

# LINDEX CODE OF CONDUCT

## Ambition

We at Lindex place great importance on sustainability and socially responsible, transparent business practices. We strive to be recognised as one of the most sustainable, open and trusted companies in the industry, and are committed to treating our factory employees respectfully and responsibly. We have adopted this Code of Conduct as the foundation of our approach to ethical, transparent and responsible sourcing.

We understand that achieving this ambition often requires a systemic change at a country and industry level. Lindex therefore works with relevant national and international stakeholders to facilitate change, and is committed to working cooperatively with business partners to provide a supportive working environment for all male and female employees.

Lindex aim to build long-term cooperation with business partners who share the ambition of improving working conditions in factories and ensuring permanent and sustainable compliance with Lindex values and Code of Conduct.

Business partners are therefore obliged to inform Lindex of where production of goods or services is taking place. The production site must be approved by Lindex before any production may take place there. Lindex has a zero-tolerance policy towards unauthorised subcontracting. Unauthorised subcontracting is a violation of this commitment and may result in the termination of the business relationship.

This Code of Conduct is based on internationally agreed standards, including the Universal Declaration of Human Rights, the International Labour Organization's Core Convention, the UN Guiding Principles on Business and Human Rights. This Code of Conduct is within the framework of Stockmann Group Code of Conduct and applies to all Lindex business partners. Lindex expects business partners to make a commitment on an annual basis and take ownership of how their business affects people and the environment.

## Gender equality

In line with the UN's Sustainable Development Goal 5, Lindex is committed to working with business partners to achieve gender equality and empower female employees, promoting equal rights and opportunities for men and women, including a living wage, and enabling them to thrive in the workplace and reach their full potential.

Business partners shall acknowledge gender-related risks and opportunities in their long-term plans, and develop a gender policy and strategy that complies with Lindex Code of Conduct.

## No discrimination

Business partners shall not discriminate, at any stage in the employment relationship including hiring, access to training, promotion, termination, retirement, or in any other

employment practices such as compensation, benefits and discipline, based on race, colour, lineage, national origin, social class, religion, age, disability, gender, gender identity or expression, sexual orientation, marital status, pregnancy and maternal status, union membership or political affiliation. In particular, any discriminatory practices for hiring or for continued employment, such as pregnancy tests or the use of contraception, shall be prohibited. Every employee should always be treated with respect and dignity.

Lindex expects business partners to especially recognise female employees' right to equal opportunities in all aspects of training and professional development.

Female employees should be protected against threats of dismissal or any other employment decision that negatively affects their employment status to prevent them from getting married or becoming pregnant.

Male and female employees with family responsibilities should be protected against discrimination with respect to dismissal.

Business partners must track the career progress of women and men over time and set targets for their development.

## **Child labour**

There shall be no recruitment of child labour, and business partners shall have verification processes in place to ensure that child labour is not recruited.

Employees, whether employed directly or indirectly, must meet the local minimum legal age for employment, the age for completing compulsory education, or where ILO Convention 138 makes an exception, whichever is higher.

If a person that does not meet the local minimum legal age for employment is found in a work place, the Lindex child labour action plan comes into place (<https://about.lindex.com/files/en/wp-content/uploads/sites/2/2014/08/lindex-child-labour-action-plan.pdf>). Children and young persons under the age of 18 shall not be employed at night or in hazardous conditions. Business partners shall develop, or participate in and contribute to, policies and programmes that provide for the transition of any child found to be performing child labour to enable said child to attend and remain in quality education until no longer a child.

All official documentation stating the age of each employee must be available for review. In countries where official documents are not available to confirm the exact date of birth, factories shall confirm age via appropriate and reliable assessment methods.

Policies and procedures shall conform to the provisions of the relevant ILO standards.

## **Wages and benefits**

All employees shall be provided with a written and understandable contract, in their own language, containing information about their employment conditions in respect to wages, before they enter employment.

Wages and benefits paid for a standard working week must, at a minimum, meet national legal standards, the local industry benchmark standards, or collective

bargaining agreements, whichever is higher. In any event, wages should always be enough to meet basic needs and provide some discretionary income. Business partners shall therefore perform periodic review of employees' wages against the cost of living.

Wages should reflect the employee's skills and education, and shall refer to regular working hours. Business partners must ensure that comparable wages are provided to all employees for the same work or work of equal value, and undertake to annually evaluate and assess the gender pay gap, as well as calculating the basic salary and remuneration ratio of women to men by employee category.

Hourly wages for overtime should always be compensated at a premium rate, which is recommended to be no less than 125% of normal pay. Piece work should not be exempted from the right to overtime compensation.

Employees must be granted and correctly compensated for any type of paid leave to which they are legally entitled, including annual leave, maternity/parental leave and sick leave.

Suppliers must ensure that all other types of legally mandated benefits, such as insurance and health benefits, are covered.

Female employees are entitled to maternity protection (leave and benefits, as well as protection against discrimination) in accordance with the requirements of national laws or ILO Conventions Nos. 183, 102, and 3, whichever is higher.

Childcare benefits and special leave or working hours arrangements for employees with family responsibilities should apply to both men and women.

Employees employed through an agent or contractor are the responsibility of Lindex business partners and are therefore covered by this Code of Conduct. Suppliers shall also ensure that wages are paid directly to employees recruited by such agencies (including migrant, contract, contingent and temporary employees) and ensure equality of compensations and workplace standards.

All employees must be paid regularly and on time. A wage slip must be provided in written form with every salary payment that details all of the wage particulars.

Deductions from wage as a disciplinary measure shall not be permitted, nor shall any deductions from wages not provided by national law.

## **Employment conditions**

Modern-day slavery, including forced, bonded, compulsory, illegal prison labour and human trafficking, are strictly prohibited.

Practices that restrict employees' freedom of movement or employees' ability to voluntarily terminate their employment contract are prohibited, and workers are free to leave their employment after reasonable notice.

Business partners must not confiscate or withhold employees' identity documents, financial guarantees or other valuable items as a means to bind them to employment.

To every extent possible, work performed must be based on recognised employment relationship established through national law and practice.

Employees shall be provided with a written contract that outlines the terms and conditions of the employment in a language that is understandable. Business partners shall ensure that its employees understand their current employment terms in regard to wages, working hours and other employment conditions.

Where legally permitted, use of temporary employees to perform production work should, to the extent possible, only be used to meet seasonal work or peak season production, or to fill short-term vacancies or staffing needs of less than one year.

In the event of a fixed-term contract, the start and end date should be included and all applicable local legislation on the set limits for such contracts must be observed.

Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the excessive use of fixed-term contracts of employment where there is no real intent to provide regular employment.

Migrant employees shall be treated equally and have the same entitlements as local employees.

Employees employed through an agent or contractor are the responsibility of all Lindex business partners and are therefore covered by this Code of Conduct. Business partners should pay all fees and costs payable to such persons, including levies, work permit fees and fees for renewing work documents.

## **Harassment**

All employees, both women and men, should be treated with respect and dignity.

All forms of violence and harassment in the workplace, as well as threats of violence and abuse, including corporal punishment, verbal, physical, sexual or psychological abuse, or other forms of harassment or intimidation, are prohibited. Sexual harassment includes unwelcome sexual advances and requests, unwanted physical contact, suggestive or lewd remarks, or display of indecent visual content. Sexual harassment, or any other kind of harassment, is not acceptable in the workplace, transportation, dormitories or toilets. Special consideration should be given to the privacy and gender of workers for all these facilities.

All employees must be protected from retaliation in regard to filing harassment complaints.

## **Working hours**

Working hours shall comply with national laws and collective agreements. Employees should not be required to work more than 48 regular working hours plus 12 hours of overtime on a regularly scheduled basis, unless a lower limit is required by local laws or collective bargaining agreements, in which case the lower limit applies.

Working hours may exceed 60 hours in any seven-day period only under exceptional circumstances when it is allowed by national law, by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce, the appropriate safeguards are taken to protect the workers' health and safety, and the employer can demonstrate that exceptional circumstances apply, such as production peaks, accidents and emergencies.

Employees are entitled to at least one day off in every seven-day period or, where allowed by national law, two days off in every 14-day period.

All overtime must be voluntary and used responsibly considering all of the following: the extent, frequency and number of hours worked by individual employees and the workforce. The imposition of overtime, where male or female employees are unable to leave the work premises or are in any way forced to accept overtime (through abuse, threats, dismissal, or other means), is not allowed.

Business partners shall have a system in place to measure and monitor production plan and capacity booking to avoid overtime hours.

## **Working conditions are safe and hygienic**

Business partners must provide employees with a safe, healthy and clean workplace in compliance with all applicable laws and regulations.

The workplace must be designed in such a way as to prevent accidents and injuries arising out of, or occurring during, the course of work, taking prevailing knowledge of the industry and of any specific hazards into consideration. This means:

- Business partners' buildings must be constructed in accordance with the law and certified civil or structural engineering construction approvals.
- The workplace should have adequate ventilation and be an appropriate temperature.
- Health and safety representatives must establish, maintain and administer fire, electrical and building safety procedures. Established fire prevention and emergency action plans must protect employees during working operations and emergency situations. Business partners must provide alarm systems to notify employees of emergencies as well as safe exit routes when employees need to leave the building and safe shelter locations when employees are required to remain in the building during emergencies.
- Maintained fire safety by providing adequate firefighting equipment that is easily accessible and indicated by signs, as well as evacuation plans and regular evacuation drills. Fire extinguishers and hoses are visually inspected every month and emergency lighting is available, tested and maintained. Electrical equipment should be maintained in a safe and proper working condition.
- Health and safety training and information for workers and on-site contractors must be in an understandable form and in an appropriate language.

Employees must adhere to the requirements of fire, electrical and building safety procedures.

The workplace must meet employees' basic needs and must have the adequate number of trained and certified responders to cover the number of employees and hazards at facility.

First aid materials must be available, easily accessible and indicated by signs.

Emergency telephone numbers must be conspicuously located by each telephone.

Business partners must comply with applicable national laws regarding on-site clinics, healthcare professionals and external health providers, and ensure that facilities are properly maintained with appropriate procedures in place for transportation to local medical facilities in the case of a medical emergency.

Male and female employees should have equal access to these services, where relevant, and health services (including insurance) should serve the distinctive concerns and needs of both men and women.

Business partners must have health and safety policies that consider the biological and gender-based differences between men and women, including sexual and reproductive health.

Business partners must provide an adequate number of separate toilets for each gender, as well as paper towels and wash basins with hand soap in all work areas. On-the-job attention and accommodations shall be given to ensure that the reproductive rights of both male and female employees are respected and that care relating to pregnancy, maternity leave and childcare is taken.

Flexible working arrangements should be offered to women who are pregnant or nursing, and work policies should be established to ensure that men and women can take leave to receive non-emergency services from on-site and off-site health service providers.

Drinking (potable) water must be provided for all employees and non-potable water sources must be labelled.

Work policies and practices must ensure that men and women, especially women who are pregnant and nursing, have the possibility to take water breaks and rest when needed.

Lindex approach begins with input-stream management, which ensures that chemicals are selected with due diligence before entering the manufacturing process.

Factories must provide all employees with appropriate PPE, such as gloves, earplugs, masks etc. Signs in an appropriate language or with the appropriate symbol must be displayed in all affected areas to identify the PPE that is required to be worn in the specific work area.

All persons handling chemicals need to be informed and trained to ensure safe handling.

All chemical containers must be properly labelled with their contents and respective hazards in accordance with SDS (Safety Data Sheets).

Chemicals and hazardous substances must be used, stored and disposed of safely (effective ventilation, eye-washing facility etc.) in compliance with SDS and/or legal requirements.

Factories must maintain a chemical inventory list of which chemicals are present and how they should be handled according to SDS. Under no circumstances (even by ensuring proper PPE) is the use of prohibited chemicals allowed on the factory premises.

Male and female employees engaged in working with hazardous materials must be informed of the potential risks to their reproductive health. To prevent unsafe exposure to hazardous chemicals and substances, appropriate accommodations shall be made for pregnant women.

Employees must have the awareness, right and responsibility to stop work or refuse to work in situations where Uncontrolled Hazards exist, and to immediately bring such situations to the attention of management and those at imminent risk.

Business partners should comply with applicable national laws regarding childcare facilities and should ensure that said facilities are properly maintained.

All facilities operated by the business partner, including dormitories, dining and childcare, must be safe, hygienic and healthy.

Buildings must meet local legal requirements and business partners must reduce or eliminate the health and safety risks of operating these non-manufacturing facilities.

Health and safety representatives must establish and maintain procedures and safety requirements. Facility supervisors must ensure that dormitory and childcare procedures are developed and implemented.

Dormitories must be separated from the workplace and have a separate entrance. Employees, both men and women, should have free access to the dormitories.

Childcare facilities must be supervised by a responsible and qualified facility manager. Children may only be released to an authorised parent or designated individual, and parents' contact information must be kept on file. Any instances of injuries must be reported to the facility manager.

If a day care centre is required by law, business partners should ensure that this requirement is met.

Health records must be maintained for each child, including details of immunisations, medications, communicable diseases and evidence of neglect or unusual injuries. Adequate services and facilities should be provided for female employees regarding pregnancy, childbirth and nursing.

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

Employees, without distinction whatsoever and irrespective of sex, shall have the right to form and join, or not join, trade unions or similar external representative organisations of their own choosing, subject only to the rules of the organisations concerned, without prior authorisation, and to bargain collectively.

Business partners must not threaten or penalise employees for their efforts to organise or bargain collectively, nor may they discriminate against employees as a result of any such organisation affiliation. Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel legal alternative means for male and female employees to form or join organisations.

Business partners must not use any form of physical or psychological violence, threats, intimidation, retaliation, harassment, penalisation, restriction, interference or abuse against union representatives and workers seeking to form or join an organisation of their own choosing, irrespective of their sex. Where possible, union or committee meetings should be organised in such a way that allows female employee participation.

## **Management system**

Lindex is convinced that appropriate and lasting compliance with the Lindex Code of Conduct can only be achieved with a mature management system in place. Lindex therefore trains and works with business partners to implement a systematic approach for lasting compliance. Such management systems should include, but should not be limited to, human resource policies and procedures, documented employee training efforts and capacity building with a focus on the gender aspect of this Code of Conduct. These systems must be effectively communicated to all male and female employees in a language they can understand.

Lindex expects business partners to have a committed senior management team, to allocate designated and qualified resources for whom business partners will provide the necessary training and resources to perform their work, and to establish a management system with the appropriate operational control and resources. The requirements contained herein must be consistently implemented, adequately monitored and clearly communicated to employees and supervisors.

Business partners' management teams are expected to establish employee engagement channels to collect feedback and work towards continuously improving working conditions, ensuring full and sustainable compliance with the Lindex Code of Conduct. Management systems should allow business partners to control their code of conduct performance by setting clear policies in accordance with the law and Lindex requirements, and by developing and measuring appropriate targets to demonstrate improvement.

Lindex business partners should specifically collate and analyse gender-disaggregated data to measure and evaluate the impact of their policies and practices on female employees.

Lindex provides business incentives to business partners who demonstrate a measurable commitment and establish and maintain their own management systems.

## **Monitoring, transparency and non-compliance**

All business partners and their subcontractors must be transparent in all of their activities and follow the national laws in the countries in which they operate.

Lindex also expects business partners to permit periodic announced or unannounced monitoring in order to assess and ensure compliance with this Code of Conduct by either Lindex or by an independent third party.

Business partners should be transparent about, and allow inspection of, all records including accurate and complete payroll and timecard records, allow access to



facilities, and disclose the identity and location of all entities that produce for Lindex, including authorised subcontractors.

Business partners are expected to strive towards continuously improving their work to comply with the Code of Conduct and to take responsibility for implementing corrective action plans to promptly remediate any non-compliance.

Business partners should provide an anonymous method through which employees can report workplace grievances and ensure that such grievances are well documented. Records shall be kept of any grievances raised and of investigation processes and outcomes.

Business partners should ensure that no retribution or retaliation is taken against any individual who has, in good faith, sought advice or reported questionable behaviour or a possible violation of this Code of Conduct.