



## Guide to Nimbus Nordic A/S's Code of Conduct

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## I. Introduction

The purpose of this Guide is to provide for further information on how to ensure that our suppliers operate in accordance with our Code of Conduct (Code) that reflects the internationally recognised minimum standard in addressing adverse impacts on human rights including labour rights, the environment, and anti-corruption. In addition, information on meeting the standard in relation to adverse impacts on animal welfare is included, despite the lack of internationally endorsed principles on animal welfare.

In order for our suppliers to demonstrate that they operate in accordance with the internationally recognised minimum standard, we expect suppliers to establish necessary management processes that enable them to know their adverse impacts and show how they address such impacts. The purpose of the required management processes is to enable suppliers avoid and address adverse impacts on human rights including labour rights, the environment, and anti-corruption; and, when relevant, animal welfare.

Nimbus Nordic A/S is aware that our actions and procurement practices may cause or contribute to adverse impacts at our suppliers' operations; i.e. influence our suppliers' ability to comply with the requirements of the Code of Conduct. Therefore Nimbus Nordic A/S will routinely assess any adverse impacts that it may cause or contribute to through its purchasing, compliance and other supply chain practices. This includes ensuring that our purchasing practices, hereunder lead time, order volume versus production capacity, product development process, pricing, order size fluctuation and consistency of orders do not cause or contribute to adverse impacts at our suppliers' operations. In addition, Nimbus Nordic A/S shall periodically review the adequacy and continuing effectiveness of the Code of Conduct and this Guide. Ideas, comments and suggestions are welcomed.

### International Principles and Legal Compliance

The provisions set forth in the Code establish minimum requirements to suppliers. The scope of minimum requirements is based on the ten general principles contained in the UN Global Compact. The scope is informed by the International Bill of Human Rights, including the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

The required management of potential and actual adverse impacts on the scope is aligned with the UN Guiding Principles on Business and Human Rights (the UNGPs).

In addition to meeting the minimum requirements of the Code, it is considered a basic condition that suppliers comply with all laws, regulations, administrative practices and other applicable standards (e.g. collective bargaining agreements or other Codes of Conduct) in the countries in which they operate.

All states in the UN are required to regulate businesses in their respective countries in accordance with the UNGPs. Where there are differences between the terms of the Code and national law, suppliers shall adhere to the higher requirements. Where compliance with national law or regulation that relate to the specific scope of the Code of Conduct lead to adverse impacts on the scope of the Code, Nimbus Nordic A/S shall be notified and, possibly in a collaboration between Nimbus Nordic A/S, its supplier and relevant stakeholders, establish the most appropriate course of action to address such impacts.

Nimbus Nordic A/S reserves the right to put forward additional or more specific requirements and conditions related to sustainable development; e.g. on use of chemicals. From time to time and product to product such requirements are necessary under EU law, national law or due to specific requirements from the value chain.

## II. Process Requirements

This Code of Conduct section outlines the required management processes. These processes are required to ensure that suppliers avoid and address their adverse impacts on human rights including labour rights, the environment, and anti-corruption. The processes are similarly applied to the area of animal welfare.

Nimbus Nordic A/S expects all suppliers to develop and implement the following: 1) policy statement, 2) due diligence<sup>1</sup> and 3) remediation.

### 1. Policy Statement:

Nimbus Nordic A/S expects suppliers to adopt a policy statement committed to the international principles that this Code is based on. The policy statement shall:

- Be approved by the most senior level of the supplier.
  - For most companies this will be the Board of Directors and the executive management. It is advised to have the Chairperson and the Chief Executive Officer sign the policy commitment to demonstrate externally that the requirement is met.
- Take into account relevant internal or external expertise on human rights including labour rights, environmental, and anti-corruption principles.
  - It is advised to keep account of what expertise was consulted when developing the policy commitment. It is relatively simple for external experts to read your policy and determine if such expertise was consulted or not.
- Stipulate expectations on key international principles for human rights including labour rights, environment, and anti-corruption towards personnel, business partners and other parties directly linked to the suppliers' operations, products or services.
  - It is advised that the policy commitment at a minimum declare what the company expects from its employees in terms of assisting the company meet its responsibilities and what the company expects from its business relationships; namely that they conduct their businesses responsibly.
- Be publicly available and communicated both internally and externally.
  - It is advised to make sure that the policy commitment can be accessed easily by the public and that the company keep track of its direct communication of the policy; e.g. via e-mail, intranet, contracts, product information, codes of conduct, etc.
- Be reflected in other operational policies and procedures necessary to embed the policy statement throughout the supplier operations.

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<sup>1</sup> In this context, due diligence is an ongoing management process designed to avoid and address adverse impacts on internationally recognized sustainability principles. Due diligence should be carried out in light of a company's circumstances (including sector, operating context, size and similar factors).

- It is advised that the various governance instruments (policies, procedures and guidelines) that the company uses are reviewed to ensure that they do not themselves lead to adverse impacts and that they are modified to ensure implementation of the management system outlined by the Code of Conduct. A review report or other documentation of the findings should be kept to enable the company to document this first step of embedding the policy commitment.

## 2. Due Diligence:

In the Code of Conduct Nimbus Nordic A/S expects suppliers to establish a process of continuous due diligence in relation to their adverse impacts on human rights including labour rights, environmental, and anti-corruption principles; in addition to impacts on animal welfare.

The due diligence process should cover both potential and actual adverse impacts that suppliers may cause or contribute to through their own activities as well as the more severe adverse impacts, which may be directly linked to the suppliers' operations, products or services by their business relationships.

Conducting due diligence should, as a minimum, include the following elements for managing potential and actual adverse impacts:

- **Identification:** Suppliers must assess their potential and actual adverse impacts on human rights including labour rights, environmental, and anti-corruption principles on a regular basis. In particular the identification of *potential* adverse impacts enables the suppliers to steer clear of risks that could otherwise – if left unattended – damage their business and their value chains.
- **Prevention and mitigation:** When potential or actual adverse impacts are identified, suppliers must effectively integrate their findings across relevant internal functions and processes, and take appropriate action. This includes ensuring that such adverse impacts are prevented or appropriate action for their mitigation is taken.
- **Accounting:** The process of addressing identified adverse impacts must be closely tracked. If the Code of Conduct is properly implemented suppliers will be able to account for how they address their potential and actual adverse impacts by communicating their findings and actions to the people impacted and other relevant stakeholders including Nimbus Nordic A/S.

## 3. Remediation:

Nimbus Nordic A/S recognises that all suppliers have actual adverse impacts, even when the best policies and processes as described by the Code of Conduct are in place.

When a supplier discovers that it causes or contributes to an actual adverse impact on human rights including labour rights, environmental, and anti-corruption principles the supplier shall enable access to remedy for those affected and/or inform relevant authorities. Remedy can range from a mere apology to financial compensation.

According to the internationally agreed minimum standard that the Code of Conduct references, companies have an explicit responsibility to provide remedy to victims of actual adverse human rights impacts that they cause or contribute to. Therefore, when such actual adverse human rights impacts are identified, Nimbus Nordic A/S expects suppliers to provide for or cooperate in their remediation through legitimate processes. Such processes, also referred to as grievance mechanisms, are expected to meet eight criteria:

- a) Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;
- b) Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;
- c) Predictable: providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;
- d) Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;
- e) Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;
- f) Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights;
- g) A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms;
- h) Principles-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights, including labour rights, principles for environmental and economic sustainability;
- i) A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms;
- j) Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.

To make it possible for adverse impacts on human rights including labour rights, environmental, and anti-corruption principles to be addressed early and remediated directly, the Code of Conduct require from suppliers, that they establish or participate in effective operational-level or sector-based grievance mechanisms accessible for other business enterprises, individuals and communities, who may be adversely impacted or otherwise have identified adverse impacts.

Nimbus Nordic A/S is well aware that the establishment and maintenance of effective grievance mechanisms take time and require that the Due Diligence process is functioning well. However, it is advised that suppliers relatively early during implementation of the Code of Conduct establish grievance mechanisms directed at its employees; employees will always experience potential adverse impacts on their human rights.

If a supplier did not cause or contribute to an adverse impact, but is directly linked to it as it occurs in the supplier's value chain or in other relations, the supplier has committed to use its leverage to make the entity that is causing or contributing to the impact prevent its reoccurrence, mitigate the situation, and enable access to effective remedy for those affected and/or ensure that the proper authorities are informed.

### **III. Sustainability Requirements**

The Code of Conduct requirements to the suppliers' policy statement, due diligence and remediation processes shall cover internationally agreed principles necessary for sustainable development, i.e. 1) human rights including labour rights, 2) environmental principles and 3) anti-corruption principles. In addition 4) animal welfare is important for the fashion and textile industry, although international principles in this regard was not agreed on a global level.

The principles that Nimbus Nordic A/S through the Code of Conduct expects suppliers to manage adverse impacts upon through the establishment of the processes outlined above are described in the four following sub-sections.

In the annexes to this guide examples of adverse impacts are provided to demonstrate that the principles outlined below all are relevant for business; and not only to sustainable development.

The management processes outlined in the Code of Conduct seek to ensure that suppliers, similarly to Nimbus Nordic A/S, continuously consider their possible and actual adverse impacts on all the subjects listed. Suppliers may find that they, in a specific context or with certain activities, do not have potential impacts in several areas; but they need to demonstrate and convince Nimbus Nordic A/S that they considered such impacts.

#### **1. Human rights including labour rights**

According to the Code of Conduct, and the globally agreed minimum standard for responsible business conduct, suppliers shall manage their adverse impacts on – at a minimum - internationally recognised human rights including labour rights as stated in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Thus, potential and actual adverse impacts on the human rights, including labour rights, listed below should as a minimum be managed.

**Manage potential and actual adverse impacts on:**

1. Right to self-determination (indigenous peoples rights)
2. Right to non-discrimination
3. Right to work (training, contract and termination)
4. Right to enjoy just and favourable conditions of work (including equal pay for equal work, a living wage (minimum wage), safe and healthy working conditions, equal opportunity for everyone to be promoted and rest, leisure and paid holidays)
5. Right to form and join trade unions and the right to strike
6. Right to social security, including social insurance
7. Right to family life (including protection of mothers before and after childbirth and children's and young people's protection from exploitation (no child labour))
8. Right to adequate standard of living (including adequate food and its fair distribution, adequate clothing, adequate housing and water and sanitation)
9. Right to health
10. Right to education
11. Right to take part in cultural life, to benefit from scientific progress, to material gains from inventions and moral rights of authors (including protection of copyrights)
12. Right to life
13. Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment (including free consent to medical or scientific experimentation)
14. Right not to be subjected to slavery, servitude or forced labour
15. Right to liberty and security of person
16. Right of detained persons to humane treatment
17. Right not to be subjected to imprisonment for an inability to fulfil a contract
18. Right to freedom of movement
19. Right of aliens to due process when facing expulsion (seeking asylum)
20. Right to a fair trial
21. Right to be free from retroactive criminal law
22. Right to recognition as a person before the law
23. Right to privacy
24. Right to freedom of thought, conscience and religion
25. Right to freedom of opinion and expression (including freedom of information)
26. Right to freedom from war propaganda, and freedom from incitement of racial, religious or national hatred
27. Right to freedom of peaceful assembly
28. Right to freedom of association
29. Right to protection of the family and the right to marry
30. Right to protection of the child and right to nationality
31. Right to participate in public affairs
32. Right to equality before the law, equal protection of the law and rights of non-discrimination
33. Rights of minorities (culture, religious practice and language)

*Selected examples of concrete adverse impacts on human rights are available in appendix 1.*

## 2. Environmental principles

According to the Code of Conduct suppliers shall manage all significant potential and actual impacts on the external environment; at a minimum the areas of impacts scoped by the principles in the Rio Declaration on Environment and Development.

Thus, adverse impacts on the environmental principles listed below should as a minimum be managed.

**Manage potential and actual adverse impacts on:**

1. Use of scarce natural resources, energy and water
2. Emissions to air and releases to water
3. Noise, odour, and dust emission
4. Potential and actual soil contamination
5. Waste management (hazardous and non-hazardous substances)
6. Product issues (design, packaging, transport, use and recycling/disposal)

*Selected examples of concrete adverse impacts on environmental principles are available in appendix 2.*

## 3. Anti-corruption principles

According to the Code of Conduct suppliers shall establish adequate processes to counter corrupt practices. Such processes shall – at a minimum - address the scope outlined by the United Nations Convention against Corruption.

Thus, adverse impacts on the anti-corruption principles listed below should as a minimum be managed.

**Manage potential and actual adverse impacts on:**

1. Documenting, recording and keeping income and expenditure data available for periods determined by law, and if not regulated for a minimum of three years;
2. Not permitting corruption of public officials or private-to-private corruption, including both 'active' and 'passive' corruption (also referred to at times as 'extortion' or 'solicitation');
3. Not permitting payment of bribes or trading in influence in relation to business partners, government officials or employees; including through the use of intermediaries;
4. Not permitting use of facilitation payments, unless you are subject to threats or other coercion;
5. Not hiring government employees to do work that conflicts in any manner with the former official obligations of that employee;
6. Not permitting political contributions, charitable donations and sponsorships in expectation of undue advantages;
7. Not offering or accepting excessive gifts, hospitality, entertainment, customer travel and expenses (e.g. above the cumulative value of the equivalent of USD 200 per person/relationship in any twelve month period, if approved by a senior officer and explicitly recorded in the books of the business, naming the recipient or giver);
8. Abstaining from nepotism and cronyism;
9. Not permitting or participating in money laundering.

*Selected examples of concrete adverse impacts on anti-corruption principles are available in appendix 3.*

#### 4. Animal welfare

According to the Code of Conduct suppliers shall manage all significant potential and actual adverse impacts on animal welfare.

Adverse impacts on animal welfare issues listed below should as a minimum be managed.

**Manage potential and actual adverse impacts on:**

1. In businesses where animals are used in labour and/or in the production (fur, wool, leather, silk 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.
2. Taking the lives of animals must at all times be conducted using the quickest and the least painful and non-traumatic method available and approved by national and acknowledged veterinarians and only conducted by trained personnel.

*Selected examples of concrete adverse impacts on animal welfare are available in appendix 4.*

## IV. Implementation and Collaboration

### Scope of Application

The requirements of the Code of Conduct apply to Nimbus Nordic A/S's first tier suppliers. It shall be the responsibility of the supplier to require from its business relationships that they have similar and adequate processes in place to manage their adverse impacts on human rights, including labour rights, environmental and anti-corruption principles. Such business relationships include, but are not limited to, parent entities and subsidiary or affiliate entities, as well as all others with whom such entities do business, including subcontractors and other third-parties. As part of meeting this requirement, suppliers shall:

- Make their suppliers aware of the scope and processes outlined in the Code of Conduct and pose similar requirements to such suppliers as withheld in the Code of Conduct
- Use their leverage if adverse impacts are discovered with their suppliers in order to make such suppliers adequately address such impacts
- Undertake reasonable efforts to ensure that their suppliers operate in conformance with this Code.

### Records and Documentation

In order to be able to account for their compliance to the Code of Conduct suppliers shall establish and maintain appropriate records to demonstrate compliance with the requirements of the Code of Conduct. Appropriate records include, but are not limited to:

- Policy Commitment(s);

- Documentation of due diligence processes, including impact assessments and records from the tracking process on specific actions;
- Information on grievance mechanisms.

### Continuous Collaboration

The aim of the Code of Conduct is not to cease the business relationship between Nimbus Nordic A/S and suppliers if non-compliance were to be identified, but to assist suppliers in improving their management of adverse impacts continuously.

Nimbus Nordic A/S expects all suppliers at any time to be able to declare in writing the supplier's stage of implementation in relation to the requirements contained in the Code of Conduct. Suppliers are expected at any point to willingly cooperate in answering further questions, self-assessments and if deemed necessary cooperate with Nimbus Nordic A/S in improving systems to manage adverse impacts on human rights including labour rights, environmental, anti-corruption principles, and – if relevant – animal welfare.

According to the Code of Conduct suppliers shall willingly accommodate visits from Nimbus Nordic A/S. This includes providing physical access to any representative from Nimbus Nordic A/S or any third party assigned by Nimbus Nordic A/S. Thus, Nimbus Nordic A/S reserves the right to let an independent third party of Nimbus Nordic A/S's choice make on-site visits to ensure compliance with the requirements of the Code of Conduct; checking that policies, processes and remediation are established and capable of enabling the supplier to manage potential and actually adverse impacts in an appropriate manner.

Wherever non-compliance is detected, suppliers will be given a fixed period of time to self-correct the deficiency. In the event of failure to self-correct a problem, Nimbus Nordic A/S is willing to engage in a constructive dialogue with suppliers to develop and implement action plans to meet the requirements in the Code of Conduct and establishing appropriate milestones. An agreement to establish and subsequently abide by such action plans may allow for a continuation of the business relationship. In the event that suppliers fail to demonstrate willingness to improve its management systems or the ability to mitigate identified adverse impacts, Nimbus Nordic A/S reserves the right to cease business relationships with such suppliers.

## **Appendix 1 – Examples of adverse human rights impacts in the fashion and textile industry**

The aim of this appendix is to develop capacity in appreciating how human rights play out in the industry and to serve as an inspiration for Nimbus Nordic A/S's suppliers' work with avoiding and addressing adverse human rights impacts.

The appendix exemplifies actual and potential adverse impacts in the garment and textile industry on *all 48 human rights*, including labour rights, as stated in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

The 48 examples covers adverse human rights impacts that the supplier may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services by its business relationships.

The examples correspond to the sustainability requirements on human rights described in the Code above.

### **1. Right to self-determination (indigenous peoples' rights)**

A sub-supplier who supplies cotton to a spinning mill wants to develop a new plantation on a piece of land where a group of indigenous peoples over centuries have made use of the land. The sub-supplier ignores the indigenous peoples' protests and asks the police to evict the persons using the land.

*In this way the spinning mill is linked to an adverse impact on the right to self-determination.*

### **2. Right to non-discrimination**

When interviewing job applicants, the manager of a textile supplier asks female applicants about their marital status and family life and explicitly says that he will only hire unmarried women with no children since they are more effective and flexible workers.

*In this way the garment supplier is causing an adverse impact on the right to non-discrimination.*

### **3. Right to work (training, contract, termination)**

In order to cut costs, a label supplier hires migrant workers, who are willing to work for a lower rate. These migrant workers do not receive or sign any contract for their employment.

*In this way the label supplier is causing an adverse impact on the right to work (in particular the right to receive a contract)*

### **4. Right to enjoy just and favourable conditions of work, including:**

#### **4.a. Right to equal pay for equal work**

Migrant workers at a packaging supplier receive a smaller wage than their colleagues who are on a permanent contract, even though they perform the exact same job and have the same qualifications.

*In this way the packaging supplier is causing an adverse impact on the right to equal pay for equal work.*

#### **4.b. Right to a living wage**

The workers at a textile supplier are paid the equivalent of 12 USD per day, which isn't enough to provide for the basic needs of themselves and their family. This means that the whole family, including their children work in order to earn enough money to cover living expenses.

*In this way the textile supplier is causing an adverse impact on the right to a living wage.*

**4.c. Right to safe and healthy working conditions**

A textile supplier uses sandblasting technique in order to produce the fabric for "worn-out-look" jeans. Workers involved in the sandblasting process are exposed to respirable crystalline silica, which can cause fatal lung diseases, including silicosis, and they are not offered appropriate protecting gear.

*In this way the textile supplier is causing an adverse impact on the right to safe and healthy working conditions.*

**4.d. Right to equal opportunities for everyone to be promoted**

A manager of a spinning mill supplier needs a new supervisor. He decides not to promote the employee with most experience and seniority because of this person's sexual orientation, which he fears may be a hindrance to his recognition among other employees. Instead he decides to promote another employee with less experience and fewer qualifications for the position.

*In this way the spinning mill supplier is causing an adverse impact on the right to equal opportunities for everyone to be promoted.*

**4.e. Right to rest, leisure, and paid holidays**

A textile supplier signs a large contract with an important customer but the contract has a very tight deadline. The supplier therefore puts a rush order through to its suppliers that bleaches the textiles. The supplier handling bleaching is very dependent on such orders, and therefore the manager forces his workers to work 16-hour days for several weeks in order to complete the order in time.

*In this way the textile supplier is contributing to an adverse impact on the right to rest, leisure, and paid holidays.*

**5. Right to form and join trade unions and the right to strike**

Some workers at a knitwear supplier decide to organise a union to advocate for better working conditions. The manager notices their initiative and forces the organisers to either dissolve the union or sign a resignation letter.

*In this way the knitwear supplier is causing an adverse impact on the right to form and join trade unions and the right to strike.*

**6. Right to social security, including social insurance**

A worker becomes very ill and cannot work for several months following and as a consequence of employment at a bleaching plant performing chemical washing and bleaching. His manager refuses to help pay the medical expenses and has not offered the worker any insurance or sick pay.

*In this way the bleaching supplier is causing an adverse impact on the right to social security, including social insurance.*

**7. Right to family life, including:**

**7.a. Right to the protection of mothers before and after childbirth**

When a female worker at an embroidery supplier tells her manager about her pregnancy, he states that she will need to take on the same amount of work as the other workers, and that she will not be allowed to take breaks due to pregnancy or time off for ante-natal care.

*In this way the embroidery supplier is causing an adverse impact on the right to the protection of mothers before and after childbirth.*

**7.b. Children's and young peoples' protection from exploitation (no child labour)**

A knitwear supplier contracts young girls for three years offering benefits such as three meals a day and air conditioning as well as a bonus to be paid after end of contract. The reality, though, is that the girls are forced to work long shifts in hazardous working conditions and are paid low wages. The girls are often subject to verbal and physical abuse and are not allowed to visit their families.

*In this way the knitwear supplier is causing an adverse impact on children's and young people's protection from exploitation (no child labour).*

**8. Right to adequate standard of living, including:**

**8.a. Right to adequate food and its fair distribution**

At a spinning mill supplier located in a remote area the workers are served very little food that in no way provides an adequate balanced and nutritious diet. The workers have no other opportunities to get something to eat during the work day.

*In this way the spinning mill supplier is causing an adverse impact on the right to adequate food and its fair distribution.*

**8.b. Right to adequate clothing**

During extremely cold weather workers at a printing supplier are forced to work without heating and the management refuse to provide them with warmer clothing.

*In this way the printing supplier is causing an adverse impact on the right to adequate clothing.*

**8.c. Right to adequate housing**

Migrant workers at a garment supplier either live in overcrowded dorms or don't have a place to live and therefore sleep at the factory floor.

*In this way the garment supplier is causing an adverse impact on the right to adequate housing.*

**8.d. Right to water and sanitation**

At a bleaching supplier with more than 800 workers, the workers have to share only one water tap and one toilet.

*In this way the bleaching supplier is causing an adverse impact on the right to water and sanitation.*

**9. Right to health**

In the process of producing children's clothes a printing supplier makes use of toxic chemicals, such as phthalic acid and PFCs. These chemicals are harmful for the environment but also represent a health risk to humans, not least children.

*In this way the printing supplier is causing an adverse impact on the right to health.*

**10. Right to education**

At a knitwear supplier children are forced to work long hours and are thereby unable to attend the local school.

*In this way the knitwear supplier is causing an adverse impact on the right to education.*

**11. Right to take part in cultural life, to benefit from scientific progress and of the material and moral rights of authors and inventors, including:**

**11.a. Right to take part in cultural life**

Due to mandatory work on cultural and religious holidays workers at a garment supplier are denied the opportunity to participate in the local community's traditional cultural and religious events.

*In this way the garment supplier is causing an adverse impact on the right to take part in cultural life.*

**11.b. Right to benefit from scientific progress**

A supplier has by a coincidence explored a new bleaching material which is gentler for the skin and has a reduced impact on the environment when disposed. But since it is more costly to use, the manager decides to keep using the traditional bleaching material even though it is more harmful for workers, end-users and environment.

*In this way the supplier is causing an adverse impact on the right to benefit from scientific progress.*

**11.c. Right to material gains from inventions**

A worker at a cotton farm discovers a more efficient method of harvesting the cotton and introduces her idea to her supervisor. The worker is awarded with a small bonus, which turns out to be insignificantly small compared to the reduced cost and hence greater revenue that the cotton farmer experiences in the following years due to this new harvesting method. The worker complains about this and is later fired due to "disagreements".

*In this way the garment supplier is causing an adverse impact on the right to material gains from inventions.*

**11.d. Moral rights of authors (protection of copyrights)**

A clothing company decides to launch a t-shirt collection with prints of indigenous peoples' art that the designers have found on a trip to a small rural village. The clothing company takes no actions to make an agreement with the artists on the use of their art-work.

*In this way the clothing company is causing an adverse impact on the moral rights of authors (protection of copyrights).*

**12. Right to life**

120 workers are killed in a fire at a garment supplier. Investigations after the fire show that the supplier had very few emergency exits (of which several were locked and therefore of no use) and that the fire hydrant system did not work properly, allowing the flames to spread quickly.

*In this way the garment supplier caused an adverse impact on the right to life.*

**13. Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment, including:**

**13.a. Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment**

When failing to meet the quotas set by management, workers are harassed by supervisors calling them degrading names such as "dogs" and "donkeys" while throwing pieces of fabric at their faces.

*In this way the garment supplier is causing an adverse impact on the right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment.*

**13.b. Right to free, prior and informed consent to medical or scientific experimentation**

A garment supplier implements a new type of dyeing material which has a lower cost than the traditional material used to dye the clothes. The producer has informed the garment supplier that the new dyeing material may have some harmful

effects on the health of workers involved. The supplier agrees to test the material in its production line. The workers involved in the dyeing process are not informed about the decision and after some weeks several persons start to experience severe rashes on their hands.

*In this way the garment supplier is causing an adverse impact on the right to free, prior and informed consent to medical or scientific experimentation.*

**14. Right not to be subjected to slavery, servitude or forced labour**

A recruitment agency is supplying unskilled workers for a spinning mill's cotton production. The recruitment agency seeks out immigrants that are willing to work under relatively poor conditions and for low salaries. The agency receives a bonus depending on the number of workers that stay with the employer throughout the harvesting season. Due to the high turnover of workers, the agency decides to keep the workers' passports throughout the harvesting season and introduce a high "consultation fee" if the workers wish to retrieve the passport before end of season.

*In this way the spinning mill is linked to an adverse impact on the right not to be subjected to slavery, servitude or forced labour.*

**15. Right to liberty and security of person**

Some workers organise and announce a peaceful demonstration against a supplier's poor working conditions. A few hours before the demonstration trusted employees of the supplier show up at the organisers' homes and take the organisers in custody and hold them detained till after the demonstration.

*In this way the supplier is causing an adverse impact on the right to liberty and security of person.*

**16. Right of detained persons to humane treatment**

On a cotton farm, the supervisor catches one of the workers in stealing some food and money for his family. The worker is beaten and detained in a small room with no access to fresh air, water or toilet facilities. He is kept there for the next 24 hours, before the police arrives and takes him to the station.

*In this way the cotton farm is causing an adverse impact on the right of detained persons to humane treatment.*

**17. Right not to be subjected to imprisonment for an inability to fulfil a contract**

A garment supplier located in a country in which imprisonment for non-fulfilment of contracts is part of the penal code becomes aware that an employee is heavily indebted and that the employee cannot reasonably repay the debt or interests in a foreseeable future. The supplier has considered laying-off this employee for some time as a cost-cutting measure. It notifies government authorities of the inability of the employee to repay the debt, resulting in the imprisonment of the employee; thus providing for a cause for immediate termination.

*In this way the garment supplier is causing an adverse impact on the right not to be subjected to imprisonment for an inability to fulfil a contract.*

**18. Right to freedom of movement**

A manager at a garment supplier is keeping the travel documents and identity cards of the workers. When one worker for personal reasons needs to move to another part of the country and therefore requests his travel documents and ID, the manager refuses to release them.

*In this way the supplier is causing an adverse impact on the right to freedom of movement.*

**19. Right of aliens to due process when facing expulsion (seeking asylum)**

During a shipment of a textile factory's goods, the crew on the ship rescues 50 immigrants in a small boat that is about to sink. The immigrants state that they are asylum seekers, but the captain decides to detain the migrants and transport them back to their port of departure.

*In this way the textile factory is linked to an adverse impact on the right of aliens to due process when facing expulsion (seeking asylum).*

#### **20. Right to a fair trial**

Some workers at a textile manufacturer accuse the management of using forced labour and a local Non-Governmental Organisation assists the workers bring the case to court. During a business dinner (paid by the company) the manager of the textile company succeeds in "convincing" the local judge to dismiss the case.

*In this way the textile manufacturer is causing an adverse impact on the right to a fair trial.*

#### **21. Right to be free from retroactive criminal law**

A recent change in the national tax regulation redefines the expenses allowed to be deducted in annual tax statements. Shortly after, a worker at a garment supplier is suddenly indicted by the national tax authorities for tax evasion. The indictment applies the new regulation to work-related expenses that the worker claimed 4 years ago. The manager learns about the worker's problem, but decides to do nothing.

*In this way the garment supplier is linked to an adverse impact on the right to be free from retroactive criminal law.*

#### **22. Right to recognition as a person before the law**

A textile factory's bank operates in a country characterized by great ethnic division and suppression of minorities by the majority in power. The bank has knowingly assisted customers, including workers from the textile factory, from minority groups in depositing assets and subsequently denied them access to the funds, claiming that as members of the minority group, they were not allowed to own assets.

*In this way the textile factory is contributing to an adverse impact on the right to recognition as a person before the law.*

#### **23. Right to privacy**

A manager of a textile supplier decides to install video cameras to discover thefts. The workers at the factory are not informed about the installation of cameras.

*In this way the textile supplier is causing an adverse impact on the right to privacy.*

#### **24. Right to freedom of thought, conscience and religion**

When hiring new employees a manager of a garment supplier states that the workers are not allowed to wear religious symbols or practice their faith at the factory; not even in breaks.

*In this way the garment supplier is causing an adverse impact on the right to freedom of thought, conscience and religion.*

#### **25. Right to freedom of opinion and expression**

##### **25.a. Freedom of opinion**

A manager at a garment supplier has a very clear and outspoken position on a coming national election. He circulates an email a few days before the election arguing for his support for a specific candidate and encouraging all employees to vote for the same candidate. His email makes the workers feel that divergent opinions could lead to repercussions.

*In this way the garment supplier is causing an adverse impact on the right to freedom of opinion.*

**25.b. Freedom of expression**

Before every client audit the management of a textile factory gathers the workers and tells them what to say and not to say to external visitors/inspectors. The management further threatens to fire those who do not say what they have been told to.

*In this way the supplier is causing an adverse impact on the right to freedom of expression.*

**25.c. Freedom of information**

Due to economic downturns a manager decides to close down some of the sub-supplier contracts and instead produce more items on his own plant. He does not inform the sub-suppliers when the decision is made, but wait for months notifying them only a few weeks before the contracts expire, which put the sub-suppliers' workers in a big risk of not being able to find another job in such short notice.

*In this way the supplier is causing an adverse impact on the right to freedom of information.*

**26. Right to freedom from war propaganda, and freedom from incitement of racial, religious or national hatred, including:**

**26.a. Freedom from war propaganda**

Some guards from a private security company hired by a garment supplier hands out flyers with war propaganda messages among workers.

*In this way the supplier is linked to an adverse impact on the right to freedom from war propaganda.*

**26.b. Freedom from incitement of racial, religious or national hatred**

Some workers at a printing company circulate an email with hateful comments about a local religious minority group. The manager decides to ignore it and do nothing, assuming it not to be a company matter.

*In this way the printing supplier is contributing to an adverse impact on the right to freedom from incitement of racial, religious or national hatred.*

**27. Right to freedom of peaceful assembly**

A group of workers organise a peaceful demonstration against their managements continued harassment. The management asks the police and a private security company to disperse the demonstrators, which results in violent clashes and several injured people.

*In this way the supplier is contributing to an adverse impact on the right to freedom of peaceful assembly.*

**28. Right to freedom of association**

A group of workers meet outside work hours to discuss joining a new party that focuses on improving working conditions at the country's textile factories. The manager hears about the meetings and indicates that the participating workers might lose their job if they join this new party.

*In this way the supplier is causing an adverse impact on the right to freedom of association.*

**29. Right to protection of the family and the right to marry**

A manager at a bleaching supplier bans relationships between co-workers, and also prevents workers from seeing their partners, because he fears that the workers may get pregnant. Also, the manager makes all female workers sign a document saying that they agree not to have children during their term of employment.

*In this way the supplier is causing an adverse impact on the right to protection of the family and the right to marry.*

**30. Right to protection of the child and right to nationality**

A manager at a garment supplier finds out that a group of supervisors have used their power to harass and physically abuse young workers. The manager decides to ignore this issue because he doesn't want trouble with his supervisors.

*In this way the garment supplier is causing an adverse impact on the right to protection of the child and right to nationality.*

**31. Right to participate in public affairs**

A supervisor at a spinning mill wants to run for the local election and fight for better working conditions at the region's factories. The manager of the spinning mill supports another party and starts to question the employee's professional competences and threatens to reduce his rank.

*In this way the supplier is causing an adverse impact on the right to participate in public affairs.*

**32. Right to equality before the law, equal protection of the law and rights of non-discrimination**

A garment supplier takes advantages of the fact that its migrant workers are not equally protected under national labour laws by offering them working conditions that are below national standards.

*In this way the supplier is causing an adverse impact on the right to equality before the law, equal protection of the law and rights of non-discrimination.*

**33. Rights of minorities (culture, religious practice and language)**

A manager at a garment supplier forbids minority workers to use their own language at the workplace even though it has no impact on their work.

*In this way the supplier is causing an adverse impact on the rights of minorities (culture, religious practice and language).*

## **Appendix 2 – Examples of adverse environmental impacts in the fashion and textile industry**

This appendix is designed to exemplify actual and potential adverse impacts on the external environment that garment and textile suppliers may cause or contribute to through their own activities, or which may be directly linked to their operations, products or services by their business relationships.

The examples correspond to the sustainability requirements on environmental sustainability described in the Code above.

### **1. Use of scarce natural resources, energy and water**

In an area where water is a scarce resource, a bleaching and dyeing supplier has an enormous water use in its processes and does not take any measures to reduce its water consumption.

### **2. Emission to air and releases to water**

A garment factory uses drying ovens that are in very poor conditions which means that the high-temperature drying and curing processes emit large amounts of hydrocarbon, formaldehyde, acids, softeners, and other volatile compounds into the air.

### **3. Noise, odour, and dust emissions**

A small garment factory releases a lot of cotton dust into the air from its spinning operations, which has an adverse impact on the local environment, including local animal life, vegetation and the accumulation of smog.

### **4. Potential and actual soil contamination**

A cotton supplier uses an excessive amount of pesticides and fertilizers in the production of cotton, which causes significant adverse impacts on the local environment, including a reduction in the natural fertility of the soil, harm to the soil structure, and a lower drought tolerance of crops.

### **5. Waste management (hazardous and non-hazardous substances)**

A textile supplier with a large bleaching and dyeing production has an extensive discharge of untreated and polluted waste water into local rivers. The waste water contains large amounts of caustic soda, chlorine, hydrochloric acid, and peroxides from the bleaching and dyeing processes.

### **6. Product issues (design, packaging, transport, use and recycling/disposal)**

A garment factory produces fast-fashion clothing for a large international retail-clothing company. The clothing, which is produced at a very low cost, is of a terribly poor quality and therefore only lasts a short period of time before it is worn out and ready for disposal.

## Appendix 3 - Examples of corrupt practices in the fashion and textile industry

This appendix is designed to exemplify actual and potential corrupt practices that garment and textile suppliers may cause or contribute to through their own activities, or which may be directly linked to their operations, products or services by their business relationships.

The examples correspond to the sustainability requirements on anti-corruption described in the Code above.

### **1. Documenting, recording and keeping income and expenditure data available for periods determined by law, and if not regulated for a minimum of three years**

The Head of Administration at a spinning mill is failing to keep accurate financial records. Accusations about embezzling of funds arise and he has no way of convincing his colleagues that he is in fact innocent.

### **2. Not permitting corruption of public officials or private-to-private corruption, including both “active” and “passive” corruption (also referred to at times as “extortion” or “solicitation”)**

A safety inspector notifies the manager of a garment factory about severe structural weaknesses of the main factory building. In an attempt to silence the inspector, the manager offers him some money off the records – the safety inspector takes the money and refrains from taking further action.

### **3. Not permitting payment of bribes or trading in influence in relation to business partners, government officials or employees; including through the use of intermediaries**

A textile mill buys its raw materials via sales agents, resellers and other third parties as subcontractors to avoid dealing directly with cotton farms. Such third parties have not been screened for risks of anti-corruption and anti-corruption policies are not enforced with such suppliers. On the contrary, the Managing Director of the spinning mill is well aware that some of the third parties make use of bribes to achieve business goals on her behalf. She chooses however to 'close her eyes', thinking that as long as it doesn't happen within her company directly, she would be considered innocent should any scandals erupt.

### **4. Not permitting use of facilitation payments, unless you are subject to threats or other coercion**

To be able to meet a rising demand, a manager of a packaging factory wants to expand his factory in order to make room for more equipment and machinery. To do this, he needs a permit from the local authorities. In order to make it a quick process he offers the governmental agency in question some money to speed up the process. As a result the manager receives the permit much quicker than expected.

### **5. Not hiring government employees to do work that conflicts in any manner with the former official obligations of that employee**

A textile factory has a hard time managing expenses for tax and customs. Consequently, they decide to hire a former Director from the National Customs Department, so that he can use his former position to ensure they pay as little as possible if anything at all.

### **6. Not permitting political contributions, charitable donations and sponsorships in expectation of undue advantages**

A workers' union has started to advocate heavily for the rights of textile industry workers to a living wage. The union is gathering more and more grounds among workers in the industry and demonstrations and strikes are becoming



common. This is not in the interest of a local garment factory owner, who decides to give a substantial donation to the poorly financed union, stating just one expectation; that they refrain from targeting the workers at his company directly with their campaigns.

**7. Not offering or accepting excessive gifts, hospitality, entertainment, customer travel and expenses (e.g. above the cumulative value of the equivalent of USD 200 per person/relationship in any twelve month period, if approved by a senior officer and explicitly recorded in the books of the business, naming the recipient or giver)**

A procurement manager at a textile company is offered an all inclusive one week vacation by one of the sub-contractors if he guarantees that his company will make its rather small and temporary orders permanent and substantially larger.

**8. Abstaining from nepotism and cronyism**

Business is going well for an owner at a large printing company, who is in need of further manpower at the management level. Instead of opening the position for current employees as well as external applicants, the owner decides to hire his cousin and two of his best friends.

**9. Not permitting or participating in money laundering**

The owner of a textile company is participating in the laundering of drug money through the use of his legitimate imports and exports of textiles. Drug cartels funnel bundles of cash through his company's bank accounts and set up new accounts attached to shell companies in tax havens. They then use these accounts to shuttle the proceeds from drug transactions conducted all over the world back into the country. The owner is offered a substantial fee for allowing the cartel to use his accounts for the transactions.

## Appendix 4 - Examples of adverse impacts on animal welfare in the fashion and textile industry

This appendix is designed to exemplify actual and potential adverse impacts on animal welfare that garment and textile suppliers may cause or contribute to through their own activities, or which may be directly linked to their operations, products or services by their business relationships.

The examples correspond to the sustainability requirements on animal welfare described in the Code above.

**1. In businesses where animals are used in labour and/or in the production (fur, wool, leather, silk 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.**

A knitwear factory is highly dependent on a specific wool importer guaranteeing low prices and flexibility in order sizes. However, the imported wool stems from a renowned wool producer, that is known to have no animal welfare policy and for mistreating sheep in the shearing process. The knitwear factory, however, chooses to stay of the subject and continue the collaboration.

**2. Taking the lives of animals must at all times be conducted using the quickest and the least painful and non-traumatic method available and approved by national and acknowledged veterinarians and only conducted by trained personnel.**

A textile company collaborates with a fur farm to satisfy the demand of clients insisting on the use of real fur in their design. The fur farm is a speedy deliverer of large orders of fur at a relatively low price, and as such the preferred business partner. However, the fur farm is taking advantage of badly enforced legislation on animal welfare in the country, and is experimenting with ways of optimizing the production of fur. Such optimization includes identifying the cheapest euthanasia methods available, including experiments with suffocation, electrocution, gas, poisoning and even live skinning.