ABUSES

Human rights are universal and belong to everyone equally—regardless of age, gender, race and/or religious or political belief.

When people are treated well, production and product quality will do well, and business will do well.

<COMPANY> condemns violations of any internationally declared human rights. People must be treated with dignity and respect regardless of social status or rank.

The supplier warrants to support and not to violate such internationally declared human rights.

The national laws of the supplier and of subcontractors must as a minimum be complied with at all times; this is warranted by the supplier.

In situations where this CoC turns out to be in violation of mandatory national laws of the supplier and subcontractors, the national laws apply, but the supplier must in such case immediately inform <COMPANY> hereof in writing. This applies not only to this appendix but to all the principles and appendices.

The focus should always be on further progress and development. Minimum criteria should not be regarded as optimal objectives.

APPENDIX 2.0 | LABOUR STANDARDS

PRINCIPLE 3 | BUSINESSES MUST UPHOLD THE FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO COLLECTIVE BARGAINING

PRINCIPLE 4 | THE ELIMINATION OF ALL FORMS OF FORCED AND COMPULSORY LABOUR

The labour force is the foundation of any business. Therefore, a solidly founded and respected labour force ensures a solid and long-term viable business. Professional, cheerful and encouraging leadership is appreciated.

Food, water, toilet/bath and housing facilities

The labour force must have easy access to food (it is recommended and encouraged that the supplier provides at least one free daily meal at work), sanitary food storage and fresh clean potable water, toilet/bath facilities and medical aid. Access hereto shall never be unreasonably withheld.

When the labour force lives/sleeps at the production sites or nearby facilities, such housing facilities must live up to national standards of living facilities.

Preferably, toilet/bath facilities for men and women should be separated.

Wages and discrimination

Wages must at least be the minimum as required by national law and business standards—whichever is the higher. Wages above the minimum requirement are encouraged to attract the best and most stable labour force, and wages must—considering the working hours—always be sufficient to meet the basic needs of workers and their families and provide some discretionary income.

Any deductions from wages for disciplinary measures shall not be permitted unless provided for by national law and only in severe and exceptional cases. Deductions shall never constitute an amount that will result in the worker receiving less than minimum wage.

All workers must, prior to employment, be provided with written and easily understandable information about the conditions in respect of wages. On paydays, they must receive an overview of the calculation of the wages for the respective pay period. The supplier shall ensure that wages and benefits are paid on time and rendered in a manner convenient to workers.

Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the supplier are all strictly prohibited.

The supplier warrants to abstain from any discrimination with regard of race, skin colour, religion, political affiliation, sexual orientation, gender, national origin, social rank or status. Discrimination is not only cruel to individuals, minority groups or people in general. It is also a source of unstable social relations and affects not only businesses but also communities negatively.

Working Hours

Hours of work shall comply with applicable national laws and business standards. In any event—unless national laws allow otherwise—workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7-day period. Overtime shall be voluntary and shall—unless national laws allow otherwise—not exceed 12 hours per week, shall not be demanded on a regular basis, and shall always be compensated at a premium rate of wages.

Working Conditions

A safe and hygienic workplace environment shall be provided, and the best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and any specific hazards. Effective steps shall be implemented to prevent potential accidents and injury to workers' health and minimise health risks as much as possible.

The supplier shall establish systems to detect, avoid or respond to potential threats to the health and safety of all its workers. It shall investigate work-related accidents and keep records of all such incidents, stating causes and remedial measures taken to prevent similar accidents.

All working stations must at all working times be sufficient with regard to adequate body positioning, lightning, air/ventilation and temperature. The supplier shall provide information about the health and safety standards relevant to their local activities available to all their workers in their local language in both written and oral form. The information shall include details on the effects of all substances used in manufacturing processes, on special hazards that tasks or conditions of work involve and the related measures available to protect workers. The supplier shall ensure that all workers receive regular and recorded health and safety training. It is important that such training is repeated for new and reassigned workers and in cases when accidents have occurred.

All machinery shall be properly maintained and serviced and equipped with proper protection measures.

It is recommended that a doctor or nurse should be available at short notice in case of accidents.

The supplier should pay any costs (not covered by the national social security) which a worker may incur for medical care, following an injury during working for the supplier.

No hazardous working equipment or unsafe factories and/or housing facilities are accepted.

Hazardous chemicals must be stored and handled in a safe and healthy manner at all times.

PRINCIPLE 5 | THE EFFECTIVE ABOLITION OF CHILD LABOUR

PRINCIPLE 6 | THE ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION

Emergency exits

All factories and/or housing facilities must have clearly marked exits, and preferably emergency exits on all floors. All exit doors should open outwards and must not on the inside nor the outside be blocked (for example by goods, fabrics, cartons or the like).

If emergency exits for safety reasons or to prevent theft are locked, the keys should be placed behind breakable glass next to the exit doors or otherwise easy to get access to, and thus be available to all staff at all times.

All workers should be aware of the safety arrangements, such as emergency exits, fire extinguishers, first aid equipment etc. An evacuation plan should be clearly displayed in the factory, the fire alarm should be tested regularly and regular evacuation drills are desirable.

Sufficient fire extinguishers must be available on all floors and an adequate number of workers must be trained in the proper use hereof.

Pregnancy

The supplier shall not subject personnel to pregnancy or virginity tests under any circumstances.

The supplier shall provide a favourable environment to all pregnant workers such as granting six weeks before and after the presumed date of confinement. The worker shall be guaranteed a job that is compatible with their physical condition from the moment they are informed about the pregnancy until 120 days after childbirth. In accordance with ILO 183, female workers shall be entitled to half an hour twice a day to nurse the child.

Freedom of association and right to collective bargaining

Workers shall not be required to lodge 'deposits' or identity papers upon commencing employment with the company.

The supplier shall ensure that labour-only contracting arrangements and/or false apprenticeship schemes are not used in effort to avoid fulfilling its obligations to workers under applicable laws pertaining.

The supplier must acknowledge and uphold the freedom of association and the right to collective bargaining when not restricted by the national laws of the supplier and subcontractors.

The supplier shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be subjected to discrimination and shall have access to all workplaces necessary to carry out their representation functions.

Working by free will is essential. The supplier warrants that no part of the labour force or people involved at the premises of the supplier and subcontractors or in other part of the production line are imposed to forced and compulsory labour or trafficking. No fining or severe reduction must be made in any wages upon mistakes made by the labour force.

The workers must be able to terminate their employment provided that they give a reasonable notice and no personal salary, documents or the like required for leaving, living and/or working must be withheld on any such occasions.

Child labour

The supplier and subcontractors must comply with the ILO (International Labour Organization) conventions' recommendations regarding the minimum age for workers, which in general is the maximum age for compulsory schooling and child labour.

Reference on this issue is made to:
UN Convention on the rights of the Child
ILO 138 (minimum age)
ILO 182 (worst forms of child labour)

The minimum age is:

Light work (pocket money) 13 years / 12 years in developed / undeveloped countries.

Normal non-dangerous work 15 years / 14 years in developed / undeveloped countries.

Dangerous work 18 years / 18 years in developed / undeveloped countries.

It is stressed that work performed by a child (under the age of 18) may not in any way be mentally, physically, socially or morally dangerous or harmful to children; shall not interfere with the schooling of children; shall not deprive the children of the opportunity to attend school; shall not oblige the children to leave school prematurely; and shall not require the children to attempt to combine school attendance with excessively long and strenuous work.

The supplier must do its utmost to secure and determine the correct age of the workers employed and such verification must be available in writing for audits.

Use of child labour or young workers (between the age of 15 to 18) in conflict with the above is not allowed and at all times children and young workers must be treated with dignity and respect.

In no way must any use of child labour prohibit the children from receiving proper education and the supplier shall in general do its utmost to train and educate the children in order to become a useful part of the labour force upon reaching adulthood.

There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour.

Should child labour in conflict with the above be detected, the supplier is requested to make sure that the proper measures in the child's best interest are taken. <COMPANY> must be informed and in cooperation with the supplier a satisfactory solution, taking into consideration the child's age, social situation, education, etc., must be found. Any measures taken should always aim to improve, not worsen, each individual child's situation and proper education of the child should always be the aim.

If children are to be replaced from improper working then reduction in their wages shall not take place and if possible a member of the child's family shall be offered the job position. This is in order to secure a stable private economy of the child and its family.

<COMPANY> reserves the right to involve local or international organizations, Non-Governmental Organizations and the like with the purpose of securing the child's future.

Please consult the below table from the Child Labour Toolkit developed by Save the Children Denmark and the Danish Federation of SMEs. The table can be used only as a guideline upon determining the character of the work. Please note that the terms may not be generally known to the industry.

Classification of work

Department/Section	Designation	Suitable	Suitable under supervision	Not suitable
Dyeing Section	All positions			■
Mechanical Section	Assistant for Plumber		■	
	Assistant for Fitter		■	
Knitting Section	Helper for Operator	■		
	Helper for Q.C.	■		
Cutting Section	Out Put man		■	
Finishing Section	Poly man	■		
	Tag man	■		
	Check man	■		
	Carton man	■		
	Assistant for Q.C.	■		
	Assort man	■		
	Iron man			■
	Supervisor			■
Sewing Section	Helper	■		
	Check man	■		
	Plain Machine Operator	■		
	Side man	■		
	Lock man	■		
	Scissor man	■		
	Assistant for Q.C.	■		
	Assistant for Sample man	■		
Sample Section	Assistant for Sample man	■		
	Assistant for Cutting man	■		
Printing Section	Assistant for Printer		■	

Based on "Designation of employees in a typical composites factory"

- Work which is acceptable for children and young people
- Work where caution must be employed
- Unacceptable and harmful work that needs to be stopped

Home Worker

A home worker can be defined as a person who is contracted by a company or a supplier, sub-supplier or subcontractor, but does not work in the factory or at the factory area.

Where the supplier employs and/or with subcontractors handles workers who are classified as home workers, the supplier shall ensure that such home workers are afforded a level protection similar to that afforded to directly employed personnel under the requirements of this CoC.

The supplier shall ensure that the requirements of the purchasing contract are written and then read and understood by the home workers. Also the supplier shall maintain records on identity, quantities and hours worked by each home worker.

APPENDIX 3.0 | ENVIRONMENT

PRINCIPLE 7 | BUSINESSES MUST SUPPORT A PRECAUTIONARY APPROACH TO ENVIRONMENTAL CHALLENGES

PRINCIPLE 8 | UNDERTAKE INITIATIVES TO PROMOTE GREATER ENVIRONMENTAL RESPONSIBILITY

PRINCIPLE 9 | ENCOURAGE THE DEVELOPMENT AND DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

The supplier warrants that national environmental laws and regulations are complied with at all times.

Environmental thinking and internal initiatives should be an integrated part of the management planning.

There must be continuous and in writing documented work toward a cleaner and more environmentally friendly production process, in order to secure a minimisation of negative consequences for the environment.

A poor environment creates poor living and working conditions which can deal irreversible and severe damage to the local community and the labour force and, within a short period of time, harm the suppliers' and subcontractors' business.

From the reception of this CoC, the supplier must submit to <COMPANY> an outline of the apparent negative environmental consequences that present production represents, and which actions can and are expected to be initiated. Every 12 months a written report concerning the status and planning for a cleaner production process must be submitted to <COMPANY>.

The supplier and subcontractors must choose the most environmentally friendly goods, raw materials, methods and/or technology applicable with respect to the ordered quality in all its operations. The supplier cannot outsource its negative environmental consequences to subcontractors, hence the supplier is responsible for the environment in the production line in which the supplier is directly or indirectly involved.

<COMPANY> will to the extent possible and reasonable support the development and use of cleaner technologies and procedures upon requests from the supplier.

The supplier should set up a list of all chemicals that are used in its processes. This list shall contain data describing what all chemicals are being used for and their respective environmental impact. Workers working with hazardous chemicals should be informed about the risks and should be trained for such work. Furthermore, this kind of work must be voluntary. The company should work actively to replace all hazardous chemicals.

More precisely the environmental standards and issues to be identified, considered and properly handled by the supplier are:

1 Environmental Permits and Reporting

All required environmental permits (e.g. discharge monitoring) and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

2 Pollution Prevention and Resource Reduction

Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

3 Hazardous Substances

Chemical and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, recycling or reuse and correct disposal.

4 Wastewater and Solid Waste

Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be monitored, controlled and treated as required as per national law prior to discharge or disposal. Any discharge or disposal must take place with the highest national standard regarding preserving the environment.

5 Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterised, monitored, controlled and treated as required as per national law prior to discharge.

6 Product Content Restrictions

Suppliers are to adhere to all applicable laws and regulations regarding prohibition or restriction of specific substances including labeling laws and regulations for recycling and disposal. Suppliers are also to adhere to processes to comply with each agreed-upon customer-specific restricted and hazardous materials list. It is to be expected that any delivered goods must comply with the EC regulations as to chemical contents and the like allowed and the supplier warrants such compliance.



APPENDIX 4.0 | ANTI-CORRUPTION

PRINCIPLE 10 | BUSINESSES MUST WORK AGAINST CORRUPTION IN ALL ITS FORMS, INCLUDING EXTORTION AND BRIBERY

<COMPANY> recognises that corruption, including extortion and bribery, in some countries are considered normal and have been found to be necessary to secure a firm and continuing running business.

However the supplier and subcontractors must strive toward a business where corruption is eliminated—hence no bribery, improper gifts or the like can be offered nor accepted.

The supplier shall take initiatives and actions in response to incidents of corruption.

The supplier (and subcontractors) must in writing inform <COMPANY> of any corruption and bribery activities that they are involved in by feeling pressured and/or in order to handle the orders to <COMPANY>. Such information must if possible be submitted prior to accepting the behaviour or demand.

The highest standards of integrity are to be expected in all business interactions.

In general, any and all forms of corruption, extortion and embezzlement are strictly prohibited and the supplier must understand that such activities may result in immediate termination of the business relationship, communication to relevant authorities and organisations, as well as legal action.

APPENDIX 5.0 | ANIMALS

PRINCIPLE 11 | IN BUSINESSES WHERE ANIMALS ARE USED FOR MATERIALS IN PRODUCTION AND/OR LABOUR, SUCH ANIMALS MUST BE FED AND TREATED WITH DIGNITY AND RESPECT. NO ANIMAL MUST DELIBERATELY BE HARMED, NOR EXPOSED TO PAIN IN THEIR LIFESPAN. TAKING THE LIVES OF ANIMALS MUST AT ALL TIMES BE CONDUCTED BY TRAINED PERSONNEL USING THE QUICKEST AND LEAST PAINFUL METHOD AVAILABLE, APPROVED BY ACKNOWLEDGED VETERINARIANS, AND MUST NEVER BE VISIBLE TO OTHER ANIMALS

It is important to recognise and respect that animals have a mind and body, which can be harmed due to wrong, ignorant and brutal treatment.

Production, breeding and keeping of animals shall be conducted professionally securing the animals the right and sufficient food and water and must consider and respect the individual animals physiological, health and behavioural (space, rest etc.) needs including in circumstances involving transportation of the animals. Wild living animals shall never be captured and used.

Any use of endangered animal species is strictly prohibited and the relevant authorities will immediately be contacted in such regard.

<COMPANY> regards the protection and respect of animals as very important. The supplier and subcontractors warrant that they adopt the same view and stance.

The supplier and subcontractors must submit documentation in writing with photographs and/or video footage of the daily handling of animals involved as labour or production in the full production line. Situations in which the animals are at risk of being in pain (due, for instance, to attacks from insects and diseases, or when their life is being taken) must be submitted to the <COMPANY> in writing with a thorough description of the used method, available methods, business standards and why the chosen method is used and which efforts are considered to reduce pain to the animals.



APPENDIX 6.0 | SOCIAL INITIATIVES

PRINCIPLE 12 | BUSINESSES ARE ENCOURAGED TO GET INVOLVED IN INITIATIVES THAT IMPROVE SOCIAL AND LIVING CONDITIONS IN THEIR LOCAL SOCIETIES OR WORLDWIDE

The supplier is encouraged to get involved in local or global society engagements and events—especially in the local area of the supplier. Such events serve a better community and better lives of people in poverty and can also serve as a positive experience for the surroundings—and lead to better possibilities for recruitment.

The <COMPANY> should always be open to discuss and if possible join local projects, and the supplier is encouraged to contact the <COMPANY> with proposals of society engagements.

The supplier agrees and accepts that upon delivering faulty goods such goods cannot and shall not be returned to the supplier unless <COMPANY> chooses to do so.

Such faulty goods that are—in the sole discretion of <COMPANY>—not suitable for commercial sale can freely and without compensation to the supplier be donated to charity purposes (refugee camps, charity or relief aid organisations, etc.) also in the sole discretion of <COMPANY>. Should the supplier be able to appoint a community or the like to which the supplier would like to donate the faulty goods, <COMPANY> will in kind consider such requests.

Only faulty goods that do not impose health risk or the like to the persons wearing them will be considered for charity. In other circumstances the goods will be destroyed.

APPENDIX 7.0 | MONITORING AND EVALUATION

PRINCIPLE 13 | ALL BUSINESSES INVOLVED MUST AT ALL TIMES BE OPEN AND ACCESSIBLE FOR ANNOUNCED, SEMI-ANNOUNCED AND UNANNOUNCED AUDITS FOR MONITORING AND EVALUATION OF COMPLIANCE WITH THE COC

<COMPANY> needs to monitor and evaluate and secure the supplier's compliance with this Code of Conduct (CoC). Such monitoring is necessary not only in order to secure a durable production and business relationship between the <COMPANY> and the supplier, but also in order to satisfy the expectations of the consumers, customers and stakeholders in general of <COMPANY>.

It is expected that audits will be conducted by all relevant parties with respect and in a friendly tone.

The supplier must in writing provide <COMPANY> with addresses of all production and work facilities (including those of the subcontractors) and report any changes herein immediately. This includes names and addresses of any subcontractors involved at any given order.

The supplier warrants that <COMPANY> and/or its representatives (external audit companies, etc.) can at all times—announced, semi-announced or unannounced—be given full access to the premises (including relevant documents) and surroundings of the supplier and subcontractors.

The supplier agrees and accepts that this is also to the benefit of the supplier's own business, and will do the utmost to assist and help <COMPANY> or its representatives in such audits and at all times to work toward better conditions.

The supplier will upon completion and evaluation of each audit receive a report of the findings, need to do's and recommendations (nice to do's) and where applicable also warnings and the supplier must comply accordingly.

Failure to comply with this CoC may ultimately lead to annulment of all orders placed with the supplier. However, <COMPANY> will engage in positive discussions and a constructive dialogue toward future compliance and, when such actions are reciprocated in will and doings, the business relationship will most likely be preserved and continued.

<COMPANY> is allowed to report and alert the relevant national industry organisation of the <COMPANY> and/or supplier of any failure to comply. Such organisations may choose to publish such information to its member companies or other relevant third parties.

A questionnaire sheet or the like may be handed out from time to time to the supplier and subcontractors and, in such cases, it must be truthfully filled out and returned to <COMPANY> or its representatives.

ATTENTION is brought to the fact that this CoC aims to secure a fair situation for all businesses, people, and animals involved as <COMPANY> believes that this serves a viable and respectful purpose.

