

# **The Varner Group**

## **SUPPLIER REQUIREMENTS MANUAL**

### **Part IV.**

### **Code of Conduct**

Version 02.2009

## **Companies within the Varner Group**

**BIK BOK**

**CARLINGS**

**CUBUS**

**DRESSMANN**

**DRESSMANN XL**

**SOLO**

**SUP\*R**

**URBAN**

**VIVIKES**

**VOLT**

**WEARHOUSE**

**WOW**

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Last up-dated October 09

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Ethical trading is an integral part of the Varner Group's business strategy. Our aim is to combine healthy business operations with social and environmental responsibility and ensure the production of our goods does not impact negatively on neither the individuals working in our supply chain nor the environment.

Recognizing our social and environmental responsibility is fundamental to the success of our company. Our long-term success depends on our ability to balance profit-making objectives with societal needs and to meet our customers' new requirements for good business practice.

The Varner Group has established a Code of Conduct defining ethical standards for our business practices. The Code of Conduct applies to every aspect of our work and to all our suppliers, our own staff and other partners.

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#### **4.1 The Varner Group Guiding Principles**

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The business relationship between the Varner Group and its suppliers and manufacturers shall be based on mutual respect, and all parties shall maintain an open and constructive dialogue throughout the process.

##### *Our aim*

We aim to achieve commercial success together with our suppliers and manufacturers in ways that respect ethical values, human and labour rights and the natural environment.

##### *Favouring of manufacturers and manufacturing countries*

Social criteria will be emphasized when selecting suppliers, manufacturers and manufacturing countries. Compliance with human rights, labour rights, environmental legislation, and demonstrated will to work towards a sustainable supply chain, is considered as a competitive advantage and will be taken into consideration when choosing business partners.

##### *Collaborative approach*

The Varner Group shall find and implement effective solutions together with its suppliers and manufacturers to manage challenges in case of non-compliances with the Code of Conduct. If non-compliances occur, the Varner Group shall cooperate with its suppliers to address the underlying causes of non-compliances through continuous improvements, backed up with concrete milestones to be taken within a reasonable timeframe agreed upon between the supplier and the Varner Group in order to ensure accountability. Terminating business with existing suppliers shall only take place after repeated failure or unwillingness to carry out corrective actions.

##### *Boycotts of individual countries*

The Varner Group will avoid buying from countries where there is broad international consensus to boycott because of the country's human rights situation

##### *Bribery & Corruption*

An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person that encourage or reward a business decision, or an inducement to do something in the conduct of the enterprise's business which is dishonest, illegal or a breach of trust is prohibited.

##### *Continuous evaluation and improvement of internal policies and practices*

The Varner Group will continuously evaluate and improve own social and environmental policies and purchasing practices in order to facilitate suppliers and subcontractors compliance with this present Code of Conduct.

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## 4.2 Social & Environmental Standards

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### 1. Laws & Regulations

- 1.1 Suppliers and manufacturers must comply with national laws and regulations related to their industries and with international conventions concerning social and working conditions, child labour and the protection of the environment.
- 1.2 In case of disparity between valid laws and regulations and the Varner Group Code of Conduct, the strictest rule shall prevail. It is the duty of the supplier to inform the Varner Group should such a disparity arise.

### 2. No discrimination

*ILO Conventions N° 100 and N° 111 and the UN Convention on Discrimination against Women*

- 2.1 There shall be no discrimination at the work place based on ethnic background, skin colour, caste, nationality, religion, age, health-related issues, disability, gender, marital status, sexual orientation, union membership or political affiliation.
- 2.2 Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behaviour, and from discrimination or termination of employment on unjustifiable grounds, e.g. marriage, pregnancy, parenthood or HIV status.
- 2.3 Women shall not be dismissed due to pregnancy.

### 3. Freely Chosen Employment

*ILO Conventions N° 29 and N° 105*

- 3.1 There shall be no forced, bonded or involuntary prison labour.
- 3.2 The employer shall not keep workers in employment against their will and the workers shall be free to terminate the working relation with a reasonable period of notice.
- 3.3 Workers shall not be required to leave a deposit, hand over original identity papers or the original copy of their work permit to their employer.
- 3.4 Workers shall be free to vacate the workplace premises at the end of the workday.

### 4. Child Labour

*UN Convention on the Rights of the Child, ILO Conventions N° 138, N° 182 and N°79 and ILO Recommendation N° 46*

- 4.1 Children under the age of 15 years or under the legal age for compulsory school attendance – whichever is the greater – shall not be employed.
- 4.2 Children and young workers (15-18 years old) shall not be engaged in labour that is hazardous to their health or safety, including night work, or detrimental to their education.
- 4.3 Young workers shall be given the opportunity to participate in educational and training programmes.
- 4.4 The manufacturer must have a certified copy of an official document indicating the worker's date of birth. In countries where this is not possible, the factory shall implement an appropriate method for evaluation the age of its workers.
- 4.5 Children visiting their parents at the workplace shall be registered.
- 4.6 The recruitment of new child workers in contravention with the above-mentioned conventions is unacceptable. If child labour is already in existence, this shall be phased out rapidly. At the same time, work shall be done to ensure that these children are provided the opportunity to acquire subsistence and education until the child is no longer under the age of compulsory school attendance.

## 5. Apprentice contracts

- 5.1 In countries where local laws permit the use of apprentice programmes for children between the ages of 12-15 years, the Varner Group will accept that children in that age group work a few hours per day as apprentices provided the work does not affect school attendance, that it is limited to a few hours per day (the total number of hours spent at work and attending school shall never exceed 7 hours per day), is not hazardous to the child's health or safety, is simple and clearly related to the training/practice and that the child is suitably compensated.
- 5.2 The supplier must be able to prove all above stipulations are being met. If the Varner Group have reason to believe that these stipulations are not being met, the Varner group will not accept such apprentice programmes.

## 6. Freedom of Association and the Right to Collective Bargaining

*ILO Conventions N° 87, N° 98, N° 135 and N° 154*

- 6.1 Without exception, workers shall have the right to join or establish unions of their own choosing, and to bargain collectively.
- 6.2 The employer shall not discriminate against union representatives or hinder them from carrying out their union duties. Management shall not threaten, punish or interfere in the worker's legal right to union membership in the workplace.
- 6.3 Where the right to freedom of association and collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.

## 7. Adequate Wages

*ILO Convention N° 131*

- 7.1 A minimum wage in accordance with national legal standards or industry benchmark standards is the absolute minimum standard. The wage shall also cover basic necessities and should allow for some savings. If this requirement is not yet met, the factory shall work towards its fulfilment.
- 7.2 Working hours, wages and overtime wages shall be set in accordance with relevant laws.
- 7.3 Wages shall be paid directly to the worker, in a timely fashion and in full.
- 7.4 All workers shall be provided with a written and comprehensible contract outlining their wage conditions and method of payments before entering employment.
- 7.5 The employer shall provide the worker with a payslip indicating the number of working days, wages/piece rate per day, overtime hours and overtime pay, bonuses, etc.
- 7.6 Holiday pay, sickness allowance, maternity leave compensation, as well as other compensated absences established by law shall be covered by the manufacturer pursuant to the particular country's laws and regulations.
- 7.7 The worker shall have the same time of notice from the employer as the employer has for the worker. The manufacturer shall work towards long-term engagements for the workers.
- 7.8 Deductions from wages as a disciplinary measure shall not be permitted.
- 7.9 The piece rate shall be calculated so that those producing the least amount always receive minimum wage within normal working hours.

## 8. Working Hours

*ILO Conventions N° 1 and N° 14*

- 8.1 Working hours shall comply with national laws and benchmark industry standards, whichever affords greater protection, and it is recommended that working hours do not exceed 48 hours per week (8 hours per day).
- 8.2 Workers shall be provided with at least one day off for every 7 day period
- 8.3 Overtime shall be limited. Recommended maximum overtime is 12 hours per week.

## **9. Safe and Hygienic Working Conditions**

*ILO Convention N° 155 and ILO Recommendation N° 164*

- 9.1 The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in, the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment (please refer to additional requirements I, section 4.4).
- 9.2 Workers shall receive regular and documented health and safety training, and such training shall be repeated for new workers.
- 9.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 9.4 Accommodation, where provided, shall be clean, safe and adequately ventilated, and shall have access to clean toilet facilities and potable water (please refer to the additional requirements II. in section 4.4)

## **10. Providing Regular Employment & Good Working Conditions**

- 10.1 Obligations to employees under international conventions and social security laws, and regulations arising from the regular employment relationship, shall not be avoided through the use of short term contracting (such as contract labour, casual labour or day labour), sub-contractors or other labour relationships.
- 10.2 All workers are entitled to a contract of employment that is written in a language they understand.
- 10.3 The duration and content of apprenticeship programmes shall be clearly defined.
- 10.4 Physical abuse or punishment, threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, shall be prohibited.

## **11. Consideration for Marginalized Populations**

- 11.1 Production and extraction of raw materials for production shall not contribute to the destruction of the resources and income base for marginalized populations, such as in claiming large land areas or other natural resources on which these populations are dependent.

## **12. Environmental Protection**

*Ref. Business for Social Responsibility (BSR) Cross-Industry Environmental Code*

- 12.1. The supplier and manufacturer shall respect national and international environmental legislation and regulations.
- 12.2 Suppliers shall use management systems to ensure continual improvement and compliance with environmentally beneficial policies and practices, and encourage own suppliers to implement and adhere to the same standards.
- 12.3 Suppliers shall seek to reduce negative impacts on resource consumption (e.g. energy and water), emissions and waste.
- 12.4 Environmental measures shall be taken into consideration throughout the production and distribution chain ranging from the production and supply of raw material to the consumer sale. Local, regional and global environmental aspects shall be considered. The local environment at the production site shall not be exploited or degraded by pollution.
- 12.5 Relevant discharge permits shall be obtained where required.
- 12.6 Hazardous chemicals and other substances shall be carefully managed and the use of chemicals in the production of goods is regulated by the Varner Group Chemical Requirements (please refer to the Varner Group Restricted Substances List in section 3)

### 13. Ethical Conduct in the care and use of Animals

- 13.1 Ethical aspects such as traceability, sustainability, safety, animal welfare, and labour and farm conditions ought to be taken into account when choosing suppliers of animal fibres (e.g. wool, mohair, silk)
- 13.2 Only synthetic fur is to be used in the production of goods supplied to the Varner Group.
- 13.3 Leather products ought to be manufactured using only the skins of utility animals such as pigs, sheep and cows, where the animals having been originally slaughtered for the meat market.
- 13.4 The Varner Group shall not purchase leather, skins or animal fibres from areas known for bad farming practices or for transporting animals under inhumane conditions. The use of unethical and inhumane production processes such as mulesing is not in accordance with the Varner Group's animal welfare policy.
- 13.5 The Varner Group is against animal testing and encourages all business partners to follow our policy on this matter.

### 14. Management System & Implementation

- 14.1 Suppliers to the Varner Group shall take positive actions to implement the requirements of the Code of Conduct, to incorporate the standard into all of its operations and to make the standard an integral part of its overall philosophy.
- 14.2 The supplier shall assign responsibility for all matters pertaining to this Code of Conduct to a manager within its organisation. The supplier accepts responsibility for observing the requirements of this standard with respect to all employees and workers that it supervises
- 14.3 The supplier shall see to it that a worker representative, preferably a union representative, is selected to establish communication with management on matters relating to ethical guidelines. The identity and contact details of the representative shall be communicated to the Varner Group.
- 14.4 The supplier shall maintain appropriate records to demonstrate conformance to the requirements of this standard, and shall be able to provide necessary information and access to parties approved by the Varner Group seeking to verify conformance.
- 14.5 The supplier will make observance of this Code of Conduct a condition of all agreements that it enters into with subcontractors. These agreements shall oblige these subcontractors to conform to all requirements of this standard and participate in the supplier's monitoring activities as requested.
- 14.6 Regarding the use of agents, or several factories or suppliers that have sub-contractors, all links shall be traceable concerning manufacturing location with respect to the manufactured goods delivered to the Varner Group. Any sub-contracting shall be agreed upon by the Varner Group prior to any production.

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#### 4.3 Support & Monitoring

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**The supplier shall provide accurate information both regarding production sites of each and every order, and social and environmental features related to the production chain** in order to facilitate support and monitoring.

To evaluate and monitor the compliance of this Code of Conduct, the Varner Group will make use of self-assessment questionnaires, factory visits, systematic unannounced or announced inspections / audits, improvement plans and corrective action plans based on the audit results, conducted either by own personnel or by approved third parties. The Varner Group or group representatives shall have unfettered access to the manufacturing sites for goods intended for supply to the Varner Group, including sub-contractors, without prior notification. The Varner Group seeks to improve performance by constantly encouraging dialog and co-operation with its supplier in order to achieve positive social change in its supply chain.

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#### 4.4 Additional requirements for the facility

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##### **Additional requirements I - Health & Safety Requirements for the Production Facility (factory)**

1. The factory shall have a health and safety officer within the management.
2. The factory shall have a system for executing and tracing initiatives to prevent conditions that are or could be hazardous to the health and safety of the workers.
3. All workers shall have health and safety training on a regular basis, to be conducted in a language they understand. The training shall be documented.
4. All new workers shall have health and safety training immediately upon starting work.
5. In each factory location there shall be a first aid kit and a person trained in basic first aid. The factory shall have routines for handling serious injuries requiring outside medical attention.
6. The factory shall have a sufficient number of exits for an emergency, and these shall remain unlocked and free from obstruction in case of a fire or other emergency situation.
7. Fire extinguishers and fire hoses shall be maintained and in proper working order. They shall be easily visible and accessible to all workers.
8. Machines shall have satisfactory and functional safety devices which shall be maintained on a regular basis.
9. Workers shall be equipped with personal safety gear at no personal cost.
10. The lighting must be sufficient so as to ensure a safe working environment.
11. Factories shall have proper ventilation, windows, fans, air conditioning and /or heating in all workplaces, so that circulation, ventilation and temperature requirements are met.
12. The factory shall ensure that the noise level is acceptable.
13. The factory shall store and secure hazardous materials in secure and ventilated locations, as well as ensuring their safe and legal removal.
14. The factory shall have clean and sanitary toilet facilities for the workers in a sufficient number in relation to the number of workers. Workers shall be allowed reasonable time to use the toilet facilities.
15. Potable water shall be made available for workers, and reasonable time shall be allocated for them to drink.
16. If the factory provides food for its workers, the canteen, in which food is stored and prepared, must be located separately from the production area and also be clean and in a good condition.

## **Additional requirements II – Accommodation Requirements**

1. Dormitories shall be single sex.
2. The space for each worker must be in compliance with local laws.
3. Everyone shall have their own, individual ground pads or beds.
4. All workers are to have their own lockable storage spaces for clothes and personal belongings.
5. There shall be proper ventilation, windows, fans and/or air conditioning/heating apparatus in all dormitories so as to ensure proper circulation, ventilation and temperature.
6. There shall be a sufficient number of exits, and these shall remain unlocked and free from obstruction in case of a fire or other emergency situation.
7. Fire extinguishers shall be in proper working condition (maintained). They shall be easily visible and accessible for all workers.
8. The dormitories shall have adequate lighting.
9. There must be a sufficient number of toilets and showers (single sex). These must be maintained, easily accessible, safe, hygienic and located separately from the dormitories.
10. Washing facilities shall be available for workers who live on the premises.
11. The canteen and the food which is prepared and stored there must be kept clean and in good condition.
12. Those living on the premises must be able to come and go as they please in their own time, within reasonable limits due to security and comfort.
13. If the workers must pay for their housing, the cost should be commensurate with the standard of their accommodation and reasonable in comparison with their wage level.