

Supplier Compliance Policy

This policy applies to all suppliers of Nygård International Partnership (“Nygård”) and its affiliates and sets out the basic requirements that all suppliers must meet in order to do business with Nygård.

Supplier agrees to comply as follows:

1. Supplier shall operate in compliance with all applicable laws, rules and regulations, including but not limited, to those laws relating to labour standards, worker health and safety, and the environment;
2. Supplier shall not discriminate or tolerate any discrimination with regard to hiring and employment practices on the basis of race, gender, age, nationality, religion, marital status, social or ethnic origin, disability, sexual orientation or political affiliation;
3. Supplier shall not use any form of forced, indentured or prison labour;
4. Supplier shall strictly prohibit child labour, as defined by local law, but in any event no child under the age of fifteen (15) years of age shall be employed;
5. Supplier shall treat all workers with respect and dignity, and shall not use corporal punishment, threats of violence or any other form of physical, sexual, psychological or verbal harassment or abuse;
6. Supplier shall permit its employees to enjoy all civil rights granted under the constitution and laws of the country in which they are employed;
7. Supplier shall take all reasonable precautions to ensure its workplace is safe from all hazards;
8. Supplier shall adhere to all applicable environmental laws;
9. Supplier shall maintain all documentation that may be needed by Nygård to confirm compliance with this Policy;
10. Nygård may inspect Supplier’s facilities, with or without notice, to assess compliance with this Policy and to audit Supplier’s records and practices;
11. Supplier shall prominently post a copy of this policy, translated to the local language, in a place readily accessible to its employees, in all of its business locations; and
12. Nygård reserves the right to terminate all contracts with Supplier for failure to adhere to this Policy.
13. Supplier is not authorized to assign or subcontract any item on a PO or ICS package without prior written approval from Nygård. Any approved subcontractor will be bound by the Supplier, Nygård PO or ICS package and these Supplier Compliance Policies. A permitted subcontractor shall evidence its agreement to be bound by this Policy in writing.
14. All of the work Product developed, created or prepared in connection with the PO or ICS package is the sole and exclusive property of Nygård. The Supplier agrees that any and all proprietary information and intellectual property of Nygård including but not limited to designs, discoveries, creations, financial, logistics, marketing, models, inventions, drawings, prints (in all media forms), notes, documents and all other Nygård information obtained directly or indirectly is to be treated as confidential, proprietary Nygård property and information.

15. Supplier agrees to not copy, alter or directly or indirectly disclose any Nygård confidential or proprietary information obtained as a result of performance in connection with a PO or ICS package and agrees to hold any such information in strict confidence to the same degree the Supplier protects its own confidential information. The Supplier, its agents and assigns will be held financially responsible for any Nygård damages caused by any breach of confidentiality relating to Nygård information.

AGREED TO AND ACCEPTED this _____ day of _____, 20_____.

Supplier/Company Name

Business Address

Authorized Signature

Business Telephone

Authorized Name (Printed)

Business Fax Number

Company Title

Email Address

SUPPLIER RELATIONSHIPS

NYGÅRD believes in Partnering with our Suppliers LONG TERM - giving us consistency of Supply Chain Quality and transparent working relationships in regards to employee relations / work environment / fair treatment of staff and respecting all local labour laws and the safety of the workers.

60% of NYGÅRD Suppliers have been with us for more than 5yrs - this leads to outstanding communication and ACTION where needed day to day respecting the rights of the Factory Workers.

The following is a sample of a recent audit performed in Bangladesh. It includes the results and follow-up initiatives.

AUDIT REPORT SUMMARY

Facility management respected its client's requirements and allowed auditors to take pictures of all production processes and best practices. They also provided the required documentation and allowed auditors to interact with employees confidentially.

SAFETY – COMPLIANCE

- 1 Ventilation - The facility maintained a comfortable temperature and a sufficient lighting system and is well ventilated with sufficient exhaust fans on all production floors in the facility.
- 2 Drinkable water facility provided on each production floor and water test result found water suitable for drinking.
- 3 Medical facility available in location. Facility located at a separate shed with a sick bed and sufficient medicine.

SAFETY - NON-COMPLIANCE

- 1 It was noted during the facility visit that the fire alarm bell was non functional due to ongoing maintenance in the vicinity.
Recommendation: That the facility install a functional fire alarm bell.
Follow-up: Audit confirmed bell reinstalled and working.
- 2 The fire assembly point for workers was partially obstructed by parked vehicles.

Follow-up: Vehicles were removed and signage was added at assembly point indicating parking restrictions.

CHILD LABOUR – COMPLIANCE

This facility established a policy that will never employ or use any child labour. The facility will verify all workers original national identification card, birth certificate and school certificate at the time of recruitment and keep photocopies in the personnel file.

ABUSE – COMPLIANCE

Through the facility management and workers interviewed it was noted that no physical abuse happened in the facility. The facility installed a complaint box in workers area - no complaints were received.

CIVIL RIGHTS – COMPLIANCE

All workers are provided a letter during recruitment with their salary structure, grade, employment conditions and benefits. All letters containing information on social insurance, casual sick leave and maternity leave are provided to workers as per law.

CORPORATE RESPONSIBILITY

NYGÅRD International is a responsible Company whose goal is to offer products of the highest quality to all of its customers while at the same time developing a principled business that is sustainable. Our Supply Policy Letter stipulates the binding policies that apply in each and every area of our operations with our suppliers.

We demand that all of our suppliers are accountable and that they recognize and uphold legal, social, environmental and ethical standards of production. The supplier must implement our policies and applicable laws into procedures and submit verification that these are being monitored at all times.

NYGÅRD's policies ensure that despite cultural and legal differences among countries where we produce or source goods adherence to our policy is strictly followed.

We have developed stringent product health and safety standards as well as labour standards and we strive to remain transparent with continuous open lines of communication with all of our stakeholders.

CHILD OR FORCED LABOUR

NYGÅRD International has zero-tolerance policies concerning the potential risks of human trafficking, child labour and slavery associated in its supply chain. Our Suppliers shall strictly prohibit child labour, as defined by local law, but in any event no child under the age of fifteen (15) years of age shall be employed. NYGÅRD conducts an evaluation of potential suppliers prior to any sourcing agreements being entered into, through the use of its pre-sourcing assessment. This assessment helps guide our business decisions and relationships with the suppliers.

For some years NYGÅRD International has had a Supplier Code of Conduct Policy that is obligatory for suppliers to sign to indicate that they are aware of our Policy and that they are in full compliance, with specific reference to the elimination and rejection of child and forced labour.

It is also obligatory that potential suppliers provide NYGÅRD with certificates of compliance from audits performed by or for the supplier's other customers.

Non-compliance with NYGÅRD's Code of Conduct will result in corrective action or termination of a commercial agreement.

NYGÅRD also has a clear Whistleblowing Policy and actively encourages the reporting and exposure of unethical behaviour.

All NYGÅRD employees working in supply chain management are required to read and understand NYGÅRD's Code of Conduct Policy. Our employees are trained on social compliance and human rights issues. They also work closely with our management teams to ensure they are knowledgeable of our Code requirements and understand the issues related to social compliance.

All matters raised either through confidential Suggestion Boxes in each factory or through including third party audits are diligently investigated and appropriate action is taken in accordance with NYGÅRD's compliance standards. There are multiple suggestion boxes placed in visible and public places with clear signage advising workers of what they are. A typical factory will have 30-40 suggestion boxes placed including in lavatories, canteens etc. There are also Participants Committees/Grievance councils in the factories, with representatives from the workers, Human Resources Department and Management. These committees meet regularly to spread awareness and discuss grievances. Each factory's Human Resources Department has a Welfare Officer and all workers have confidential open access to this DEPT and the Welfare Officer.

NYGÅRD continues to be proactive in the manner in which it conducts its business, to ensure that it operates free from enforced labour, human trafficking and slavery.

OFFICIAL COMMITMENT

Our facilities have established policies stating that they will never employ and use any child labour. The facility will verify all workers original national ID cards, birth certificates and school certificates at the time of recruitment and keep photocopies in the personnel files.

All workers are provided a letter during recruitment with their salary structure, grade, employment conditions and benefits. All letters containing information on social insurance, casual sick leave and maternity leave are provided to workers as per law.

NYGÅRD has a zero-tolerance policy and evaluates the potential risks of human trafficking, child labour and slavery associated in its supply chain by conducting an evaluation of potential suppliers prior to any sourcing agreements being entered into, through the use of its pre-sourcing assessment. This assessment helps guide our business decisions and relationships with the suppliers.

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DUE DILIGENCE TRAINING AND SUPPORT

NYGÅRD International reserves the right to assess and monitor on an ongoing basis a supplier's practices regarding this Code.

NYGÅRD International or a third party designated by us may periodically conduct on-site assessments of selected supplier facilities that produce finished goods for us. NYGÅRD International may also periodically conduct on-site assessments of selected sub-supplier facilities that produce materials or finished goods for us. Assessments may include a review of relevant supplier records as well as inspection of the facility for compliance with this Code.

NYGÅRD International will determine the frequency and extent of the assessments and ongoing monitoring. Consistent with standard industry practice, all costs associated with the assessments and ongoing monitoring will be borne solely by the supplier.

Suppliers will allow NYGÅRD International and/or any of its representatives reasonable and timely access to its facilities and to its relevant records at all times.

ENFORCEMENT OF SUPPLIER COMPLIANCE WITH THE CODE

Suppliers who do not meet the requirements of this Code may, where considered appropriate by NYGÅRD International, be provided with the opportunity to bring their practices up to our standards in a reasonable time frame. NYGÅRD International reserves the right to terminate its business relationship with any supplier who fails to comply with the Supplier Code of Business Conduct.

DUE DILIGENCE PRACTICES

NYGÅRD International may use Third Party auditors to audit at risk suppliers, if there is a need. Compliance issues will also be monitored by NYGÅRD associates who visit suppliers at least once every year. Supplier compliance policies are renewed and signed by each supplier every year.

REMEDY

All workers and migrant workers should have access to grievance mechanisms that allow them to voice concerns without fear of punishment or retribution.

NYGÅRD International provides a website where grievances can be confidentially reported to our Winnipeg Head Office and immediately acted upon by SR EXEC. In addition all of our factories provide Suggestion Boxes where workers can confidentially submit recommendations or concerns. There are multiple suggestion boxes placed in visible and public places with clear signage advising workers of what they are. A typical factory will have 30-40 suggestion boxes placed including in lavatories, canteens etc. There are also Participants Committees/Grievance councils in the factories, with representatives from the workers, Human Resources Department and Management. These committees meet regularly to spread awareness and discuss grievances. Each factories Human Resources Department has a Welfare Officer and all workers have confidential open access to this DEPT and the Welfare Officer.

ADDITIONAL BEST PRACTICES

We are AUDITED in the Factories by our own NYGÅRD Management and any discrepancies within that Audit which are non-compliant - Action to correct is immediate.

In addition – the majority of our Suppliers also use outside Audit companies such as BSCI Audit Summary Report. SEDEX Members, Ethical Trade audit, (SMETA) report, ACCORD and many others.

The AUDIT process includes but is not limited to: Workers dining room, Medical room, Day Care, working hours, during the Audit time cards and wage sheets are also reviewed. Health and Safety / Fire Prevention and Exits / Electrical Quality and many other Key indicators.

NYGÅRD International strives to exceed minimum standards in order to create higher standards than that required by applicable law, international convention and industry standards.