

Code of Conduct - Shepherd of Sweden AB - Appendix 1 of Purchase Agreement

Revised May 2017

This Code of Conduct applies to SHEPHERD of Sweden AB (hereinafter referred to as the Buyer), all Suppliers, contractors and other partners involved in the manufacture or supply of products to the Buyer.

While the Buyer recognises that there are different legal and cultural environments in which factories operate throughout the world, this Code of Conduct sets forth the basic requirements that must be met in order to do business with the Buyer. The conditions set out in the Code of Conduct are merely minimum requirements.

Relevant UN Conventions and International Agreements must be observed, for example ILO conventions 29 (Forced Labour), 87 (Freedom of Association), 98 (Right to Organise and Collective Bargaining), 100 (Equal Remuneration), 105 (Abolition of Forced Labour), 111 (Discrimination), 138 (Minimum Age), 182 (Worst Forms of Child Labour) and 187 (Occupational Safety and Health). Other established social rules and principles of Public International Law than the ones mentioned in this Code of Conduct shall also be regarded as included in and covered by this Code of Conduct. The Buyer's Code of animal treatment shall be adhered to by all our Suppliers and be included in and covered by this Code of Conduct.

Suppliers are responsible to ensure that all factories involved in the manufacture of the products to the Buyer follow this Code of Conduct, whether Suppliers own the relevant factory or not.

1 LEGAL COMPLIANCE

1.1 Suppliers, which manufacture products for the Buyer, shall operate in full compliance with all applicable laws, rules and regulations, including those relating to labour, workers' health and safety. Should any of the following requirements in this Code of Conduct be in violation of applicable mandatory national law in any country or territory, the national law should always be followed. In such a case, Suppliers must inform the Buyer immediately when receiving this Code of Conduct or when the relevant mandatory national law is implemented.

1.2 However, it must be stressed that the requirements by the Buyer in this Code of Conduct may not be limited to the requirements of non-mandatory national law.

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1.3 Suppliers shall allow the Buyer and/or any of its representatives unrestricted access to its, and its sub-suppliers', facilities and to all relevant records at all times, whether notice is provided in advance by the Buyer or its representatives or not.

2 PROHIBITION of DISCRIMINATION

2.1 Workers shall be employed on the basis of their ability to do the job, and never on the basis of their beliefs, race, colour, gender, nationality, religion, age, maternity, marital status or any other personal characteristics.

2.2 Workers shall be paid wages and provide benefits without any regard what so ever to beliefs, race, colour, gender, nationality, religion, age, maternity, marital status or any other personal characteristics.

3 PROHIBITION of CHILD LABOUR

3.1 A "child", in this context, is a person younger than fifteen (15) years of age or, as an exception, fourteen (14) years in countries covered by article 2.4 in the ILO convention No. 138 (Minimum Age).

3.2 Child labour shall not be used in violation of the local laws of the countries or by the United Nations Convention of the Rights of the Child, Article 32.1.

3.3 It is encouraged to develop lawful workplace apprenticeship programs for the educational benefit of their workers, provided that all participants meet the minimum legal age requirement.

3.4 Every worker employed shall meet the applicable minimum legal age requirement. Official documentation for every worker verifying the worker's date of birth shall be maintained.

3.5 All applicable child labour laws, including those related to hiring, wages, working hours, overtime and working conditions should be complied with.

4 WORKING ENVIRONMENT - HEALTH and SAFETY

4.1 Employees shall be provided with a safe and healthy workplace.

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- 4.2 We require suppliers to prioritise the health and safety of their employees. We therefore expect appropriate working protection to be used, equipment and premises to be safe, hazardous substances and waste to be handled in a safe way.
- 4.3 We expect suppliers to have a clear set of regulations and procedures to be established and followed regarding occupational health and safety, especially the provision and use of personal protective equipment, clean bathrooms, access to clean water and if appropriate, sanitary facilities for food storage shall be provided.

5 ENVIRONMENT

- 5.1 The Buyer has the Environmental Policy to work actively to step-by-step reduce our direct and indirect environmental impact.
- 5.2 Suppliers are expected to work in line with the Buyers environmental policy. Suppliers are expected to be well informed about and comply with requirements in accordance with national legislation, regulations and industry standards. This involves being aware of and monitoring their environmental impact, and constantly working to improve environmental performance in their operations. As a minimum requirement, suppliers shall handle hazardous substances and waste in a safe way. Requirements restricting hazardous substances (REACH Compliance) shall be met.

6 MONITORING

- 6.1 Our purchasing organisation is responsible for supporting and monitoring suppliers and manufacturers. Any non-compliance with the Code of Conduct must be reported, acted on and followed up. In order to ensure that the code of conduct is practised, the Buyer reserves the right to carry out unannounced inspections of suppliers and manufacturers. The suppliers or manufacturers should on request provide a labour force register, records of hours worked and wages paid, work-related injuries and accidents, preventative action taken, fire protection measures implemented and evacuation drills carried out, as well as other appropriate information. If a supplier or manufacturer fails to implement the agreed-upon improvements in accordance with the action plan and within the
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settled time frame, the Buyer will terminate our business with the supplier or manufacturer.