

TEXCON – CODE OF CONDUCT

__ November 2022

1 INTRODUCTION

- 1.1.1 Texcon AS, reg.no. 912247031 ("**Texcon**") is Norway's leading purchase co-operative for standalone clothing stores.
- 1.1.2 Texcon wants to contribute to a sustainable community and acknowledge that we, as the country's largest voluntary participant within textiles and fashion, play an important part in contributing to the UN's goals on sustainability being reached. Texcon commits to safeguard the environment and to promote respect for fundamental human rights and decent working conditions. Texcon's responsibility extends beyond our own circumstances and also applies in relation to our suppliers and other business partners, and we will promote responsible business conduct. Texcon shall, among other things, carry out due diligence assessments as set out in the Norwegian Transparency Act and will publish an account of the due diligence assessments on our websites within the Act's statutory deadline.
- 1.1.3 Texcon strives to achieve both environmental- and social sustainability by contributing to sustainable operations ourselves, by placing demands on our suppliers and other business partners, and by helping consumers make wise, sustainable choices. Our code of conduct ("**Code of Conduct**") clarifies the requirements we set for our suppliers, subcontractors and other business partners, and is included in the agreement with our suppliers and business partners. Our suppliers and business partners are responsible to inform their subcontractors about Texcon's Code of Conduct, and ensuring that the Code of Conduct is respected throughout the supply chain.
- 1.1.4 Texcon will evaluate our Code of Conduct on a regular basis and will make the improvements that we consider necessary. Through dialogue and cooperation with our suppliers and business partners, we will work to ensure that our Code of Conduct is complied with by our partners.

2 LEGAL REQUIREMENTS

- 2.1.1 Our suppliers, subcontractors and other business partners must comply with all national laws in the countries in which they operate and respect and comply with the requirements set out in Texcon's Code of Conduct.
- 2.1.2 Our suppliers, subcontractors and other business partners shall at all times comply with the UN ILO conventions number:
- (i) 29 and 105 (forced labour/slavery),
 - (ii) 87, 98, 135 and 154 (union organization and collective bargaining),
 - (iii) 138, 182 and 79, and recommendation no. 146 (child labor and children's rights),
 - (iv) 100, 111 and the UN Convention on the Elimination of All Forms of Discrimination Against Women (discrimination),

- (v) 155 and recommendation no. 164 (health, environment and safety),
- (vi) 131 (wages),
- (vii) 1 and 14 (working hours)

as these provisions exist at all times, are summarized and supplemented in the following points in this Code of Conduct.

3 DECENT WORKING CONDITIONS

3.1 Fundamental rights

- 3.1.1 Any obligations to the workers according to international conventions and/or national rules and regulations regarding regular employment shall not be circumvented by use of short-term engagements (such as the use of contract workers, temporary workers and day workers), subcontractors or other employment relationships.
- 3.1.2 All employees shall be treated with respect and dignity. Physical abuse or punishment, or the threat of physical abuse is prohibited. The same applies to sexual or other abuse, and various forms of humiliation.
- 3.1.3 All employees are entitled to a written employment agreement, in the local language, stating the terms and conditions of the employment. The employer is responsible for ensuring that all employees are aware of and understand their rights and obligations of the employment.
- 3.1.4 Apprenticeship programs must be clearly defined with regard to duration and content.

3.2 No forms of forced labor

- 3.2.1 No forms of forced labour, slave labor or involuntary labor are accepted at our suppliers, subcontractors and business partners.
- 3.2.2 Migrant workers shall have the same rights as local employees. Suppliers, subcontractors and business partners shall not require the workers to deliver a deposit or identity papers to the employer and the workers shall be free to terminate the employment with reasonable notice.

3.3 Freedom of association and the right to collective bargaining

- 3.3.1 All workers shall, without exception, have the right to join or establish trade unions of their own choice, and to bargain collectively. No workers shall be discriminated against if they exercise their right to organize or bargain collectively.
- 3.3.2 Trade union representatives shall not be discriminated against or prevented in other ways from carrying out their trade union duties.
- 3.3.3 If these rights are limited by law, suppliers, subcontractors and business partners shall facilitate, and in no case hinder, parallel mechanisms for free and independent organization and negotiation.

3.4 Child labor is not accepted

- 3.4.1 Children under the age of 15 (14 or 16 in certain countries) shall not be employed to perform work that may be detrimental to their education.
- 3.4.2 Children under the age of 18 shall not be employed to perform work that endangers health or safety, including night shifts.
- 3.4.3 Recruitment of child as workers in violation of the above clauses is unacceptable. If such child labor is already taking place, efforts must be made to phase out such child labor as soon as possible. At the same time, arrangements must be made to ensure that the children are given the opportunity for livelihood and education until the child is no longer of compulsory school age.

3.5 No forms of discrimination

- 3.5.1 There shall be no discrimination in the workplace based on ethnicity, religion, age, disability, gender, marital status, sexual orientation, trade union membership or political affiliation.
- 3.5.2 Protection against sexually intrusive, threatening, insulting or exploitative behavior and against discrimination or dismissal on unfair grounds, e.g., marriage, pregnancy, parenthood or status as HIV infected, shall be established.

3.6 Wages

- 3.6.1 Wages shall be paid regularly, punctually and must be in proportion to the experience, qualifications and effort of the employee, and must at least be in line with national minimum wages or the industry standard wages, and always sufficient to cover fundamental human needs.
- 3.6.2 Wages and payment of wages shall be agreed in writing before work starts. The agreement must be comprehensible to the worker.
- 3.6.3 Deductions from wages as a disciplinary reaction shall not be permitted.
- 3.6.4 Employees must be granted and compensated correctly for any type of paid leave to which they are entitled. E.g., holiday, parental leave and sick leave.

3.7 Working hours

- 3.7.1 Working hours shall be in line with national laws or industry standards, and not exceed working hours in accordance with applicable international conventions. It is recommended that ordinary working hours per week do not exceed 48 hours (8 hours per day).
- 3.7.2 The workers shall have at least 1 day off per week.
- 3.7.3 Overtime shall be limited. A maximum of 12 hours per week is recommended. The workers must always receive overtime pay, at least in line with current laws.

3.8 Health, environment and safety

- 3.8.1 Efforts shall be made to provide the workers with a safe and healthy work environment. Necessary measures shall be in place to minimize and prevent accidents and health detriment, because of or related to, conditions at the workplace. Dangerous and unsafe equipment and buildings are not accepted.
- 3.8.2 All escape routes at the workplace shall be clearly indicated, well-lit and shall not be blocked. Evacuation by the escape routes shall be possible during all working hours. All workers at the workplace shall have executed regular fire drills and drills concerning other emergencies. Evacuation plans, fire protection equipment and first aid kits shall be easily available at the workplace.
- 3.8.3 All workers shall undergo regular and documented training in health and safety. Health and safety training shall be repeated for new workers.
- 3.8.4 All workers shall have access to clean sanitary facilities and clean drinking water. If relevant, options for safe storage of food in terms of health shall be implemented.
- 3.8.5 If the employer provides accommodation, the accommodation shall be clean, safe, and sufficiently ventilated and with access to clean sanitary facilities and clean drinking water.

4 ENVIRONMENT AND USE OF LOCAL RESOURCES

4.1 Environment

- 4.1.1 Any national and international legislation concerning environment shall be complied with. All suppliers, subcontractors and other business partners shall hold the required permits and licenses in order to conduct their business and efforts must be made to obtain ISO certifications, or similar certifications, relevant for the business being conducted.
- 4.1.2 Loss of biological diversity, long-term damage to ecosystems, pollution of the atmosphere that has consequences for the climate, damage to marine ecosystems and soil derogation caused by the use of chemicals shall be prevented.
- 4.1.3 Dangerous chemicals and other substances shall be administered in a responsible manner, including being labeled and stored in a safe manner. Safety data sheets shall be accessible at the workplace at a local language and instructions in the safety data sheet shall be complied with.
- 4.1.4 All waste shall be recycled, and non-renewable resources shall be phased out. The local production site shall not be exploited ruthlessly, and care must be taken so that it is not damaged by pollution. It is expected that suppliers and business partners choose modern and efficient technology that reduces the emission of greenhouse gases and other emissions from products and services.
- 4.1.5 The use of water shall be as efficient as possible, and water shall be reused to the extent possible. Overuse and contamination of subsoil water shall be avoided.

4.2 Marginalized population groups

- 4.2.1 Production, and use of raw materials for production, from suppliers, subcontractors and any other business partners shall not contribute to the destruction of resources or the basis of income for marginalized population groups, for example by occupation of large parts of land or other natural resources that these population groups depend on.

5 BRIBERY AND CORRUPTION

- 5.1.1 A high ethical standard and overall good business practice shall be maintained. Any and all applicable laws shall be complied with, and a mere following of the minimum conditions of the law is not sufficient in order to maintain high ethical standards. No goods which may be considered unacceptable rewards for obtaining, retaining or managing business activities shall be received or offered. Such benefits can be, for example, cash, goods, travel or services of any kind.

6 ANIMAL WELFARE

- 6.1.1 All animals utilized in the production of products shall be treated with respect, dignity and in line with the five recommendations for animal welfare as set out by the World Organization for Animal Health:

(i) Freedom from hunger, malnutrition and thirst;

(ii) Freedom from physical discomfort;

(iii) Freedom from pain, disease and injury;

(iv) Freedom to exercise normal conduct; and

(v) Freedom from fear and stress.

- 6.1.2 Animal testing is not accepted. Down, feathers, leather and fur are only accepted to the extent that they come from animals that have been bred for food production and that have been slaughtered for this purpose.

7 TRANSPARENCY AND FOLLOW-UPS

7.1 Transparency and cooperation

- 7.1.1 Texcon shall operate in transparent manner and expects that all suppliers, subcontractors and any other business partners respect our Code of Conduct and acts in a manner allowing Texcon to monitor their compliance with the Code of Conduct and Texcon's other legal duties.
- 7.1.2 Suppliers and business partners shall at the request of Texcon provide the information necessary for Texcon to meet their obligations according to international conventions and Norwegian laws, including carrying out due diligence assessments in accordance with the

Norwegian Transparency Act. Refusal of a request for information from Texcon must be justified. Texcon will not request information beyond what is necessary meet our obligations.

7.2 Inspections and audits

- 7.2.1 Texcon upholds the right to perform unannounced inspections at our suppliers and business partners, as well as to appoint an independent third party to perform audits to ensure or assess whether the supplier or business partner carries out their business in accordance with this Code of Conduct. During such inspection Texcon expects to get access to any area or division of the business, to all documents and all workers in order to conduct interviews.

7.3 Follow-up measures

- 7.3.1 Failure to comply with the Code of Conduct, including lack of response to repeated inquiries from Texcon and/or the third party set out to perform the audit and lack of providing information about conditions with business partners, suppliers and/or subcontractors, may constitute a significant breach of the agreement with Texcon and may lead to termination of the agreement.
- 7.3.2 If any breach of the Code of Conduct and/or national legislation is discovered, the supplier or business partner shall immediately inform Texcon with the purpose of designing a plan for remediation. Remedial action must take place within a reasonable time. Lack of cooperation and/or repeated violations or deviations from the Code of Conduct and/or national legislation may result in termination of the agreement.