

AERON

SUPPLIER ETHICAL CODE OF CONDUCT

INTRODUCTION

The AERON Code of Conduct sets out the key requirements that its suppliers, their subcontractors, and sub-suppliers must meet as they are a compulsory part of the terms and conditions of trading with the brand.

We require that all suppliers and factories making AERON products and their subcontractors, fully comply with the AERON Code of Conduct. Suppliers and their subcontractors are expected to comply with the Code. Suppliers shall communicate the AERON Code of Conduct to all their employees and subcontractors in the language spoken by the workers.

TABLE OF CONTENT

| | |
|---|---|
| I. FORCED LABOUR AND MODERN SLAVERY | 3 |
| II. FREEDOM OF ASSOCIATION AND RIGHT TO COLLECTIVE BARGAINING | 3 |
| III. HEALTH AND SAFETY | 3 |
| IV. CHILD LABOUR | 3 |
| V. REMUNERATION | 3 |
| VI. WORKING HOURS | 4 |
| VII. DISCRIMINATION | 4 |
| VIII. EMPLOYMENT | 4 |
| IX. INTIMIDATION, HARASSMENT, ABUSE OR VIOLENCE | 4 |
| X. BUSINESS ETHICS | 4 |
| XI. LEGAL COMPLIANCE | 5 |
| XII. ENVIRONMENT | 5 |
| XIII. ANIMAL WELFARE | 5 |
| XIV. MATERIALS | 5 |
| XV. TRANSPARENCY AND TRACEABILITY | 5 |



I. FORCED LABOUR AND MODERN SLAVERY

1. Suppliers must not use forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise.
2. Suppliers shall not engage in any other forms of human slavery or human trafficking.
3. Workers shall always be in possession and full control of their identity papers.
4. Suppliers may request to check and make copies of identity documents for record-keeping and these must be returned immediately.
5. Workers shall not be required to make monetary deposits to their employer or recruitment agency.
6. Suppliers must not hold any portion of workers' salaries or property on grounds of threat.
7. All employment shall be on a voluntary basis, and workers should be allowed to leave work and freely terminate their employment at any time with reasonable notice.

II. FREEDOM OF ASSOCIATION AND RIGHT TO COLLECTIVE BARGAINING

1. Suppliers must respect the right of workers to join or form trade unions of their own choice and to bargain collectively.
2. Suppliers shall adopt an open attitude towards the activities of trade unions and their organizational activities; workers representatives shall not be discriminated against and have access to carry out their representative functions in the workplace.
3. Where the right to freedom of association and collective bargaining is restricted under law, the employer shall facilitate the development of parallel means for independent and free association and bargaining.

III. HEALTH AND SAFETY

1. Suppliers must abide by all relevant national legislation and standards to provide a safe and healthy working environment, bearing in mind their industry and any specific hazards.
2. Suppliers must take adequate steps to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimizing the cause of hazards inherent in the working environment.
3. Workers shall receive regular and relevant health and safety training which must be recorded. Such training shall include health and safety practices and procedures, including evacuation and fire fighting, personal protective equipment, chemical management, the use of machinery and tools.
4. Responsibility for health and safety shall be assigned to a senior management representative at the site.

5. Suppliers must take the necessary measures and precautions to protect the health of pregnant women, young workers, and workers' reproductive health.
6. Workers shall have access to clean toilet facilities, potable water and if appropriate, sanitary facilities for food storage shall be provided.
7. Accommodation facilities should meet all applicable laws and regulations related to health, safety, and the environment, as well as meet the basic needs of the workers.
8. Suppliers are expected to take the necessary measures and precautions to protect not only the health and safety of employees but also contractors and visitors.

IV. CHILD LABOUR

1. Suppliers shall not employ child labour under any circumstance.
2. Suppliers must ensure that workers must be at least the minimum age for employment in the given country or the age for completing compulsory education, whichever is greater.
3. Suppliers may employ young workers (above the age of 15, or the minimum working age in the given country) only if permitted by law and all relevant rules and regulations are respected.
4. Suppliers may not employ young workers at night and must ensure that the kind of work is not likely to be harmful to their health and development.

V. REMUNERATION

1. Suppliers must meet and guarantee payment of a wage that meets at least the national legal minimum wage for a standard working week and working hours (excluding overtime). The wage must be enough for employees to meet basic needs and to provide some discretionary income.
2. In countries where there is no minimum wage set by the government, trade unions or collective bargaining agreements, suppliers shall pay workers with a wage that covers the basic needs of the workers while also providing discretionary income.
3. All overtime shall be compensated at a premium rate as legally required.
4. All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
5. Suppliers are not allowed to deduct from wages as a disciplinary measure, and only legally mandated deductions are allowed.
6. Suppliers shall provide workers with benefits as required by law or contract, including holidays, sick leave, maternity, and legal benefits.

VI. WORKING HOURS

1. Suppliers shall ensure that working hours (excluding overtime) do not exceed 48 hours per week or the maximum allowed by law.
2. Suppliers shall clearly communicate working hours on the contract at the beginning of the employment relationship.
3. Except under exceptional business circumstances the total of regular and overtime hours worked in any seven day period shall not exceed 60 hours or the maximum allowed by the law, whichever is lower. Suppliers must be able to provide an explanation for all episodes when exceptional circumstances have been used.
4. Workers shall be provided with at least 24 hours off in every seven day period.
5. All overtime shall be voluntary, and workers shall not be discriminated against if they decline.
6. Suppliers shall not replace overtime to regular employment and should plan their capacity according to standard working hours, number of workers, machinery, and other factors that may affect capacity planning.
7. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

VII. DISCRIMINATION

1. Suppliers shall not practice any discrimination in hiring, compensation, benefits, training, promotions, termination or retirement.
2. Suppliers shall not discriminate based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, political affiliation, health status, pregnancy, union membership or any other.

VIII. EMPLOYMENT

1. Suppliers must provide to all workers a written contract in compliance with the national law and practice.
2. Suppliers shall ensure that foreign workers hold a legal standing or work permit.
3. Suppliers shall not avoid the obligation to provide employees with labour and social benefits, laws, and regulations arising from the regular employment relationship.
4. Suppliers shall not engage in excessive use and regular use of probation periods, part-time or fixed-term contracts, sub-contractors, home-workers or apprentices.

IX. INTIMIDATION, HARASSMENT, ABUSE OR VIOLENCE

1. Suppliers shall by no means engage and subject

their workers to physical, verbal, psychological or sexual intimidation, harassment, abuse or violence.

2. Suppliers shall not use intimidatory practices to maintain discipline and productivity in the workplace.
3. Suppliers shall foster positive work environments and implement the necessary measures to prevent any form of violence and abuse from happening.

X. BUSINESS ETHICS

1. AERON has a zero tolerance policy for suppliers who lack or have invalid business licences. Suppliers must be registered under the same name as on AERON files.
2. The highest standards of integrity are to be upheld in all business interactions. Supplier shall conduct business ethically and all business dealings should be transparently performed and accurately reflected on Supplier's business books and records. Suppliers shall have a policy that describes its commitment to business integrity and corporate responsibility.
3. AERON has a zero tolerance policy for any corrupt and any bribery practices, including but not limited to extortion, giving or accepting of improper monetary or other incentive, or any other activity that encourages non-compliance with the law and this Code of Conduct.
4. Suppliers shall operate against all forms of corruption. Any case or attempt of bribery in relation to business conduct with AERON may result in the suspension of the relationship.
5. Suppliers and employees must comply with all applicable anti-bribery and corruption laws. If no such anti-bribery or corruption laws apply Suppliers must have in place measures to prevent partners or members of staff from committing offenses of corruption or bribery.
6. Evidence of counterfeiting any AERON products may result in the suspension of the relationship.
7. AERON requires full transparency throughout its supply chain and strictly forbids any unauthorized subcontracting. Suppliers must inform AERON if they wish to outsource any production or part of an order. Any factory involved in making AERON products must be registered and approved. Withholding any information may result in the suspension of the relationship.
8. AERON has a zero tolerance policy for suppliers who fail to provide and disclose any information on their employment practices, employees wages, documents or interviews with workers will be considered as non-compliant with AERON Code of Conduct and the relationship may be suspended.

9. AERON has a zero tolerance policy for suppliers who deny access to parts or all areas of a facility will be considered as non-compliant with AERON Code of Conduct and the relationship may be suspended.
10. AERON has a zero tolerance policy for suppliers who hire any workers without legal standing or work permit will be considered as non-compliant to AERON Code of Conduct and the relationship may be suspended.

XI. LEGAL COMPLIANCE

1. Suppliers shall comply with all applicable laws and regulations currently in effect and as they become effective. Suppliers shall have systems in place that maintain awareness of and ensure compliance with all applicable laws and regulations, including but not limited to, laws concerning labor, health and safety, human rights, environmental protection and corruption and bribery. Where there are differences or conflicts with this Code of Conduct and local law, the higher standard should prevail.

XII. ENVIRONMENT

1. AERON is committed to protecting the environment and requires, at a minimum, that all its suppliers adhere to applicable national and international standards, legislation and regulations to facilitate the preservation of the environment for present and future generations.
2. Suppliers shall demonstrate a collaborative approach to improving their environmental performance, manage and minimize their impacts.
3. Suppliers shall not release any hazardous and toxic chemicals, untreated water directly in the environment. Hazardous waste is to be collected by an authorized company and dealt with responsibly.
4. Suppliers shall have a waste management policy in place, in compliance with national laws and regulations.
5. AERON requires that all man-made cellulosic fibers (viscose, lyocell, modal, cupro, etc.) derive from pulp coming from sustainably-managed forests. We give preference to FSC-certified pulp suppliers, and the certificate must be provided upon request.
6. Suppliers must comply with AERON Restricted Substance List (RSL).

XIII. ANIMAL WELFARE

1. Suppliers shall not carry out testing of any kind on animals at any stage in the process of manufacturing or at a later stage.

2. Suppliers must ensure that the Five Fundamental Freedoms (WSPA) are respected as a standard for animal welfare.
3. No mulesing techniques are accepted and suppliers must adhere to this.

XIV. MATERIALS

1. The following materials are banned and suppliers are requested to comply to not using these in any process at any stage:
 - Fur
 - Angora and Mohair
 - Leather sourced from farms involved in any form of deforestation and conversion farming
 - Leather sourced from the the Amazon Biome
 - Skins of animals solely killed for their fur or leather
 - Exotic Skins
 - Feathers
 - PVC (Polyvinyl Chloride)
 - Glues containing any animal derivatives
 - Man-made cellulosic materials (viscose, triacetate and packaging materials) sourced from pulp mills involved in any form of deforestation

XV. TRANSPARENCY AND TRACEABILITY

1. AERON requires full transparency throughout the supply chain.
2. AERON believes in building long-term and transparent relationships with all of its supply chain partners. As our mission is to build a sustainable future, we place great importance on understanding our impacts and improving them.
3. Due to the complexity of global fashion's supply chains, we require our suppliers to provide accurate information when requested, including but not limited to:
 - Manufacturing sites including direct factories, subcontractors, homeworkers and sub-suppliers so we can map our supply chain and ensure we have a positive social impact.
 - Information about operations and processes at manufacturing sites so we can understand the impact involved with the production of our clothes.
 - Material transparency and traceability: inform with the country of origin of the raw material (ie. cotton farm for the cotton, country where the animal was raised for animal fibers, where does the wood come from for cellulose-based fibers).



PHOTOS: ISTVÁN LÁBÁDY

CONTACT

AERON Head Office, Dorottya utca 1. (Gerbeaud Office Building), 1051 Budapest, Hungary
Any questions regarding the standard should be sent to info@aeron.com