

Introduction

This Code defines the rules which shall be binding for foreign producers and suppliers of products which LPP markets as part of its operations. The Code references both local and international laws and represents a set of guidelines binding on all entities taking part in LPP's supply chain. The Code describes suppliers' obligations in the area of conditions of employment, including: compensation policies, prohibitions of child labour and forced labour, freedom of association and equal treatment of all employees. The Code also sets forth workplace health and safety standards, and obligates suppliers to protect the environment.

As a company operating on a global market, LPP is an active participant in efforts focused on improving workplace conditions in the apparel industry. LPP pledges to conduct ongoing reviews of the Code's standards and ensure that they continue to fully reflect industry good practices and applicable rules. Thus, the Code is subject to modification in the future.

The Code aims to ensure safety at the manufacturing facilities, provide the best workplace conditions possible and offer the broadest level of environmental protection. Therefore, it is critical that all LPP suppliers know and adhere to its provisions, and receive ongoing information about any potential changes to the Code. All Code signatories will receive appropriate advance notice of potential modifications to the Code.

I. Adherence to all regulations and norms

1. The supplier shall conduct operations and manage the company in adherence to the provisions of the Code, while collecting and maintaining documentation confirming compliance with the Code's rules.
2. The supplier shall adhere to all applicable provisions of national legislation, to all other rules and standards applicable to the industry, and to the provisions of the Universal Declaration of Human Rights, as well as all relevant International Labour Organization (ILO) conventions. In instances where the provisions of any of these regulations be in conflict, the Supplier shall apply the provision which offers the greatest protection for the employees.

II. Conditions of employment, prohibition on forced/involuntary employment, workplace conditions, child labour.

As freedom constitutes each individual's inalienable right, employees shall undertake and provide work on a voluntary basis. Involuntary labour to satisfy debts and all other forms of labour not undertaken of the employee's conscious choice and free will shall be prohibited.

A. Conditions of employment

1. Employees shall perform their duties on the basis of a document made in a language they understand which shall state the form of employment and its conditions, taking into account the annual leave entitlement and the corresponding payment in lieu of annual leave. All

CODE OF CONDUCT | DECEMBER 2020

employment procedures shall adhere to the given country's applicable laws and be recorded in writing.

2. The hiring process shall be transparent. All of the hired worker's questions and doubts shall be clarified during the interview with the supplier's representative. Prior to hiring, the

supplier is obligated to fully inform the future employee about his/her rights, responsibilities and terms of employment. Each employee shall be especially informed about his/her scope of responsibilities, amount of compensation due, terms of payment and the applicable work schedule.

3. The employee has a right to terminate his/her employment for the supplier, provided that an appropriate notice, under relevant laws and terms of employment, is given.
4. The employee shall not be urged to provide any deposits or personal identity documents to the supplier, unless such a requirement is provided for in relevant laws. Should such a requirement be present, the supplier shall return any deposits or documents to the employee upon termination of employment.
5. In the event of direct or indirect hiring of migrant and vulnerable workers, the supplier shall exercise particular care to provide them with the same terms of employment and compensation as is provided to other employees. Vulnerable employees comprise women, workers employed via employment agency and temporary workers.
6. The hiring of employees without specific terms of employment which provide detailed description of compensation due, duration of employment contract, work schedule and scope of responsibilities shall not be tolerated, as unstable working conditions may cause undesired social and economic instability for the employees.

B. Compensation policy

1. Employee compensation shall not be lower than the relevant minimum wage applicable in the given country, and shall provide for employees' and their families' basic conditions of subsistence to be met.
2. All withholdings or deductions from wages must adhere to the terms and scope provided for pursuant to local laws. All disciplinary measures applied and deductions from wages shall be documented.

C. Working hours

1. A standard weekly work schedule (not including overtime) shall adhere to the limitations provided for under local laws and shall not exceed 48 hours. Any possible overtime shall not exceed 12 hours a week.
2. Employees have a right to leave their workplace following the conclusion of their standard work day. Any potential overtime hours must be voluntary, accepted by the employee and compensated at a rate higher than the standard hourly rate.

CODE OF CONDUCT | DECEMBER 2020

3. The supplier shall allow employees to take breaks during each working day as defined by local legislation. The supplier shall ensure that employees are granted days off work on public holidays established in the country concerned. Employees shall be granted at least one day off following six consecutive work days. Exceptions to this rule, shall only apply when local laws allow for this limit to be exceeded and when a collective bargaining agreement at the company allows for employee working hours to be averaged. In such situations, the collective bargaining agreement shall always establish appropriate time off provisions.

D. Employees under the age of 18

1. Persons under the age of 15 shall be considered minors, unless local laws stipulate a higher minimum age for employment or compulsory education requirement. In such instances, the supplier shall apply the higher minimum age for employment.
2. Minors who have not reached their 15th birthday may not be recruited or employed by the supplier. Child labour and the denial of the right to an education are forbidden.
3. Persons above the age of minority (pursuant to item D.1) who have not reached their 18th birthday shall be deemed Young Workers.
4. The supplier shall exercise special care for the safety and well-being of Young Workers. In no instance shall the supplier expose a young worker to work conditions which constitute a danger or threat to his/her physical and mental well-being and development.
5. A young worker shall not perform work which precludes him/her from attending school. Also, a young worker shall not work in excess of eight hours a day, or perform work duties during the night hours.

III. Freedom of association and employee representation

1. The supplier shall acknowledge and respect the employees' freedom of association in organizations such as work councils, labour unions and associations which represent employees' interests. The employer shall not hinder, dominate or control such organizations. Employees shall not be discriminated against on the basis of membership in such organizations.
2. The employer shall respect the workers organizations' right to represent its members and seek collective dispute resolution as provided for by the International Labour Organization (ILO) definition and interpretations and applicable local laws.
3. The employees' representatives should hold this function on a voluntary basis and be elected in free and transparent elections without the influence of others, in particular the employer.

IV. Appropriate treatment of employees

1. Supplier shall treat all employees with dignity and respect.

CODE OF CONDUCT | DECEMBER 2020

2. Suppliers shall not discriminate in the hiring, payment of damages, access to training and promotions, termination of employment and retirement of employees on the basis of sex, age, disability, origin, race, marital status, sexual orientation, political views, membership (or lack thereof) in organizations, or religious or caste heritage.
3. All employees shall participate in fire and other emergency drills and training. The supplier shall keep and store records of the trainings.
4. Dignity and personal inviolability constitute each individual's basic rights. Physical or verbal violence, as well as sexual harassment are absolutely prohibited.
5. All disciplinary procedures and complaints shall be clearly documented, and employees shall receive ongoing notifications thereof.

V. Health, safety and hygiene

1. Employee safety is of paramount and unimpeachable importance. Providing appropriate work conditions which ensure that employees are able to fulfill their responsibilities in a safe manner, that poses no risk to their health nor life, must be a priority for each supplier. All suppliers working in the LPP supply chain shall exercise the highest care for their employees' safety and provide appropriate and stable working conditions.
2. The workplace shall be appropriate for the type of manufacturing occurring on the premises. All spaces shall have clearly marked and easily accessible emergency exits ensuring appropriate escape routes for employees working in all areas of the manufacturing plant. All employees, regardless of the location of their work station, shall have free access to emergency exits throughout the work day.
3. All employees shall participate in fire and other emergency drills and training. The supplier shall keep and store records of the trainings.
4. The supplier shall provide employees with a safe and hygienic work environment, taking into account the current state of the art in the industry and knowledge about any possible hazards. Supplier's responsibilities include preventing potential workplace accidents and injuries during and resulting from the performance of work duties. The supplier shall implement appropriate procedures to be used in the event of serious injury, and provide employees with safety instructions and procedures in order to prevent accidents.
5. The supplier shall provide employees with access to potable water, clean sanitary facilities, appropriate lighting and air circulation and, when appropriate, facilities for food storage.
6. Workplaces shall be equipped with first-aid kits.
7. A nurse or a doctor shall be present at a workplace during working hours if so mandated under applicable local laws.
8. The supplier shall provide workers with protective equipment appropriate to their duties, as provided for by laws and workplace health and safety regulations. The supplier shall also inform each employee of the risks associated with not using the protective equipment. The

CODE OF CONDUCT | DECEMBER 2020

employee shall utilise the protective equipment. The said equipment may not contain any elements which pose a danger to their user.

9. The supplier shall provide regular workplace safety and hygiene training for all employees, especially those newly hired or placed in a new work position. Additionally, the supplier shall ensure specialized training appropriate for employees in specialized work positions. Should any workplace accidents occur at the facility, the training should be repeated.

VI. Environmental awareness

1. The supplier shall comply with applicable local environmental protection laws, especially as pertains to air pollution, water usage, noise pollution and odour pollution and the management and disposal of waste. The supplier should manage the waste in a way that protects the life and health of people and the environment. In dealing with waste it is recommended to prevent and reduce waste production, preparation for re-use, recycling, other recovery operations and disposal. The supplier shall take special care in the management of hazardous waste.
2. The supplier shall ensure proper storage of chemical substances, availability of safety data sheets in the immediate vicinity of substances in languages that staff understand, compliance with the instructions on safety measures contained in the safety data sheets and appropriate marking of containers with chemicals.
3. The supplier is obliged to make all efforts to steadily improve the businesses' environmental protection standards and norms. It is recommended that suppliers measure energy and water consumption, air emissions, generated waste and wastewater and make these data available to LPP upon request.
4. A list of specific requirements will be attached to each purchase order, outlining the conditions applicable in the order fulfilment process.

VII. Code implementation

1. The supplier shall provide this Code to all employees, sub-contractors, external employees and all sub-contractors involved in the supply chain.
2. The supplier shall ensure that employees and sub-contracts understand and comply with the Code's provisions.

VIII. Verification of compliance with the Code

1. In exercising control over its supply chain, LPP will conduct audits which will be carried out by appropriately trained employees or designated third parties.
2. LPP may conduct announced and unannounced audits at facilities producing goods for the company. During an audit, the supplier shall provide the ordering party with all documentation necessary to verify compliance with the Code, allow employees to be

CODE OF CONDUCT | DECEMBER 2020

interviewed by the auditing party (including off-site interviews) and allow production facility inspections.

3. Should an audit result in the discovery of irregularities, the LPP representatives will present the supplier with a report containing suggestions and instructions to be implemented. Should the audit find flagrant violations or a lack of effort and cooperation in resolving said violations, LPP shall terminate its business relationship with such a supplier.

Name:

Surname:

Factory full name:

Factory address:

Signature:

Stamp: