



Certified



Corporation

Supplier Code of Conduct

March 2022



NORTH SAILS APPAREL S.p.A.

Società Benefit - Via E. Toti, 55 - 16035 Rapallo (GE) Italy - Tel. +39 0185 2001
Cap. Soc. € 5.000.000 - R.I. Milano e Codice Fiscale 00355610106 - Partita IVA 08768270152
Sede Legale e Showroom: Via Signorelli, 10 - 20154 Milano - Tel. +39 02 34538366



Introduction

At North Sails Apparel spa Benefit Company, we believe acting ethically and responsibly is not only the right thing to do, but also the right thing for our business. North Sails has developed a Global Supplier Code of Conduct (“Supplier Code”) to clarify our global expectations to those whom we conduct business with. The Supplier Code addresses business integrity, labor practices, associate health and safety, and environmental management. Suppliers, vendors, contractors, consultants, agents and other providers of goods and services who do business with North Sails entities worldwide are expected to follow this Code. North Sails reserves the right to verify compliance, and in the case of non-compliance the business relation can be terminated.

This duty also extends throughout our supply chain and, as such, we expect our Suppliers and their Subcontractors to uphold the standards outlined in this Supplier Code of Conduct.

Suppliers who engage Subcontractors shall guarantee, verify, and demonstrate that their Subcontractors comply with the standards and duties set forth by the Supplier Code, on the understanding that, in any case, the Supplier shall be liable for any omission or breach of the Supplier Code by any of its Subcontractors.

The Supplier Code sets North Sails’ expectations with respect to key areas of responsible sourcing and is made up of different sections establishing mandatory standards relating to: Labor and Human Rights, Health and Safety, Environment, Safety and Quality of goods and services and Business Ethics.

The Supplier Code builds on the International Labor Organization (ILO)’s Declaration on Fundamental Principles and Rights at Work, on the International Covenant on Economic, Social and Cultural Rights, and on the OECD Guidelines for Multinational Enterprises

It embodies the employment standards which should be universally recognized and respected, notwithstanding less stringent standards which may be provided by applicable local laws in the countries where suppliers are located or where products are made. In case of differences or conflict between the CoC and the laws of the country of manufacture of products, the higher standard shall prevail.

The supplier shall acknowledge and commit to comply with the standards and expectations set forth in the Ser Code and verify its compliance from all stakeholders within its own supply chain. Compliance with this Supplier Code is a mandatory condition to establish and maintain a business relationship with North Sails.

The Supplier acknowledges that, should he fail to fulfill the terms of this agreement, North Sails will reevaluate its business relationship and possibly terminate it if the supplier is not prepared to implement effective and immediate improvements.

1. Laws and Regulations

Suppliers and Subcontractors shall abide by the applicable laws and regulations in the countries where they are doing business, including but not limited to laws related to labor practice, human rights, health and safety, environmental responsibility, anti-corruption, safety and quality of goods and services.

The Supplier Code of Conduct establishes minimum requirements based on international principles that may be more restrictive than those required by locally applicable laws and regulations.

In case of differences or conflict, suppliers and Subcontractors are therefore required to act in compliance with the more restrictive provision contained in the Code of Conduct; if, however, compliance with this provision involves the violation of laws and / or regulations applicable to them, Suppliers and Subcontractors must comply with these laws and / or regulations, promptly informing North Sails of the conflict and also specifying how they believe they will be able to continue to abide and support the principles and objectives of the Supplier Code of Conduct.



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2. Reporting Concerns or Violations

Suppliers shall immediately report concerns about any of the Supplier Code requirements and any actual or suspected violations against the law, this includes violations by any employee, adviser, partner, agent or any other representatives acting on behalf of either the Supplier or North Sails.

3. Compliance

North Sails, whether through its own employees or third parties, retains the right to conduct audits, even without prior notification, to verify the compliance of Suppliers and/or their Subcontractors with the Supplier Code.

Suppliers and Subcontractors shall grant to North Sails full access to all their facilities / premises / buildings / factories, including but not limited to (where applicable) employee accommodations or staff rooms, and shall enable North Sails to examine documentation, take pictures and conduct face to face and, as necessary, private interviews with management personnel and with employees, including employees indirectly involved in facility operations, such as canteen, security and cleaning personnel.

Suppliers shall maintain all documentation available on site, ready for consultation, including accurate books and records, which may be needed to verify compliance with this Supplier Code and the applicable laws. Where the documentation is not available on-site, Suppliers shall facilitate and expedite its collection during the audit.

Suppliers act as guarantors for the compliance with the Supplier Code of Conduct by their Subcontractors. Therefore, during the inspections, North Sails will verify that its Suppliers monitor the Subcontractors by requesting, among other things, the documentation certifying the Company's registration with competent Authorities, the authorizations for carrying out the activity, the suitability of the business premises, the payment of social security and tax contributions for employees, the conduct of any audits organized by their own initiative.

Should non-compliance with the Supplier Code be ascertained, North Sails reserves the right to immediately terminate its business relationship with the Supplier or North Sails will work with the Suppliers to develop a corrective action plan, with an agreed timeline North Sails however reserves the right to terminate its business relationship with the Supplier for any unjustified delay and/or failure in the implementation of corrective actions within the agreed timeframe.

North Sails believes that it is essential to adopt a transparent and ethical approach to work. Suppliers shall therefore promote responsible sourcing practices within their own supply chains, by ensuring that the Supplier Code is adhered to by their internal organizational structure and by the Subcontractors and that compliance monitoring occurs at all levels in the supply chain.

4. Subcontracting

North Sails does not permit subcontracting without its prior written approval. Suppliers or Manufacturers may not subcontract any operation in the manufacturing process without prior written consent from North Sails. All subcontractors must be disclosed by the supplier in writing and approved by North Sails prior to the start of production. All salesman-sample and bulk production orders must be placed in facilities which, without exception, have been approved by North Sails and which have committed to follow this CoC.

Suppliers shall notify to North Sails, for acceptance/refusal, before the beginning of each production season, the identity of all Subcontractors involved in the supply of goods and services to North Sails with detail of the locations of all facilities involved and the origins of key raw materials used in the production process, thereby granting full traceability.

5. Corruption

North Sails conducts business with integrity, honesty and responsibility and promotes and supports initiatives to



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counter all forms of corruption. The practices involving products of and

supplier shall guarantee that its business

for North Sails are free of corruption, including planned, attempted, requested or successful transfer of a benefit because of bribery or extortion.

LABOR AND HUMAN RIGHTS STANDARDS

6. Employment Practices

The North Sails' supplier code of Conduct must be published and accessible to all employees and provided in the languages understood by workers.

The employer has a responsibility to ensure that all workers are aware of their legal rights and duties. Local laws that regulate labor must be easily accessible to all workers (such as regulations on minimum wage, working hours and overtime limits).

All workers and employees must be employed under a written employment contract that establishes the terms and conditions of employment, which must be drawn up in the local language and signed by the worker.

Suppliers shall only employ workers legally authorized to work in the country where their facilities are located.

Employee records shall be kept private and personal and sensitive information shall be accessible to authorized personnel only, preventing the use of such private information for discriminatory purposes or for purposes not allowed by applicable law.

Regarding this, the Suppliers in the employment relationship are authorized to perform a medical evaluation only after having proposed a job offer.

7. Prohibit use of child labor, Young Workers, Apprentices and Trainees

North Sails' suppliers shall adhere to the minimum employment age limit defined by national law and or regulation and comply with relevant International Labor Organization (ILO) standards. In no instance shall a supplier permit child to perform work that exposes them to undue physical risks that can harm physical, mental, or emotional development or improperly interfere with their schooling needs

Suppliers shall implement a management system that verifies the age of each Employee by review of legally accepted documentation.

Apprenticeship/traineeship schemes shall not be used to systematically avoid the payment - in whole or in part - of wages and benefits.

8. Forced, Bonded, Indentured, Slave, Trafficked and Prison Labor

Any form of forced, bonded, indentured, or slave labor, human trafficking and modern slavery is prohibited together with both mental and/or physical coercion.

Suppliers shall not illegally implement mandatory overtime beyond legal overtime limits.

Employees shall be in possession or have direct control of their personal identity documents, must be guaranteed freedom of movement, and shall not be restricted from terminating employment (other than restrictions pertaining to legal notice periods).

9. Working Hours

Working hours, both regular and overtime, shall comply with legal requirements and applicable collective



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bargaining agreement. Regular working hours must not exceed 48 hours per week and overtime hours must not exceed 12 hours per week. In seasonality peak circumstances, exceptions to these limits are permitted. In the

event that working hours consistently exceed the total of 60 hours per week, Suppliers are required to develop a plan to restore working hours in compliance with what is required by law. Suppliers are always required to keep an attendance register indicating the starting and ending hours of the working day and breaks; this register must

be as much as possible computerized and non-modifiable, which allows the effective working hours to be traced in a transparent and verifiable manner by the Employee. Employees shall be entitled to the minimum number of days off stipulated by relevant laws.

All overtime work shall be voluntary and not demanded on a regular basis. Suppliers shall compensate Employees for overtime hours at the legal premium rate; Suppliers are encouraged to compensate overtime at a rate higher than the regular hourly rate.

10. Compensation and Benefits

Suppliers shall compensate on time Employees for hours worked, including overtime and other premium pay arrangements, in accordance with the employment contracts of individual Employees and in compliance with the laws and applicable collective agreements. Wages, in fact, must be adjusted to the cost of living, the employee's basic needs, discretionary income, market benchmarks and company performance. If there is no minimum wage set forth by the law or binding collective agreements, wages shall be sufficient to meet the basic needs of the Employees and to provide discretionary income.

Suppliers must ensure a fair pay system that values workers based on qualifications, skills and experience. Workers must be paid and rewarded for their performance through benefits, wage or non-wage incentives. Suppliers are required to grant all the benefits provided by law, including, but not limited to, social security, parental leave, annual leave, holidays and must engage in regular social dialogue on issues related to remuneration.

Wage deductions are not permitted as a disciplinary measure - All disciplinary measures must be recorded.

11. Discrimination

Employees shall not be subject to discrimination in all aspects of employment (including but not limited to hiring, training, working conditions, compensation, benefits, promotions, discipline, termination and retirement) on the basis of race, color, gender, sexual orientation, religion, nationality, age, language, political opinion, union affiliation, marital status, physical or mental disability, pregnancy, social or ethnic origin and any other status or personal characteristic.

12. Abuse, Coercion, Harassment and Disciplinary Action

Employees shall be treated with dignity and respect and, under no circumstances, be subject to verbal, physical or psychological abuse, coercion, pressure or threats, corporal punishment or any form of harassment during recruitment or employment.

Suppliers shall neither permit illegal or excessive disciplinary action and/or monetary fines for disciplinary reasons.

Respect employees' right to freedom of association and collective bargaining, consistent with local laws Suppliers shall, in accordance with applicable law, recognize and respect the rights of Employees to associate, organize or join a union organization and bargain collectively in a lawful manner without interference, penalty or



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retaliation.¹²

Suppliers shall adopt an open and constructive attitude toward union activities.

HEALTH & SAFETY STANDARDS

Suppliers shall provide Employees with a safe and healthy working environment and proactively take all the adequate steps to prevent accidents and injuries, they must provide appropriate information on safety, hold training courses and develop adequate systems for detecting, analyzing and eliminating any hazardous situation. Suppliers shall comply at least with all applicable laws pertaining to occupational health and safety, including but not limited to, emergency prevention and response, building and fire safety, first aid, personal protective equipment, chemicals and hazardous materials storage and handling, equipment and electrical safety, noise, lighting, ventilation, sanitation, access to potable water and clean of working spaces and most of all of toilet facilities. Suppliers and their workers must be prepared in emergency situations, this implies: the definition of evacuation procedures, emergency exercises to be carried out periodically, adequate materials for first aid, adequate devices for detection and fire-fighting and suitable emergency exits. The Supplier must regularly train workers on emergency plans, emergency response capabilities and medical assistance.

Employees are also required to report workplace accidents to their superiors without fear of adverse consequences or retaliation.

Regarding pandemic emergencies, Suppliers are required to comply with national mandatory regulations and in any case adopt the guidelines that North Sails makes readily available to Suppliers through specific communications to prevent contagion risks.

Suppliers shall appoint a person in charge of health and safety, train the Employees on the relevant health and safety rules and keep appropriate records of training courses provided.

Suppliers, who provide residential and dining facilities for their Employees, shall also ensure the safety and sanitation of such facilities, including toilet facilities, and comply at least with all applicable laws.

The residential facilities must be separated from the work and production plants.

The Suppliers must guarantee workers adequate personal spaces, access to drinking water, sanitation, electricity, ventilation and heating as well as adequate fire-fighting equipment, appropriate sanitary systems, emergency exits and clearly marked and unlocked escape routes. Employees must be guaranteed freedom of entry and exit from the premises at any time.

Certification of the workplace health and safety management system according to international standards (i.e., ISO 45001, EMAS) is strongly recommended for manufacturing processes of large scale .

ANIMAL HEALTH AND WELFARE STANDARDS

Suppliers shall comply with all applicable animal health and welfare laws and regulations and shall commit to the welfare of the animals including but not limited to breeding, raising, handling/herding, transportation, catching and slaughtering.

Suppliers shall commit to the “Five Freedoms” for welfare of farmed animals:

- Freedom from hunger and thirst,
- Freedom from physical and thermal discomfort,
- Freedom from pain, injury and disease,
- Freedom to express species-specific behaviors,
- Freedom from fear and distress.



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Suppliers shall adopt any advisable practice which aims to protect the emotional state, the biological functioning and natural behavior of the animals, taking into consideration species' needs and biodiverse, eco-systems in the regions where animal products are sourced.

Suppliers shall commit also to protect species populations of wild animals. Suppliers shall ensure that materials of animal origin are from legal sources.

North Sails encourages Suppliers to continuously improve and monitor animal welfare performance and to promote throughout its supply chain the compliance with new and most up-to-date science-based standards and best practices that are focused on animal welfare.

ENVIRONMENTAL STANDARDS

Suppliers and Subcontractors are expected to be committed to minimize the environmental impact of their production processes and products and to respect ecosystems and biodiversity, taking into consideration soil conservation and the management of the surrounding territory.

Suppliers and Subcontractors shall comply with all applicable environmental laws and regulations, including laws pertaining to hazardous waste and substances, wastewater handling, consumption and disposal and air emissions, and noise pollution, in addition to any other North Sails requirements.

Suppliers and Subcontractors are required to obtain the necessary permits to conduct their activities in respect of the surrounding environment and to develop procedures aimed at controlling and progressively reducing pollution, waste, wastewater and gaseous emissions, the use of water, energy and chemicals and the production of hazardous and non-hazardous waste. In addition, they are required to treat wastewater and solid waste before discharge or disposal.

North Sails asks Suppliers to continuously improve their environmental sustainability policies, follow both requirements and projects requested by North Sails, communicate these requirements to its Subcontractors and monitor their compliance. North Sails also requires Suppliers and Subcontractors to follow the principles of reduction, reuse and recycling, communicate data related to overall consumption and allow water analysis and audits. Suppliers and Subcontractors are also encouraged, where possible, to monitor and reduce the use of resources.

Certification of the environmental management system according to international standards (i.e. ISO 14001) is strongly recommended for manufacturing processes of large scale or with significant impact on the environment.

SAFETY, QUALITY AND SUSTAINABILITY OF GOODS AND SERVICES

Suppliers shall comply with all applicable safety regulations pertaining the supplied goods and services.

In order to provide goods and/or services that consistently meet North Sails 's needs, Suppliers shall meet, in addition to any other North Sails requirements, applicable legislation, industry generally recognized standards or, if any, contractually agreed quality requirements.

In this regard, North Sails contractually requires its Suppliers and Subcontractors to operate in absolute compliance with the most restrictive international legislation applicable to hazardous / potentially hazardous chemicals and performance, including the European regulation REACH14, the Chinese standards GB15, the Japanese JIS16 standards. For this reason, Suppliers must meet the requirements of the law regarding hazardous/ potentially hazardous substances and obtain the necessary authorizations to operate. Furthermore, Suppliers are required to maintain an updated inventory of hazardous substances used in their production processes and to have protocols for their management, storage and transport.



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MANAGEMENT SYSTEM

In order to guarantee the compliance by Subcontractors with the Supplier Code, Suppliers will communicate, share and explain the contents of the above-mentioned document to their supply chain.

Suppliers shall establish appropriate training measures to allow their Employees to gain an appropriate level of

knowledge and understanding of the contents of the Supplier Code of Conduct.

Suppliers are expected to prove with adequate documentation that they share the principles and values expressed in the Supplier Code with any relevant addressee.

Suppliers have to support compliance with the Supplier Code by establishing appropriate management processes and cooperating with reasonable assessment processes requested by North Sails. To conduct business with North Sails suppliers must enter into contracts and execute purchase orders that mandate compliance with the Supplier Code.

Name and Surname: _____

Position: _____

Name of the company: _____

Date: _____

Signature and stamp of the company



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