

## Declaration of country specific risks China

### Introduction

In accordance with the OECD Due Diligence Guidance, we perform a regular supply chain risk analysis. In this document we like to share relevant points that have been identified during our risk analysis as topics that are seen as most likely to happen in China. This is reflected in research, media coverage, audit results, Fair Wear's country study, information from NGO's and based on our own experiences. These insights can help us together conducting (human rights-) due diligence which is an ongoing risk management process to identify, prevent and mitigate risks. By signing this document, you declare to be aware of these risks and will take action to mitigate the exposure to these potential risks.

### 1. Forced labour

We do not accept forced, bonded or involuntary prison labour. We want to make clear any involvement in forced labour will not be tolerated and will lead to termination of the partnership.

Please find the ILO indicators of Forced labour in both [Chinese](#) and [English](#).

#### Are you aware of this risk?

- Yes
- No

#### What steps did/will you take to identify the risk of forced labour?

*Please briefly describe how you assess this risk.*

[Click here to enter text.](#)

#### How do you prevent and mitigate this risk?

- We trace the origin of the cotton we procure to make sure it is not originating from regions that are known as using forced labour
- We have a policy and procedures in place regarding recruitment (*please attach*)
- Through audit and compliance programs
- We train staff and employees to build awareness
- We have an internal grievance mechanism in place\*
- We have an external grievance mechanism in place\*
- We engage with (local) NGO's on this issue. Name: [Click here to enter text.](#)
- Other: [Click here to enter text.](#)

*\*In case you have a grievance mechanism in place:*

Were there any complaints? If yes, how many? [Click here to enter text.](#)

How did you handle these complaints? [Click here to enter text.](#)

## 2. Excessive Overtime

Decent working hours is an important worker right and often violated in China. Excessive overtime is a structural and prevalent issue and strongly linked to other elements of our code of conduct. There is a direct link to Zeeman's buying practices. During order placement supplier and buyer should take the production capacity into account. Also living wage has a direct link to excessive overtime, if a living wage is paid a worker does not need to work overtime hours to earn a higher income and provide for basics needs. Excessive overtime also impacts the right of a safe and healthy workplace due to a higher risk of accidents or other health and wellbeing related issues. This is also negative from a supplier perspective as it decreases productivity and increases absenteeism, sick leave and higher work turn over.

Overtime shall be voluntary, shall not exceed 12 hours per week and 1 day off shall be given every 7 days. Upon request wage records and timesheets will be requested to verify the working hours. Also, an independent third party will be used to verify wage records.

### Are you aware of this risk?

- Yes
- No

### What steps did/will you take to identify the risk of excessive overtime?

*Please briefly describe how you assess this risk.*

[Click here to enter text.](#)

### How do you prevent and mitigate this risk?

- We have a policy and procedures in place regarding excessive overtime (*please attach*)
- Through audit and compliance programs
- We train staff and employees to build awareness
- We have an internal grievance mechanism in place\*
- We have an external grievance mechanism in place\*
- We engage with (local) NGO's on this issue. Name: [Click here to enter text.](#)
- Other: [Click here to enter text.](#)

*\*In case you have a grievance mechanism in place:*

Were there any complaints? If yes, how many? [Click here to enter text.](#)

How did you handle these complaints? [Click here to enter text.](#)

### 3. Social dialogue

China has not ratified [ILO Convention 98](#) and [ILO Convention 87](#) on freedom of association and the right to collective bargaining. The process of workers and employers engaging in dialogue to discuss terms and conditions of work is called social dialogue. If social dialogue improves, there is a good chance that their situation and rights will also improve in other respects.

**Are you aware of this risk?**

- Yes
- No

**How is independent worker representation organized at your factory?**

- There is a registered ACFTU active trade union
- An effective worker representative committee (WRC)
- An elected workers council
- An independent worker representation committee
- A health and safety committee
- An anti-harassment committee
- A well-functioning internal grievance mechanism
- Implemented the GS complaints mechanism
- If an employee at the factory cannot reach agreement with the worker committee then the complaint hotline of GS can be contacted
- We raise awareness of the importance of worker representatives and social dialogue

**Are labour conditions collectively negotiated? Is there a collective bargaining agreement that applies to your factory? Who are the negotiating parties of this agreement?**

[Click here to enter text.](#)

### 4. Energy power cuts

Many production countries are struggling with a severe shortage of electricity and/or gas, resulting in power cuts and blackouts causing delays because of production interruptions. This could lead to production interruptions and therefore, also put a risk on code of conduct principles (e.g. overtime to make up for production losses).

**Do you have an alternative/emergency power supply to cover shortages of power cuts?**

- Yes, please explain: [Click here to enter text.](#)
- No

## 5. Financial stability

Undertaking a contract with a financially unstable supplier could result in issues such as interrupted supply, or decreased quality of the product if the supplier must cut costs in order to make profit. Or worse, that the supplier business could fail.

**Please describe the ownership structure of the business entity and support this with evidence**

Click here to enter text.

**Please provide a cash flow statement for the past 2 years to measure if your business has a positive liquidity (in Chinese renminbi)**

- 2020 Click here to enter text.
- 2021 Click here to enter text.

**Solvency ratio (the ability of your business to pay off its debts and obligations)**

*Please mention in %.*

Click here to enter text.

**Please list your 3 biggest customers.**

	<i>Customer name</i>	<i>% of the production capacity per customer</i>
○ Customer 1	Click here to enter text.	Click here to enter text.
○ Customer 2	Click here to enter text.	Click here to enter text.
○ Customer 3	Click here to enter text.	Click here to enter text.

***NOTE: please provide published financial statements and/or other documents to support your answers above.***

By signing this document you declare to be aware of these risks and take action to mitigate the exposure to these potential risks.

Date: [Click here to enter text.](#)

Supplier: [Click here to enter text.](#)

Name MD: [Click here to enter text.](#)

Signature:

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Company  
chop:

