

Sandqvist Supplier Code of Conduct

Version 3.0, December 2022

Sandqvist produce everyday bags that are made to last. We are committed to doing this in a way that is fair to everyone involved and with care for the environment. This means taking responsibility for the impact of our products throughout their life cycle, both on people and the planet. We are committed to upholding human rights for all those involved in making our products, and we are committed to ensuring our products have as little negative impact on the environment as possible.

In order to accomplish that we need to partner with our suppliers and other relevant stakeholders in our value chain. This Supplier Code of Conduct (hereinafter “Code of Conduct”) defines the minimum requirements that our suppliers are obliged to adhere to when entering a business relationship with Sandqvist.

The Code of Conduct is based on the conventions of the International Labour Organisation (ILO) and the UN Universal Declaration on Human Rights. In the requirements set below, references are made to specific conventions. In terms of Human Rights and labour rights, the Code of Conduct is fully aligned with the Fair Wear Foundation’s Code of Labour Practices¹. In addition, the Code is guided by frameworks such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles of Business and Human Rights, and the UN Children’s Rights and Business Principles.

1. Legal compliance

Fundamental to all areas of this Code of Conduct we require our Suppliers to be knowledgeable about and to comply with all applicable laws and regulations as well as the contractual terms and conditions agreed upon with Sandqvist. All legally required permits, approvals, licenses, registrations, inspections and related reports shall be in place, up to date and available for inspection upon request.

In case local laws and regulations are less restrictive, the principles of this Code of Conduct shall apply. In case a requirement is covered by this Code of Conduct as well as by applicable laws and/or the Supplier agreement with Sandqvist, the stricter regulation offering the greatest protection for people and the environment shall apply. In cases where there is a direct contradiction between mandatory local law and the principles contained in this Code of Conduct, the local law shall prevail, however the Suppliers shall strive to honor the intentions of the Code of Conduct.

2. Human rights and labour rights

2.1. Employment is freely chosen

There shall be no use of forced, including bonded or prison, labour. (ILO Conventions 29 and 105).

2.2. There is no discrimination in employment

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, colour, sex, religion, political affiliation, union membership, nationality, social origin, deficiencies, or handicaps. (ILO Conventions 100 and 111)

¹ <https://www.fairwear.org/about-us/labour-standards/>

2.3. No exploitation of child labour

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." (ILO Convention 138) "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. [...] 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 182)

2.4. Freedom of association and the right to collective bargaining

The right of all workers to form and join trade unions and bargain collectively shall be recognized. (ILO Conventions 87 and 98). The supplier 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. 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 135 and Recommendation 143)

2.5. Payment of a living wage

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. (ILO Conventions 26 and 131). Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted. Deductions shall never constitute an amount that will lead the employee to receive less than the minimum wage. Employees shall be adequately and clearly informed about the specifications of their wages including wage rates and pay period.

2.6. No excessive working hours

Hours of work shall comply with applicable laws and industry standards. 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. 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)

2.7. Safe and healthy working conditions

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. 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. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible (following ILO Convention 155). Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation by the employer is strictly prohibited.

Chemicals used must be in compliance with Sandqvist's Chemical Policy for the relevant product type. Chemical containers must be properly labelled and safely stored. A safety data sheet (SDS) must be available (in the local language) in the workshop. The instructions in the SDS must be followed (following ILO Convention 170).

2.8. Legally-binding employment relationship

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. Younger workers shall be given the opportunity to participate in education and training programs.

2.9. Protection of vulnerable groups

The supplier shall pay special attention to vulnerable persons, such as – but not limited to – women, children, persons with disabilities, minorities and indigenous peoples – that could be affected by the supplier’s business activities, meaning within the own operations and in the local community.

When extracting and processing raw materials, the supplier must safeguard the rights and interests of marginalized populations. In the event of conflict with the local community regarding use of land and other natural resources, the parties must, through negotiation, ensure respect for individual and collective rights based on customs and traditions, even in cases where such rights are not formally registered.

3. Environment

3.1. Environmental legislation and protection of the environment

The supplier must hold relevant environmental and operational permits, licenses, and registrations required according to applicable legislation. No form of criminal environmental activities or inconsiderate utilization of natural resources may occur. For example, illegal deforestation is never accepted, and land with highly valued biological diversity must be protected against exploitation. The supplier must ensure to not use raw materials from species that are listed in CITES² or as critically endangered, endangered or vulnerable on the IUCN Red List of Threatened Species³.

The pre-cautionary principle should be applied by assessing the risks and impacts of the business activities on the environment, the climate and local community, in both the production and distribution chains.

3.2. Waste management and resource-efficiency

The supplier shall monitor, track and treat liquid and solid waste generated by its operations, industrial processes and sanitation facilities and foster opportunities for improvement and minimized waste. Where services are available, all hazardous waste must be handled by an authorized company or licensed receiver.

The supplier should strive to reduce its use of virgin raw materials and its impact on the environment by showing continuous improvement in optimization of raw material usage, increasing recycling and re-use of raw materials.

3.3. Impact on climate

The supplier conducts all operations in full compliance with all applicable laws and regulations on air quality, air emissions and energy efficiency, including maintaining valid permits. The supplier actively mitigates its impacts on climate change and air quality by continuous improvement in energy

² www.cites.org

³ www.iucnredlist.org

management and -efficiency. The supplier should calculate the Greenhouse Gas emissions⁴ related to its business activities and provide Sandqvist with relevant data upon request.

The supplier should adopt a plan to ensure that its business model and activities are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement which for example should include a long-term plan to select energy sources responsibly and taking a progressive approach towards adopting lower-carbon-intensity and renewable energy sources.

3.4. Water management

The supplier conducts all operations in full compliance with all applicable laws and regulations on water conservation and water quality, including maintaining valid permits. Facilities with internal wet processing shall measure water withdrawals and wastewater discharge by flow meters and facilities with full internal treatment⁵ of wastewater must adhere to legal requirements or the BSR Wastewater Standard⁶, whichever is stricter.

The supplier should strive to reduce water use by showing continuous reduction of the facility's water withdrawals. For facilities using water only for domestic purposes (taps, toilets, cooling) it is sufficient to ensure implementation of water efficient equipment. Water saving techniques such as rainwater harvesting shall be applied wherever feasible.

4. Business ethics and anti-corruption

4.1. Anti-corruption

The supplier must have zero tolerance regarding corruption, such as giving and accepting bribes, kickbacks, gifts, entertainment events, and money or other benefits of any type. The supplier must have established procedures in place to prevent corrupt behavior in its own business operation and in that of its sub-suppliers. The supplier must not offer or accept any benefits or other means with the aim of gaining undue or improper advantage.

4.2. Conflicts of interest

The supplier must avoid conflicts of interest that can affect the supplier's credibility in relation to Sandqvist or other external parties confidence in Sandqvist.

⁴ GHG Protocol Corporate Accounting and Reporting Standard (<http://ghgprotocol.org/>)

⁵ Full internal treatment means that the wastewater is only treated by the facility's own internal Effluent Treatment Plant before being discharged to a natural water body.

⁶ Industry standard for wastewater quality developed by a working group of several companies, coordinated by Business for Social Responsibility (BSR).