

1.1 Code of Conduct

BSCI

Stockmann group is a member of the Business Social Compliance Initiative which is an initiative aiming for improving the social performance in producing countries. Several European retailers have been a part of the Initiative and developed the BSCI system that is available today. The system comprises of a common Code of Conduct, management tools and a monitoring system with external auditing.

The audit status will be shared in a database and will be acknowledged by all BSCI members thus creating synergy effect for both retailers and producers.

While Stockmann group recognizes that there are different legal and cultural environments in which factories operate throughout the world, the Code sets forth the basic requirements all factories must meet in order to do business with Stockmann group.

Stockmann group Code of Conduct applies to all suppliers and factories involved in all processes in the production chain of Stockmann group products. Stockmann group supplier is responsible to inform and control that the subcontractors follow the code.

For more information about the BSCI please refer to the official website at: <http://www.bsci-intl.org/>, or contact CoC coordinator at Stockmann production offices.

Since the practical implementation of the BSCI system is a gradual process, it will take time before all Stockmann group suppliers are audited externally according to the BSCI system. Therefore Stockmann group has decided to also perform internal audits conducted by Stockmann group auditors according to the BSCI system, parallel with the external monitoring performed by an independent auditing company accredited by Social Accountability International (SAI). The expenses for external audits will be paid by the supplier.

Stockmann group start requirements

Before a supplier can start production of Stockmann group products the supplier must fulfil a minimum level of compliance called Stockmann group start requirements.

These start requirements can only be considered as an entry level, therefore not to be interpreted as a replacement to any other BSCI requirements. The full BSCI Code of Conduct still needs to be fully implemented in the supply chain. Once being a Stockmann group supplier, continuous improvements according to the BSCI Code of Conduct must be shown.

If start requirements are not fulfilled and/or no improvements are shown, the supplier will be put on Stockmann group Code of Conduct Stop List and no further orders will be placed until the factory/supplier has cleared the violations and showed improvements. Repeated entries in the Stop list or lack of interest from the supplier management showing no improvements in time, will be considered a reason to terminate business relationship with the supplier.

- 1. Authorised/recorded sub-contracting:** All suppliers should inform Stockmann group about the production units in the supply chain. This includes all sub-contractors, sub-suppliers and sister factories.
- 2. Commitment to comply with BSCI social requirements** BSCI Code of Conduct (in local language) should be posted at all production units and visible to all employees.
- 3. No child labour:** There should be no children working below 15 y/a (or the minimum age described in the local law, whichever is higher). The factory should build a documentation system to certify age of employees upon employment. All employees should have legal valid age proof documents (ID cards, birth certificates, school diploma, doctor's report on age etc.).
- 4. Minimum wages:** No employee can be paid under the current legal minimum wage described by local legislation, including during their probation/trial period. The factory should have a system or documentation to verify working time (regular, overtime, compensation).
- 5. No forced labour:** No forms of forced labour, including forced over time work, illegal deposits, holding of identification documents etc. are allowed. Workers may stay for overtime work with their free will only. No employee can be hold to work overtime after regular working hours or on holidays.
- 6. Drinking water:** Factory should provide clean drinking water at no cost to every worker in the workplace and in any other social facility where workers have access (dormitory, canteen etc). Periodic analysis of drinking water is required to prove that it is drinkable.

7. **Basic first aid:** Factory should provide basic first aid materials available for every worker. There should be at least one fully stocked first aid box on each production floor and in any other social facility where workers have access (dormitory, canteen etc).

8. **Basic fire safety:** Factory should provide basic fire safety and fire fighting equipment in the workplace and in any other social facility where workers have access (dormitory, canteen etc). A fire early warning system should be installed. Fire extinguishers should be properly marked, fully charged, in good condition and easy to reach. There should be legally appropriate (at least two separate) main fire exits on each production floor and in any other social facility where workers have access (dormitory, canteen etc). All exits should clearly be marked.

Workplace health and safety

Stockmann group considers the health and safety of the workers in the factories as very important. Therefore Stockmann group expects the supplier to follow the requirements in the BSCI code of conduct. Stockmann group has also set specific requirements for production with sandblasting process to secure a safe workplace environment.

Stockmann Group ban sandblasting

Sandblasting processes are not allowed for Stockman Group production. The ban includes, but is not limited to, the use of aluminum oxide, aluminum silicate, silicon carbide, copper slag and garnet for abrasive blasting.

Stockmann Group ban Uzbek cotton

The use of Uzbek cotton is banned in all Stockmann Group production due to child labor concerns, human rights violations and environmental impact. We commit to not knowingly source Uzbek cotton for the manufacturing of any of our products.