

## TWO-WAY CODE OF CONDUCT

### Introduction

Zeeman's business concept is to offer products of good quality at the best price to its customers. Quality also means that our products must be manufactured in a way that is environmentally and socially sustainable. We have a responsibility towards everyone who contributes to our success. We are therefore committed to working closely with our suppliers to achieve a long-term, sustainable social and environmental standard in the factories that manufacture Zeeman's products and throughout the supply chain.

This Code of Conduct clarifies and elevates the expectations we have of suppliers and factories we work with and lays down the minimum and not the maximum social and environmental standards we expect each factory to meet. This Code should not be used to prevent suppliers, factories or subcontractors from exceeding these standards. Parties involved applying this Code are expected to comply with national and other applicable laws and international treaties and, where the provisions of law and this Code address the same subject, to apply that provision which affords the greater protection. This two-way code of conduct also describes the commitment of Zeeman buyers to meet the topics of this code of conduct and to make purchasing decisions that ensure good working conditions.

The requirements as set out in this Code of Conduct are based on the concept of due diligence and internationally agreed social and environmental standards, which include the [OECD Guidelines](#) for multinational enterprises, the [ILO Conventions](#), [UN Guiding Principles for Business and Human Rights \(UNGPs\)](#) and the [UN Sustainable Development Goals](#). In the code of conduct below, references are made to specific conventions.

### *Scope*

This Code of Conduct applies to all business partners (e.g. importers, agents, suppliers, buyers, factories and subcontractors) that provide products to Zeeman Groep B.V. or its (indirect) subsidiaries (further: Zeeman). This Code of Conduct outlines the social and environmental principles which Zeeman requires each party in Zeeman's supply chain to meet. Business partners are responsible for cascading this Code's compliance throughout the supply chain. Zeeman is a member of Fair Wear Foundation (FWF). Therefore, the principles of the Fair Wear Code of Labour Practices (CoLP) form an integral part of this Code.

The supplier is responsible to ensure that this Supplier Code of Conduct is implemented and adhered to by its subcontractors. It is our intention to only work with suppliers and factories that share our values and Zeeman does not wish to work with any supplier or factory that directly or indirectly through its (approved) sub-contractors violates the laws of the country where the products are manufactured or knowingly violates these standards. Zeeman will take immediate and appropriate action upon notification of such violation.

### *Monitoring*

This Code of Conduct is a mandatory requirement and will be subject to social audits. In order to achieve this, Zeeman expects its Suppliers to adopt an open attitude towards the monitoring activities that will be implemented. And to give all cooperation to the third-party auditors to conduct audits in order to evaluate compliance with our Code of Conduct. In addition we will require transparency regarding the financial performance, structure and vitality of Zeeman's suppliers and agents which is an important part of the annual business review.

## *Corrective Actions*

Zeeman's audits aim to identify gaps between the requirements in this Code of Conduct and the actual practices and conditions in the factory. The factory will be given the opportunity to propose and implement a corrective action plan. Zeeman will follow up the implementation of the plan and verify that violations have been remediated. Factories failing to undertake sustainable improvements within the stipulated time-frame would seriously damage its relationship with Zeeman. Unwillingness to cooperate or repeated serious violations of Zeeman's Code of Conduct and local law may lead to reduced business and ultimately termination of the business relationship with Zeeman.

By signing this Code of Conduct the suppliers and buyers and all involved parties acknowledge their responsibility to adhere to this Code of Conduct.

If you have any comments on this Code of Conduct or you would like to report a violation of this Code of Conduct, please do not hesitate to contact: [csr@zeeman.com](mailto:csr@zeeman.com)

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CEO

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## Table of Content

<b>A. Due Diligence .....</b>	<b>4</b>
<b>B. Transparency .....</b>	<b>4</b>
<b>C. Code of Conduct.....</b>	<b>5</b>
1. Employment is freely chosen .....	5
2. There is no discrimination in employment.....	5
3. No exploitation of child labour.....	5
4. Freedom of association and the right to collective bargaining.....	5
5. Payment of a living wage.....	6
6. No Excessive working hours.....	6
7. Safe and healthy working conditions .....	6
8. Legally-binding employment relationship.....	7
9. Subcontracting .....	7
10. Homeworking .....	7
11. No harsh or inhumane treatment .....	7
12. No bribery or corruption.....	7
13. Grievance mechanism.....	7
14. Protection of the environment.....	8
15. Animal Welfare.....	8
16. Product conformity .....	8
<b>D. Zeeman buyer's responsibility - Our commitment .....</b>	<b>9</b>
Principle 1: Integration and reporting .....	9
Principle 2: Equal Partnership.....	9
Principle 3: Collaborative Planning and Forecasting .....	10
Principle 4: Fair Payment Terms.....	10
Principle 5: Sustainable costing.....	10
Principle 6. No bribery or corruption.....	11
<b>E. Supplier &amp; agent commitment – To sign off .....</b>	<b>12</b>

## A. Due Diligence

In order to ensure that activities across the supply chain are conducted in an ethical and transparent manner, Zeeman adopts the OECD “Due Diligence” methodology. Both Zeeman and the business partner have the shared responsibility throughout the entire supply chain to identify, prevent, mitigate and account for how to address actual and potential adverse impact in human rights, the environment, animal welfare and financial stability. The due diligence process is not static, but ongoing, responsive and changing as risks and situations may change over time. It should routinely be carried out for every order, production location, material and production process. We expect our business partners to collaborate in carrying out due diligence. Simultaneously, Zeeman aims to involve meaningful consultation with both rights holders and relevant stakeholders and will also draw on internal and independent external human rights and environmental expertise.

We conduct due diligence in 5 steps:

- Step 1: Establish strong management systems, policies and processes
- Step 2: Identify and assess risks in the supply chain
- Step 3: Design and implement a strategy to respond to identified risks
- Step 4: Continuous monitor and review to assess successful implementation
- Step 5: Communicate and report our supply chain due diligence activities

As a member of Fair Wear Foundation, Zeeman is yearly assessed on their due diligence process and its collaboration on due diligence with their business partners.

- [OECD Due Diligence Guidance for Responsible Business Conduct](#)
- [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#)

The financial due diligence we conduct at our business partners may consist of:

- Insight in organisational structure and ownership of the company
- Information about financial performance including confirmation of the accountant regarding approval of the financial accountants
- Information about the funding of the company by equity of the owner and debt by banks
- Percentage of leverage of 5 main customers including Zeeman

## B. Transparency

Transparency is of fundamental importance in order to conduct due diligence and successfully implement Zeeman’s code of conduct. Therefore, we require our business partners to be transparent about its production locations, the level of compliance with this Code throughout the supply chain and its financial performance. Zeeman expects its business partners to adopt an open attitude towards the monitoring activities that will be implemented and to give all cooperation to Zeeman and third-party auditors to conduct audits in order to evaluate compliance with our Code of Conduct. Business partners acknowledge that Zeeman also works with Fair Wear Foundation to improve labour conditions.

Business partners shall pro-actively inform and update Zeeman of the business premises and any changes used for the production of Zeeman goods prior to production. This includes Tier 1 production locations including subcontractors, but also the production location of their supplier upstream (tier 2) e.g. wet processing, materials, dyeing, ironing, printing, embroidering and finishing that are used for Zeeman production. From sub-suppliers of materials also the sourcing country and region of the raw material shall be indicated and for cotton, the full supply chain should be disclosed (including spinner, ginner and raw material supplier).

Zeeman signed the [Transparency Pledge](#) of the Clean Clothes campaign and publishes its production location list on the [Open Apparel Register \(OAR\)](#) as well as individually on the Zeeman website. Therefore, business partner should be aware that Zeeman discloses a full list of production locations – either aggregated or in detail.

## C. Code of Conduct

### 1. Employment is freely chosen

1.1 There is no forced, bonded or involuntary prison labour.

1.2 Workers are not required to lodge “deposits” or their identity papers with their employer and are free to leave their employer after reasonable notice.

- [ILO Convention 29: Forced Labour Convention, 1930](#)
- [ILO Convention 35: Forced Labour \(Indirect Compulsion\) Recommendation, 1930](#)
- [ILO Convention 105: Abolition of Forced Labour Convention, 1957](#)

### 2. There is no discrimination in employment

2.1 Recruitment, wage policy, admittance to training programs, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities, regardless of race, caste, colour, gender, sexual orientation, age, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps.

- [ILO Convention 100: Equal Remuneration Convention, 1951](#)
- [ILO Convention 111: Discrimination \(Employment and Occupation\) Convention, 1958](#)
- [ILO Convention 183: Maternity Protection Convention, 2000](#)
- [ILO Convention 190: Violence and Harassment Convention, 2019](#)

### 3. No exploitation of child labour

3.1 There shall be no use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years.

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

3.3 Children [in the age of 15-18] shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals.

- [ILO Convention 138: Minimum Age Convention, 1973](#)
- [ILO Convention 146: Minimum Age Recommendation, 1973](#)
- [ILO Convention 182: Worst Forms of Child Labour Convention, 1999](#)
- [ILO Convention 190: Worst Forms of Child Labour Recommendation, 1999](#)
- [UNCRC Article 32: Convention on the Rights of the Child](#)

### 4. Freedom of association and the right to collective bargaining

4.1 The right of all workers to form and join trade unions and bargain collectively shall be recognised.

4.2 Zeeman shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all workers.

4.3 Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions.

- [ILO Convention 87: Freedom of Association and Protection of the Right to Organise Convention, 1948](#)
- [ILO Convention 98: Right to Organize and Collective Bargaining Convention, 1949](#)
- [ILO Convention 135: Workers' Representatives Convention, 1971](#)
- [ILO Recommendation 143: Workers' Representatives Recommendation, 1971](#)

## 5. Payment of a living wage

5.1 Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income (Fair Wear Foundation).

5.2 Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted.

5.3 Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage.

5.4 Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

5.5 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

- [ILO Convention 26: Minimum Wage-Fixing Machinery Convention, 1928](#)
- [ILO Convention 131: Minimum Wage Fixing Convention, 1970](#)
- [OECD Guidelines for Multinational Enterprises \(2011\), chapter 5, article 4b](#)

## 6. No Excessive working hours

6.1 Hours of work shall comply with applicable laws and industry standards

6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every seven-day period.

6.3 Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

- [ILO Convention 1: Hours of Work \(Industry\) Convention, 1919](#)

## 7. Safe and healthy working conditions

7.1 A safe and hygienic working environment shall be provided, and best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards.

7.2 Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for.

7.3 Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible.

7.4 Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

7.5 Workers shall receive regular and recorded safety training, and such training shall be repeated for new or reassigned workers.

7.6 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

7.7 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.

7.8 The company observing the code shall assign responsibility for health and safety to a senior management representative.

- [ILO Convention 155: Occupational Safety and Health Convention, 1981](#)

## **8. Legally-binding employment relationship**

8.1 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment.

8.2 Young workers shall be given the opportunity to participate in education and training programmes.

8.3 In case an employment agency is used, workers have all the same rights as fixed employees and the business partner will record names, ages, health and correct payments. The same accounts when foreign or migrant labour is used. The business partner is not dismissed from any responsibilities.

## **9. Subcontracting**

9.1 Subcontracting is only allowed after written confirmation of the buyer prior to order.

9.2 Subcontractors should comply to our code of conduct and will be qualified in the same way as direct contractors.

- [Zeeman procedure subcontracting](#)

## **10. Homeworking**

10.1 suppliers and factories who use homeworkers are required to register, manage and monitor the homeworkers in an information system and need to keep a register containing information about the workers.

- [ILO Convention 177: Home Work Convention, 1996](#)

## **11. No harsh or inhumane treatment**

11.1 Physical abuses or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

## **12. No bribery or corruption**

12.1 Zeeman has a reputation of reliability; our integrity must never be in doubt. Zeeman requires its employees and their family members, agents and suppliers to interact honourably and treat information and discussions confidentially.

12.2 Zeeman does not tolerate offering, paying, demanding or accepting money or favours to obtain commercial or financial benefits, either directly or indirectly. This applies to all partners in the supply chain and relations between those partners including Zeeman's own buyers, agents and suppliers.

12.3 Zeeman does not tolerate requests or offers that might appear to be undue influence,

12.4 Zeeman employees and their family members are not allowed to accept any gift/diner/event exceeding the value of EUR 50,- and limited to one-time a year. If its suspected to exceed the value of EUR 50,- the employee should report this to the supervisor.

- [OECD Guideline on Combating Corruption, chapter 7](#)

## **13. Grievance mechanism**

13.1 Business partner are expected to set up a functioning grievance mechanism.

13.2 For textile suppliers, business partners are expected to implement the Fair Wear grievance mechanism.

#### **14. Protection of the environment**

14.1 Suppliers and factories observe this principle when they take the necessary measures to avoid environmental degradation. Therefore, suppliers and factories should assess significant environmental impact of operations, and establish effective policies and procedures that reflect their environmental responsibility. They will see to implement adequate measures to prevent or minimize adverse effects on the community, natural resources and the overall environment.

14.2 Suppliers and factories (especially those including "wet processes"; dyers, denim laundries, printers, and also sewing factories that can wash and print clothing) are required to respect our environmental requirements on waste water, chemicals, water & energy, waste management, and health & safety during the production.

- [OECD Guidelines for Multinational Enterprises, Chapter VI. Environment](#)
- [OECD Principles on Water Governance, 2015](#)

#### **15. Animal Welfare**

15.1 Zeeman stands for ethical trading, and animal welfare is an integral part of that. All products or part of products manufactured for Zeeman should be produced without harm or cruelty caused to animals at any stage of production in the supply chain. We believe that animals should be treated with care, respect and dignity. As standard we follow the five freedoms as stated by the Farm Animal Welfare Committee (FAWC); freedom from hunger and thirst, freedom from discomfort, freedom from pain, injury or disease, freedom to express normal behaviour, freedom from fear and distress. Zeeman expects its suppliers to make sure this approach is standard practice across our supply chain.

- [The Five Freedoms for Animal Welfare, FAWC 1993](#)
- [Zeeman Material & Animal Welfare policy](#)

#### **16. Product conformity**

All goods delivered by suppliers and factories to Zeeman should be in agreement with the Zeeman supplier manual, the purchase order, the Zeeman Restricted Substances List (RSL) and the Zeeman Purchase conditions. If quality, fitting, health & safety, labelling or intellectual property issues are found supplier will be held responsible and Zeeman is entitled to impose a claim for compensation of the damage caused.

- [Zeeman Supplier Manual](#)



## **D. Zeeman buyer's responsibility - Our commitment**

We understand that we are part of the value chain and therefore we want to take our responsibility during the sourcing and buying process. Zeeman commits to support business partners to meet the topics of this code of conduct and to make purchasing decisions that ensure good working conditions. It is important to inform us when our purchasing behaviour does not support our social and environmental principles.

### **Principle 1: Integration and reporting**

- With the input and feedback from our suppliers and external stakeholders, we will conduct regular risk assessments and continuously work to improve our policies and practices.
- We will build internal awareness, provide training and encourage our design- buying and CSR department to use input from our suppliers for responsible purchasing practises (e.g. lead time, order volume versus production capacity, product development process and change authorization, pricing, material sourcing, product design, consistency of orders). This includes training buyers on costing for living wages. We aim to work towards living wages. Therefore, we will assess the actual wages to create insights in the wage gap and follow our action plan towards a phased implementation of living wage at our suppliers.
- We will take the environmental impact such as water, energy and the chemical of the designs into account in our design and development process. We will stimulate to choose designs and processes that have less impact on the environment such as;
  - The use of sustainable material like Better Cotton, organic or recycled material
  - Reducing packaging of products
  - More sustainable dyes, prints and patterns
- We will consider social, environmental and financial performance of suppliers as part the supplier evaluation. This information will allow buyers to make conscious decisions during order placement.
- We will consider audit reports and other records on social, environmental and financial performance confidential and not disclose this to any third party without supplier's consent.
- We will implement a grievance mechanism at textile suppliers (e.g. FWF) that supplements that of the supplier to address worker and external stakeholder concerns that cannot be effectively addressed by the supplier's system.
- We will communicate supplier policies and procedures regularly and clearly.

### **Principle 2: Equal Partnership**

- We are committed to develop and maintain stable, long-term business relationships and that all negotiations and agreements will be conducted in a fair manner that represents equal partnership.
- We aim to keep the amount of facilities in our supply chain at a level that allows effective implementation of the code of conduct, working to expand existing supplier relationships wherever possible, rather than adding new facilities. At the same time, we will also protect suppliers from over dependency and vulnerability and therefore we aim to not go beyond a production capacity of 50% of the total capacity at a production location.
- We will collaborate with our suppliers on corrective action plans (CAP) and encourage suppliers to engage and include workers and external stakeholders to continuously improve.
- Disclosure of production locations to meet transparency- social- and environmental- requirements will not be used for commercial advantages e.g. direct order placing.

- In case we will end a business relationship, we will inform the supplier as soon as the decision is made internally and define a responsible phase-out plan of production orders with a clear timeline, based on the *Zeeman Responsible Exit Strategy Guidelines*.

### **Principle 3: Collaborative Planning and Forecasting**

- We will request information about the production capacity before order placement to make sure the capacity is sufficient in order to avoid excessive overtime, subcontracting and contract workers.
- We will place orders far ahead the delivery date in order to allow the supplier to buy the materials timely and to prepare a realistic production schedule. Timelines are jointly developed to allow production to take place within regular factory working hours and to clearly distinguish each party's responsibilities for meeting the agreed deadlines.
- In order to provide sufficient lead time and avoid inefficiencies, we will:
  - Work on a stable planning and accurate forecasting
  - Share our forecast and purchasing plan with our supplier and, if possible, book capacity
  - Share accurate tech packs before sample production starts
  - Allow to start production early for NOOS styles
  - Limit the adjustments of NOOS quantities
  - Limit the number of samples
  - Provide fast feedback on samples
- In case we cause a delay in the production process, we will be open to discuss related costs with supplier.
- We will respect the national holidays and are aware that this will possibly impact(s) the production process. This information should be provided prior to order placement.

### **Principle 4: Fair Payment Terms**

- Our payment terms states orders from Far East and Europe will be paid within 14 days after shipment of the goods.
- We will make every effort to avoid claims when shipments are delayed or quality defects arise and investigate together with suppliers an appropriate solution.
- We are responsible for detailed and complete contracts that are provided on time without modifications afterwards.

### **Principle 5: Sustainable costing**

- We will request suppliers to share cost price calculations upon request. This includes cost of direct- and indirect labour, materials, overhead, margin etc. This will avoid that buying prices are below cost price.
- In case the order volume changes the buyer and supplier have the opportunity to discuss if the initial agreed price is still appropriate.
- We aim to work towards living wages. Therefore, we will assess the actual wages to create insights in the wage gap and follow our action plan towards a phased implementation of living wage.

**Principle 6. No bribery or corruption**

- Zeeman has a reputation of reliability; our integrity must never be in doubt. Zeeman requires its employees and their family members, agents and suppliers to interact honourably and treat information and discussions confidentially.
  - Zeeman does not tolerate offering, paying, demanding or accepting money or favours to obtain commercial or financial benefits, either directly or indirectly. The same applies to requests or offers that might appear to be undue influence, therefore Zeeman employees and their family members are not allowed to accept any gift/diner/event exceeding the value of EUR 50,- and limited to one-time a year. If its suspected to exceed the value of EUR 50,- the employee should report this to the supervisor.
- [OECD Guideline on Combating Corruption, chapter 7](#)

**Erica Roolvink**  
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**E. Supplier & agent commitment – To sign off**

- We hereby confirm that we have read and fully understand the Code of Conduct, including policies.
- We confirm that we have full knowledge of all relevant laws in the countries where we are operating.
- We agree to comply with the Code of Conduct take the responsibility for informing, and if needed training, all our subcontractors, companies, factories, employers and other parties involved in the supply process about the contents of the Code and make sure that they also comply.
- We will have ongoing dialogue with Zeeman about their purchasing practices, production capacity and order volume so Zeeman orders do not negatively impact working conditions and environmental performance.
- We agree to undergo periodic audits, announced and unannounced, by Zeeman's approved auditors to assess social and environmental performance.
- We will provide Zeeman, on reasonable notice, with access to adequate and accurate records related to labour standards and working conditions of the factory.
- We will develop and implement systems for managing and continually improving human rights performance and engage workers and external stakeholders.
- We will implement a complaints management procedure for reviewing and resolving complaints.
- We will implement and monitor corrective action plans and improvement programs, on our own as well as with Zeeman representatives.
- We will share a cost price breakdown upon request to provide insights in the wage gap and support Zeeman's action plan towards a phased implementation of living wage.
- We will develop and implement systems for managing human rights performance at our suppliers and sub-contractors. We agree to report on each supplier and sub-contractor to Zeeman prior to production, and to report to Zeeman on results of any monitoring and corrective action plans.

Company name:

Place and date:

Name C.E.O.:

Signature C.E.O.:

Company stamp:

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*Please sign the Code of Conduct within 2 weeks and return the signed Code to [csr@zeeman.com](mailto:csr@zeeman.com)*