RAINS

RAINS ApS

Aarhus, Denmark 2023

To whom it may concern,

Our company is committed to avoiding and addressing adverse impacts on the basic principles for social, environmental, and economic development that we cause, contribute, or are linked to via our business relationships.

Therefore, we seek to ensure that our own company as well as our suppliers, subcontractors, agents, and other business partners (hereinafter "partners") operate in accordance with the requirements of the enclosed Code of Conduct and thereby work towards alignment with the internationally recognized principles for sustainable development.

We recognize that establishing the required processes outlined in this Code of Conduct requires both time and resources, especially in the initial phases. We are implementing and maintaining similar processes in our operations. This Code of Conduct should therefore be understood as a tool for cooperation and dialogue about improving systems to manage adverse impacts on human rights, including labour rights, environment, and anti-corruption.

We focus on our partner's ability and willingness to demonstrate continuous improvements in meeting the requirements of this Code of Conduct. We feel confident that cooperation and dialogue can result in a more efficient partnership, from which both parties will benefit.

Please refer to the enclosed Code of Conduct for more information about the specific requirements. If you have any questions regarding this letter, our Code of Conduct, or our responsible supply chain management program in general, please do not hesitate to contact our offices.

Sincerely,

RAINS

Steen Borgholm

CEO

Daniel Brix Hesselager

Chairman



I. INTRODUCTION

The purpose of this Code of Conduct (hereinafter "Code) is to ensure that our partners demonstrate responsible business conduct. The Code follows globally agreed minimum standards and asks our partners to manage adverse impacts on:

- → Human and labour rights
- → Environment and climate
- → Anti-corruption
- → Animal welfare

The scope of minimum requirements is based on internationally agreed conventions, including but not limited to:

- → The International Bill of Human Rights
- → The International Labour Organisation's (ILO) Declaration of the Fundamental Principles and Rights at Work
- → The UN Guiding Principles on Business and Human Rights
- → The OECD Guidelines for Multinational Enterprises
- → The OECD Due Diligence Guidance for Responsible Business Conduct
- → The UN Convention Against Corruption
- → The Rio Declaration on Environment and Development,
- → The UN Global Compact's ten (10) Principles.

All suppliers are expected to comply with national legislation, regulations, and applicable practices and industry standards as relevant to their business.

II. DUE DILIGENCE REQUIREMENTS

International guidelines call on businesses to exercise due diligence to detect, prevent, and mitigate any adverse impacts related to human and labour rights, the environment, including climate, and anti-corruption. These procedures are required for all groups, individuals, and entities that a business may impact, within all business and production units, the local community and the external environment.

We therefore expect all partners to develop, implement and maintain a due diligence procedure

As a minimum, the partner must:

- → Develop policies within all relevant potential and actual impact areas in the business, such as health and safety, environmental protection, chemical management, and anti-corruption. Such policies must be communicated to all employees and other relevant stakeholders. Procedures and management systems must be developed to ensure that policies are implemented and adhered to, and thereby ensuring that any potential and actual adverse impacts are prevented and mitigated.
- → Identify potential and actual adverse impacts on human rights including labour rights, environmental, and anti-corruption principles



- → Upon identification of potential or actual adverse impacts are identified, take action to prevent or mitigate such adverse impacts.
- → Closely track actions to prevent or mitigate identified adverse impacts, to ensure effectiveness. Partners are expected to communicate their findings, actions, and tracking to relevant stakeholders including RAINS.
- → Undertake reasonable efforts to ensure that their suppliers operate in accordance with this Code.
- → Enable access to (legal) remedy for those affected and/or inform relevant authorities, should the partner identify that it causes or contributes to actual adverse impacts on human rights including labour rights, environmental, and anti-corruption principles. In case the partner is merely linked to actual adverse impacts, the partner must use its leverage to make the causing or contributing entity address the impacts.

The standards of this Code fall in below four thematic areas, and each section defines a set of specific standards within the four areas.

While a due diligence process may identify further areas of concern, the following define standards on topics of relevance for processes in the production of textiles, garments, and footwear. The standards are minimum standards that all partners must meet and are based on the mentioned international conventions, standards and guidelines.

Partners must request their supply chain to comply with these requirements.

III. HUMAN RIGHTS AND LABOUR RIGHTS

CHILD LABOUR AND YOUNG WORKERS

Partners must not use child labour below the age of 15, even if permitted by national law.

All legal limitations regarding young workers between the age of 15 and 18 must be followed and young workers are only permitted to carry out light work at reduced hours. This means that they must be protected from any hazardous work, night shifts, and any kind of work that might hamper their physical and psychological development or impose any harm.

If child labour is detected at a facility, the partner shall develop, participate in, and contribute to policies and programs that provide for transitional arrangements, making sure the child remains in quality education until no longer a child.

FORCED LABOUR

Employment must be freely chosen. Partners must not use or support any form of slavery, forced, and/or bonded labour.

Employees must not be subject to recruitment fees or deposits, withholding of salary and benefits, lodging of personal documents by the employer, or forced overtime.



EMPLOYMENT CONDITIONS

Short-term contracts must not be used in order to avoid obligations to employees under international conventions, social security laws, and regulations arising from regular employment.

All employees, including temporary and casual workers, must have written and legal employment letters in a language they understand, specifying conditions of employment and termination.

DISCRIMINATION AND HARASSMENT

Partners must not engage in or support discrimination in recruitment and/or in employment, and must make certain all workers are treated with respect and dignity.

Decisions about hiring, compensation, access to training, advancement, discipline, termination or retirement must be solely based on the ability to perform the job and not on the grounds of:

- → Gender
- → Marital or parental status
- → Pregnancy
- → Race
- → Caste
- → Colour
- → Age
- → Sexual orientation
- → Religion
- → Political opinion
- → Union membership
- → Function as worker representative
- → Nationality and/or ethnic origin
- → Health status, or
- → Disability.

Partners must prevent, not engage in nor support the use of:

- → Bullying
- → Intimidation
- → Violence
- → Threats of violence
- → Corporal punishment, or
- → Physical, sexual, psychological and verbal harassment or abuse.

Procedures and special measures must be put in place to ensure punitive measures in cases of harassment and/or discrimination and to protect female workers against gender-based violence and harassment in the workplace.



FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Partners must respect the workers' right to join and organize associations of their own choosing and to bargain collectively with no interference or sanctions from employers.

They must also ensure effective communication with employees and their representatives and implement mechanisms, such as worker participation committees, for resolving disputes.

If the rights to freedom of association and collective bargaining are restricted by national law, partners must allow workers to freely elect their own representatives, and alternative forms of worker representation must be supported.

WORKING HOURS AND LEAVE

Standard working hours must follow local regulations, collective bargaining agreements and industry standards, but must in all cases not exceed 48 hours per week, excluding overtime. All overtime must always be consensual and not requested on a regular basis. Weekly overtime must not exceed 12 hours.

Employees must be allowed a minimum of 1 day off per week and paid annual leave.

Maternity leave, sick leave, and other types of leave must be provided to all employees in accordance with relevant local regulations.

WAGES AND BENEFITS

Wages for a standard working week must - as a minimum - meet the legal minimum wage, industry standards or negotiated wages, whichever is higher. Wages must be paid regularly and in a timely manner.

Partners should work towards providing a fair living wage, meaning wages must be enough to meet the basic needs of employees and their families, and provide some discretionary income.

Overtime work must be compensated at a premium rate which is recommended to be no less than 125% of the regular pay rate.

Partners and their partners are only allowed to make deductions if and to the extent prescribed by law or fixed by a collective agreement. It may never be used as a disciplinary practice.

OCCUPATIONAL HEALTH AND SAFETY

The partners must ensure a safe and hygienic working environment for all employees.

To prevent accidents and injuries and to promote a healthy and safe work environment, partners must – at a minimum – ensure that below listed initiatives are in place. *The list is not exclusive but outlines the most critical aspects of a health and safety management system:*

- → Management representatives for occupational health and safety.
- → Incident and risk management procedures proportionate to the type and size of business.



- → Health and safety training on occupational risks. This includes training in firefighting and handling hazardous materials and chemicals.
- → Provision of appropriate personal protective equipment (PPE), free of charge and in good condition. Training in the proper use of the PPE must be provided.
- → All premises on site, including company-provided dormitories, restrooms, changing rooms and canteen, must uphold appropriate standards on hygiene, health and safety. Including adequate equipment for fire safety.
- → Access to clean drinking water and access to sanitary facilities for employees at all times.
- → Safe and healthy buildings. All relevant permits and certificates regarding building safety should be kept for review.
- → Safe electrical installations installed and maintained by competent personnel.

Special measures must be put in place to ensure a gender-sensitive approach to the necessary measures.

IV. ENVIRONMENT

Partners must operate in full compliance with all applicable environmental laws and regulations.

Partners must therefore, obtain and maintain all necessary registrations, permits, and licenses, including - but not limited to - below areas.

CHEMICALS

Partners must conduct their business in accordance with below requirements on chemicals:

- → The European Union REACH Regulation (EC) No 1907/2006 Annex XVII and later amendments:
- → The "substances of very high concern" (SVHC) i.e. the European Union REACH Regulation (EC) no. 1907/2006 Candidate List. Suppliers are requested to check the list on a regular basis as this list is continuously updated;
- → Country specific regulations on export markets.

Local laws must be followed in storage, handling, use, and disposal of all chemicals and must comply with the Material Safety Data Sheet (MSDS) for each chemical product.

WATER RESOURCES

Partners must be in full compliance with all applicable laws, regulations, and industry guidelines on water conservation, water quality, and wastewater.

Partners must ensure measures are put in place to clear wastewater and should work towards minimizing the use of water during production processes, including introducing water saving techniques and waste-water recycling.



AIR QUALITY AND CLIMATE

Partners must reduce and control emissions into the air in compliance with applicable regulations. This includes noise, odor, and dust emissions.

Partners should work towards mitigating negative impact on climate change by carrying out:

- → Implementation of energy efficiency measures in the value chain, starting with high-impact processes, using renewable energy sources if available; and
- → Calculation of emissions and setting targets to reduce the emissions using recognized standard-setting tools.

WASTE MANAGEMENT

All waste must be managed responsibly and as a minimum according to applicable regulations.

Hazardous waste must be handled by an authorized company/organization.

Partners should:

- → Minimize waste during production processes going to landfill
- → Facilitate collection of waste to be re-used
- → Reduce use of virgin raw materials, and
- → Optimize use of re-cycled materials.

The goal should be no waste to landfill.

V. ANTI-CORRUPTION

We expect partners to act according to high ethical standards and with integrity in all matters related to their business and have adequate procedures to prevent corruption in their operations.

No form of corruption, extortion, kickbacks, facilitation payments, or bribery must be offered, received, or promised.

VI. ANIMAL WELFARE

Partners are expected to ensure that materials used in the products derive from animals that have been treated according to all applicable regulations, conventions, and standards.

The animals must be fed and treated with dignity and respect. No animal must deliberately be harmed nor exposed to pain in their lifespan.

Taking the lives of animals must always be conducted using the quickest and the least painful and non-traumatic method available, and approved by national and acknowledged veterinarians, and only conducted by trained personnel.



When using materials that derive from animals, the partner should be ready to document the chain of custody of the product, e.g. via existing credible third-party certifications schemes such as the Responsible Down Standard (RDS) and the Responsible Wool Standard (RWS).

GRIEVANCES

Partners must have a grievance mechanism in place allowing stakeholders to voice their concern if they find that operations of the supplier are adversely affecting human and labour rights, environment, including climate, anti-corruption, and animal welfare.

The grievance mechanism should be appropriate to the size of the company and can take the form of a whistle-blower function, worker representation committee, etc. The grievance mechanism should be widely communicated, and accessible to all workers (including temporary workers), and managed in a confidential, unbiased, timely, and transparent manner.

COLLABORATION AND MONITORING

The aim of this Code is to form the basis for the collaboration between RAINS and the partners for the continuous improvements in managing adverse impacts on principles for sustainable development. Open and transparent dialogue in relation to this Code is therefore essential.

As an important part of the open and transparent dialogue, partners are expected to inform RAINS about all subcontractors. Hidden factories cannot be accepted.

Partners may be evaluated through assessment, including self-assessments, internal assessments, and third-party assessments (announced and unannounced). RAINS and appointed third-party auditors must be granted access to all facilities as well as relevant documents and employees upon request.

In case a partner needs to improve certain procedures and practices, the partner must be committed to do so within a specific timeframe. We believe that achieving good social and environmental standards is a process, and we are committed to working together with our suppliers in their efforts, RAINS is therefore willing to engage in a constructive dialogue with partners in order to develop and implement action plans with appropriate time to implement and improve.

If a supplier demonstrates lack of will and/or commitment to engage and improve on the standards of this Code, we will not hesitate to terminate the business relationship.

The obligations under this Code are additional to any contract between RAINS and partners.