

ZORALI FACTORY CODE OF CONDUCT

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INTRODUCTION

An element of Zorali's values is to succeed at the expense of nobody. In keeping with our values, we are advancing this Factory Code of Conduct to define standards for fair, safe, and healthy working conditions and environmental responsibility throughout our supply chain. Our code is based on internationally accepted good labor practices as well as Codes of Conduct published by industry leaders and abides by International Labor Organization (ILO) standards.

Our suppliers must commit to adhering to our Code of Conduct, and encourage all sub-suppliers and subcontractors to do the same. Standards apply equally to all workers including permanent, temporary, and agency workers, as well as piece-rate, salaried, hourly paid, legal young workers (minors), part time, night, and migrant workers.

All suppliers must agree to announced and unannounced assessments by Zorali and its auditors. Factories are expected to provide open access to physical operations, documents, records and employees. Zorali expects all suppliers to make improvements when any of these Code standards are not met, and to develop sustainable management, reporting and tracking systems within each factory to ensure ongoing compliance. Timelines for achieving compliance will be reasonable and defined. Providing proof of correction to Zorali for each instance of noncompliance is also required.

Zorali will work to help our suppliers improve labor, health and safety, and environmental conditions in the workplace, and to help our suppliers understand how to move from basic to leadership sustainability practices. We are committed to the cooperation and collaboration that change requires.

Zorali seeks to exercise the best possible practices for the respectful and ethical treatment of workers and promote sustainable conditions in which workers earn fair wages in safe and healthy workplaces.

FACTORY CODE OF CONDUCT

- I. **LAW AND CODE COMPLIANCE:** Our suppliers are expected to comply with and will be monitored to: (1) all relevant and applicable laws and regulations of the country in which workers are employed including those at the federal, state/provincial and local community levels, (2) our Factory Code of Conduct, and (3) where applicable, Collective Bargaining Agreements.

When differences or conflicts in standards arise, suppliers are expected to comply with the highest standard that is the most in favour of the employees.

II. CHILD LABOR: No person shall be employed under the age of 15 or under the age for completion of compulsory education, whichever is higher. Juvenile workers (ages 15-17) shall not perform work which, by its nature or the circumstances in which it is carried out, is likely to compromise their health, safety or morals. Factories must maintain proof of age documentation for all employees.

III. FORCED LABOR, FREEDOM OF MOVEMENT, DOCUMENTATION: There shall be no use of forced labor, including prison, indentured, bonded, slave or other forms of forced labor. Acts of human trafficking are prohibited. Suppliers are required to monitor any third party entity which assists them in recruiting or hiring employees, to ensure that people seeking employment at their facility are not compelled to work through force, deception, intimidation, coercion, or as a punishment for holding or expressing political views.

Employees must be free to move about the workplace and free to leave when desired. Factories must not restrict or limit in any way employee access to religious facilities, toilets, or drinking water.

Withholding of employees' personal documentation, such as passports or work permits, is prohibited.

IV. HARASSMENT, ABUSE AND DISCIPLINARY PRACTICES: Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse or to monetary fines or embarrassing acts as a disciplinary measure.

Factories must have documented, established procedures for disciplining and firing workers that are applied in a standardised fashion throughout the facility. The procedures must include an escalating series of verbal and written warnings prior to suspension or dismissal.

V. DISCRIMINATION: No person shall be subject to any discrimination in any aspect of the employment relationship including recruitment, hiring, compensation, benefits, work assignments, access to training, advancement, discipline, termination or retirement, on the basis of race, religious belief, colour, gender, pregnancy, childbirth or related medical conditions, age, national origin, ancestry, sexual orientation, gender identification, physical or mental disability, medical condition, illness, genetic characteristics, family care, marital status, status as a veteran or qualified disabled veteran (in the USA only), caste, socio-economic situation, political opinion, union affiliation, ethnic group, illness any other classification protected under applicable law. All employment decisions must be made based on the principle of equal employment opportunity, and shall include effective mechanisms to protect migrant, temporary or seasonal workers against any form of discrimination.

VI. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING: Workers must be free to join organisations of their own choice. Suppliers shall recognise and respect the right of employees to freedom of association and collective bargaining.

All suppliers must develop and fully implement effective grievance mechanisms which resolve internal industrial disputes, employee complaints, and ensure effective, respectful and transparent communication between employees, their representatives and management.

VII. EMPLOYMENT RELATIONSHIP: Employers shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations.

VIII. WAGES AND BENEFITS: We seek and favour suppliers who progressively raise employee living standards through improved wage systems, benefits, welfare programs and other services, which exceed legal requirements and enhance quality of life. Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's and their family's basic needs and provide some discretionary income.

Employers shall pay wages which equal or exceed minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law and/or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with Zorali to take appropriate actions that seek to progressively realise a level of compensation that does.

Any paycheck deductions must be legal and approved by workers, and workers should be aware of how their wages are calculated. All workers should be aware of their wage and pay schedules and must be provided with a written record of wage payments.

IX. OVERTIME WAGES: In addition to compensation for regular working hours, employees must be compensated for overtime hours at the rate legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate exceeding the regular hourly compensation rate by at least 125%.

X. HOURS OF WORK: Suppliers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular workweek shall not exceed 48 hours or the maximum allowed by the law of the country of manufacture, whichever is less. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime hours on a regular basis. The sum of regular and overtime hours in a week shall not exceed 60 hours or the maximum allowed by the law of the country of manufacture, whichever is less.

XI. HEALTH AND SAFETY: Suppliers shall provide a safe and healthy workplace to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employers' facilities. The employer shall take a proactive approach to health and safety by implementing policies, systems and training designed to prevent accidents, injuries and protect worker health.

XII. ENVIRONMENT: Suppliers shall comply with all applicable environmental laws and agree to be monitored separately for environmental responsibility. Factories shall monitor, and disclose to Zorali, their energy and natural resource usage, emissions, discharges, and disposal of wastes and take a progressive approach to minimise negative impacts on the environment.

- XIII. SUBCONTRACTING:** Direct suppliers should monitor approved subcontractors and sub-suppliers for social and environmental responsibility using standards that meet or exceed our Code.
- XIV. TRACEABILITY:** Zorali and our suppliers are jointly responsible for ensuring social and environmental responsibility at all levels. The only way to work towards this goal is to have transparency and traceability into all levels of our supply chain. Zorali requires suppliers to map and continuously track and monitor all locations in all levels of their supply chain and upon request provide information into the owned and/or subcontracted, mills, plants, factories and other sites that are involved in the production of our products.
- XV. ETHICAL PRACTICES:** Factories' business shall be conducted in accordance with all applicable laws, including the U.S. Foreign Corrupt Practices Act, and with the highest standards of ethical conduct.

Bribery in any form is not permitted.

The falsification of records is prohibited.

- XVI. CODE COMMUNICATION:** All suppliers are required to: (1) post the Zorali Code standards and separate Zorali grievance phone number document in a conspicuous place frequented by all employees in the local languages spoken by employees, supervisors and managers; (2) undertake annual, documented training efforts to educate current and new employees about the Zorali Code standards and use of the Zorali grievance phone number.
- XVII. QUALITY:** Quality is the result of clarity, capable and well-integrated systems, and good communication. To achieve this, factories must have a clearly documented quality system and quality improvement plan. That system must include reliable "in process" and final finished goods audits and procedures that meet Zorali's quality standards. These audits must be performed by a trained QC staff person provided by the factory. The QC staff person must be granted the autonomy and support he/she needs in order to provide an unbiased report on the quality of every shipment of finished goods.

CONTACT US: If suppliers are violating any of these Code elements, we would like to know about it. Please bring these issues to our attention by emailing us at hello@zorali.com. Please feel free to write in your local language. All information we receive will be kept in strict confidence and your identity protected.

THIS CODE OF CONDUCT MUST BE POSTED WITHIN THE FACTORY IN A CONSPICUOUS, FREELY ACCESSIBLE AREA IN THE LOCAL LANGUAGE(S) OF THE EMPLOYEE.