



Supplier Code of Conduct

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Rigakade 20-4
1013 BC Amsterdam
tel: +31(0)20 408 48 58
fax: +31(0)20 408 48 68
www.Netraco.com

CSR Manager: Chloé Dorhout Mees
E-mail: cr@Netraco.com

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Netraco supplier Code of Conduct

Netraco recognizes that it has inherent responsibilities regarding its supply chain. Therefore, Netraco is devoted to improve the garment and textile supply chain with quality products that are produced in a fair and safe way with as less as possible impact on the environment. This Code of Conduct outlines the minimum social and environmental standards and requirements that our suppliers are expected to follow. Our Code of Conduct is based on the Conventions drawn by the UN's International Labour Organisation (ILO) and the UN's Universal Declaration on Human Rights (UDHR). We at Netraco aim to only work with suppliers that share our beliefs and values and therefore expect that the supplier is responsible ensuring this Code of Conduct is implemented at all times. Netraco will take reasonable and appropriate action when we feel that these values, directly or indirectly, are not being respected and pursued.

Important is that in any case all our suppliers must always follow the national laws in the countries in which they are located and operate. Whenever the requirements in this Code of Conduct conflict with the national law, national legislation is always binding and in this case takes precedence over this Code of Conduct. We trust and expect our suppliers that they will implement this Code of Conduct in the correct way in their business practices and share, when needed, this Code of Conduct with their business partners. We therefore request our suppliers to sign and send back Appendix 1 of this Code of Conduct in order to reach mutual understanding. Only this way we can assure that our products are made in an ethical, fair and safe way.

The ILO conventions

International labour standards are legal instruments drawn by the ILO's constituents (governments, employers and workers) and setting out basic principles and rights at work. They are either Conventions (or Protocols), which are legally binding international treaties that may be ratified by member states. The ILO Declaration on Fundamental Principles and Rights at Work, adopted in 1998, commits Member States to respect and promote principles and rights in four categories, whether or not they have ratified the relevant Conventions. These categories are: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced or compulsory labour, the abolition of child labour and the elimination of discrimination in respect of employment and occupation. These four categories are included in eight fundamental conventions underpinning the Declaration of Fundamental Principles and Rights at Work. These conventions are:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

The United Nations' Universal Declaration on Human Rights (UDHR)

Adopted in 1948 by the General Assembly, The Universal Declaration on Human Rights consists of 30 articles affirming an individual's rights which, although not legally binding in themselves, have been elaborated in subsequent international treaties, economic transfers, regional human rights instruments, national constitutions, and other laws. The articles in this Declaration concern:

- The preamble sets out the historical and social causes that led to the necessity of drafting the Declaration.
- Articles 1–2 established the basic concepts of dignity, liberty, and equality.
- Articles 3–5 established other individual rights, such as the right to life and the prohibition of slavery and torture.
- Articles 6–11 refer to the fundamental legality of human rights with specific remedies cited for their defense when violated.
- Articles 12–17 established the rights of the individual towards the community (including such things as freedom of movement).
- Articles 18–21 sanctioned the so-called "constitutional liberties", and with spiritual, public, and political freedoms, such as freedom of thought, opinion, religion and conscience, word, and peaceful association of the individual.
- Articles 22–27 sanctioned an individual's economic, social and cultural rights, including healthcare. Article 25 states: "Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services." It also makes additional accommodations for security in case of physical debilitation or disability, and makes special mention of care given to those in motherhood or childhood.
- Articles 28–30 established the general ways of using these rights, the areas in which these rights of the individual cannot be applied, and that they cannot be overcome against the individual.

No forced, bonded or other non-voluntary labour

At Netraco we do not tolerate or accept employment that is not freely chosen, that is, forced, bonded, indentured, trafficked or prisoned labour, as stated in ILO Convention 29 and 105 and article 4 and 23 of the UN Declaration on Human Rights. Our suppliers will risk allegations of complicity if they benefit from the use of such forms of non-voluntary labour. Moreover, we expect our suppliers to allow their workers the right to leave work and freely terminate their employment provided that workers give reasonable notice to their employer. Furthermore, employment terms and agreements must be established in writing, and are to be explained verbally to workers in clear and understandable terms.

Freedom of association and the right to collective bargaining

At Netraco we believe that workers and employers have the right to join organisations of their own choosing, such as stated in article 23 of the UN Declaration on Human Rights and the ILO Convention 87 article 2 (1948) and have the right to organise and collective bargaining, such as stated in Convention 98 (1949) and should not be discriminated against because of trade union membership. Regarding the right of organisation, article 11 of the ILO Convention states that workers and employers from all ILO-members may exercise freely the right to organise. In countries where trade union activity is unlawful, freedom of association and collective bargaining is forbidden by national law, the supplier must not hinder the development of independent and free association. Management should allow workers to freely elect their own representatives with whom the company can enter into dialogue about workplace issues. Workers should be able to express their concerns or comments independently to the management at all times.

Fair and equal remuneration

At Netraco, we underline the principle of fair and equal remuneration, underpinned in Convention 100 (1951) and article 23 of the UN Declaration on Human Rights. In the ILO Convention, the term remuneration, stated in article 1, refers to the “ordinary, basic or minimum wage or salary and any additional emoluments whatsoever payable directly or indirectly, whether in cash or in kind, by the employer to the worker and arising out of the worker's employment.” Moreover, the term equal remuneration for men and women refers to rates of remuneration established without discrimination based on sex. Recognizing this convention, our suppliers must respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families. For our suppliers, fair remuneration means as a minimum, wages

mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher. However, Netraco encourages its suppliers to pay its employees a living wage, so that employees have the opportunity to save money. Furthermore, wages need to be paid to the workers in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills and education of workers and shall refer to regular working hours.

No Child Labour and protection of young workers

Our suppliers by any means must not engage in or support the use of child labour as stated in the UNCRC Article 32 Convention on the Rights of the Child, ILO's Convention No. 138 on the Minimum Age for Admission to Employment and Work, and in The Worst Forms of Child Labour Convention no. 182 (1999). Our business partners only are allowed to employ workers who meet the applicable minimum legal age requirement included in national legislation or at least be 15 years of age, whichever is greater. The only exception on this is covered in article 2.4 of the ILO Convention 138. However, the specified age must not be less than the age of completion of compulsory schooling. Furthermore, young workers under the age of 18 may not carry out hazardous or dangerous tasks nor can they work at night or in hazardous conditions. We expect our suppliers to conduct thorough age-verification processes as part of the recruitment process, in order to protect children from any form of exploitation. Netraco will take reasonable and appropriate action when we feel that these values, directly or indirectly, are not being respected and pursued.

No discrimination

Netraco does not allow nor tolerate any form of discrimination, exclusion or harassment based on the basis of gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination. Netraco recognizes and therefore expects their suppliers to acknowledge and obey Convention 100 on equal and fair remuneration and Convention 111 on the Elimination of Discrimination in Respect of Employment and Occupation (1958), ILO Convention 183 on Maternity Protection Convention (2000) and ILO Convention 190 on Violence and Harassment (2019). Netraco will take reasonable and appropriate action when we feel that these values, directly or indirectly, are not being respected and pursued.

Decent working hours

Acknowledging ILO Convention 1 on Hours of Work (Industry) (1919), our suppliers need to ensure that working hours are not excessive and therefore workers are not required to work more than 48 hours a week. In exceptional cases defined by the ILO, such as national legislation, limit of hours of work prescribed above may be exceeded, in which case overtime is permitted. Netraco acknowledges the fact that overtime occasionally happens in the garment industry, however overtime should be voluntary (based on mutual agreement with workers) and not exceed 12 hours per week. Overtime payments should be equal to a premium rate of not less than one and one-quarter times the regular rate and should not include significantly higher likelihood of occupational hazard for workers. Workers must be entitled to toilet breaks and eating breaks during the working day. Moreover, workers should, on average, be provided with at least one day off for every 7-day period. Efficient working hour track mechanisms should be in place in order to have a clear view of the hours worked by employees and to apply the correct remuneration.

Safe and Healthy working conditions

Netraco expects its suppliers to provide a safe, hygienic and healthy working environment for its workers in compliance with all regulations and applicable national laws and adhere to ILO Convention 155 on Occupational Safety and Health (1981). Regarding article 24 of the UN Declaration on Human Rights, which Netraco acknowledges, everyone has the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay. Appropriate communication and training on hazards, procedures and use of proper protective equipment (PPE) is essential for the safety and health of all (new)employees in the Netraco supply chain. We expect our suppliers to have educated and responsible Health and Safety (HS) staff present at the factories at all times. This HS staff also provides safety trainings for the employees and are responsible for providing the employees with PPE's, information sheets on PPE's and the Safety Data Sheets (SDS) in the factories. Netraco expects that the above standards also apply to the canteen/food court and bathroom facilities and that access to clean toilet facilities and to drinking water must be provided by the factory management.

Ethical business behaviour

At Netraco we do not discriminate on the basis of race, colour, religion, national origin, sex, age, disability, or any other status protected by law or regulation. We demand our suppliers to accept and adhere to Convention 111 on the Elimination of Discrimination in Respect of Employment and Occupation (1958), ILO Convention 183 on Maternity Protection Convention (2000) and ILO Convention 190 on Violence and Harassment (2019). Moreover, our company policy is that all employees be given equal opportunity and that selection decisions be based on job-related factors. Therefore, we expect our suppliers to treat their employees with dignity and respect. No harassment or abuse is tolerated. Moreover, our suppliers must not engage in or be involved in any act of corruption, extortion or embezzlement, nor in any form of bribery - including but not limited to - the promising, offering, giving or accepting of any improper monetary or other incentive. Acknowledging ILO Convention 100 and 111, factories must not engage in or permit physical acts to punish or coerce workers, nor should they engage in or permit psychological coercion or any other form of non-physical abuse, including threats of violence, sexual harassment, screaming or other verbal abuse. Netraco expects their suppliers to treat its workers with respect.

Transparency

At Netraco we expect our suppliers to be transparent and open about their business practices, and provide all the information requested. Our suppliers, when requested, must deliver all information on production/manufacturing processes, and its factory such as number of workers and salary sheets. Therefore, we expect our suppliers to have correct management systems and documentation in place. At Netraco we do not allow our suppliers to employ homeworkers, or employ third parties or unregistered business partners without prior written and signed recognition of Netraco. Netraco will take reasonable and appropriate action when we feel that the above, directly or indirectly, is not being respected and pursued. Netraco expects its suppliers to cooperate in all (social) audits and in the case of expiring BSCI audits, semi-announced audits are conducted as that is the standard we handle for BSCI.

Subcontracting

Subcontracting is a business practice where a main contractor (Netraco supplier) hires additional individuals or companies called “subcontractors” to help them complete an order. We demand the supplier to only use the production facility communicated on the Netraco order. If the supplier cannot manage the capacity of the order, we expect our supplier to immediately contact Netraco about this when receiving the order. Netraco does not allow the use of (unannounced) subcontractors for Netraco production. When Netraco is aware of subcontractor and prior has given approval, it is the responsibility of our direct suppliers to share our SECP and CoC with them, and also ensure that it is implemented by them. Subcontracting is not permitted without the prior written approval of Netraco. Netraco will take immediate and appropriate action, with the chance of ending the business relationship, when unannounced subcontracting is detected.

No Precarious Employment

Netraco only allows and acknowledges work which is performed on the basis of a recognised and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection. Netraco expects suppliers to provide all (new) workers with understandable information about their rights, responsibilities and employment conditions, including working hours, remuneration and terms of payment. Business partners should aim at providing decent working conditions that also support workers, both women and men, in their roles as parents or caregivers, especially with regard to migrant and seasonal workers whose children may be left in the migrants’ home towns.

Protection of the Environment

At Netraco we are devoted to improve the garment and textile supply chain with quality products that are produced in a fair and safe way with as less as possible impact on the environment. Therefore, we aim to contribute to collectively reduce our environmental footprint and at the same time positively impacting the social circumstances of workers’ lives. We expect our suppliers to take necessary measures to avoid environmental degradation, assess significant environmental impact of its production operations, and establish effective policies and procedures that reflect their environmental responsibility. We expect our suppliers to cooperate in taking measures to prevent or minimise adverse effects on the community, natural resources and the overall environment. We request our suppliers to work with the MRSL/RSL of the European legislation REACH. We aim to have our own RSL in the beginning of 2021. Netraco will introduce this RSL well in advance and will let its suppliers have enough time to review this RSL and ask questions about it. After a short introduction

period, our suppliers need to implement this RSL. We will perform random chemical testing on our products to monitor whether our RSL has been adhered to. As Netraco's main material is leather, we demand our suppliers to make sure that all of our products are not exceeding the limits when it comes to chrome (Cr) and the usage of Chrome 6 (Cr6) is prohibited. We will also monitor the content of chrome in our products through chemical testing.

It is expected that all suppliers, next to our requirements concerning water, energy and chemicals, follow the local law. We expect that our suppliers commit to handling water, energy and chemicals with precaution and in a sensible way as all of them are valuable resources and misuse of chemicals in particular can harm workers and the environment. Concerning chemicals our suppliers must take the right measures in storing, using and disposing the chemicals in a correct and safe manner to protect workers and the environment. It is expected that our suppliers keep track of their chemical inventory by using a chemical inventory sheet and work with an MSDS. Suppliers must commit to meet the legal (local and national) quality levels of discharged water, meaning waste water must be treated before discharging. Our suppliers are encouraged to use the Waste Water guidelines by ZDHC. For Netraco production, we require our suppliers to control discharged water and the usage of water, energy and chemicals working with the MRSL of ZDHC in order to make sure certain harmful chemicals are not used and all other chemicals are only used within the tolerable limits.

Animal welfare

At Netraco we are committed to make sure that all our products are made in a way with respect for people, the environment and animals. Therefore we expect all our supply chain partners to follow our animal welfare policy. All the leather that is used in our garments is a by-product from the meat industry. We don't use any leather from exotic, threatened or endangered animals.

Next to this we don't use fur and no animals should be harmed in the production of our products.

Netraco is committed to the five freedoms for animals set by the Farm Animal Welfare Council and the Farm Animal Welfare Committee;

1. Freedom from hunger or thirst by ready access to fresh water and a diet to maintain full health and vigour.
2. Freedom from discomfort by providing an appropriate environment including shelter and a comfortable resting area.
3. Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment.
4. Freedom to express (most) normal behaviour by providing sufficient space, proper facilities and company of the animal's own kind.
5. Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering.

Exit strategy

Netraco expects its suppliers to consult and comply with this CoC at all times. By signing this CoC, the supplier acknowledges these guidelines and indicates that they comply with them. Netraco will take reasonable and appropriate action when we feel that our guidelines and values, as stated in this CoC, directly or indirectly, are not being respected and pursued. When Netraco judges its supplier to violate these guidelines, Netraco will consider the seriousness of the violation. Immediate action is taken and discussed with the supplier to rectify the violation within a reasonable timeframe as determined and set by Netraco. If this is not done, Netraco is forced to end the relationship with the supplier with immediate effect. If a committed offense is too serious, Netraco will immediately end the relationship without leaving the supplier room for improvement. When the relationship is ended, a corrective action plan is still made and the reason for termination is sent to the supplier. We hope that the supplier takes these improvements into account and learns from the process.

Appendix ICode of Conduct signing form - supplier

The undersigned hereby declares that the Code of Conduct is read, understood and will be followed. This Code of Conduct outlines the minimum social and environmental standards and requirements that our suppliers are expected to follow.

Date:

Signed by:

Signature:

Appendix IICode of Conduct signing form - Netraco

The undersigned hereby declares that the Code of Conduct is read, understood and will be followed. This Code of Conduct outlines the minimum social and environmental standards and requirements that our suppliers are expected to follow.

Date:

Signed by:

Signature: