

Annex IV. Prénatal Minimum Monitoring Requirements Policy (ENG) – September 2020

IV.I. Introduction

Prénatal expects its Business partners to be transparent about how responsible business is put into practice. In this regard, this policy outlines our minimum monitoring requirements over 5 monitoring areas before the start of the business relationship and during the business relationship:

- A. Supply chain transparency
- B. Responsible business conduct
- C. Social auditing
- D. Safety auditing
- E. Environment, materials and animal welfare

Before the start of the business relationship, please complete all required Annexes as outlined in paragraph IV.III. and send them together with other applicable documentation including social and safety audit reports to Prénatal's Sustainability department: MVO@prenatal.nl. During the business relationship, we require continuous updates regarding the five monitoring areas. Additional requirements may apply if Prénatal deems necessary.

IV.II. Scope

This policy is part of the Prénatal Code of Conduct for Commercial Business partners (hereafter: 'Code'). It is written for 'Business partners', which refers to any commercial entity, such as importers, agents, suppliers or producers, with which Prénatal has a commercial relation and which is involved in the production of articles sold by Prénatal.

Prénatal distinguishes three types of Business partners, for which the minimum monitoring requirements differ:

Type 1 <i>First Case Supplier (FCS)</i>	Direct business relationship with Factory tier 1 (cq. Finished good assembler; hereafter: 'Factory') for Prénatal label and private brand production, or through a (Far East) agent or exporter
Type 2 <i>Second Case Supplier (SCS)</i>	Indirect business relationship with Factory for Prénatal label and private brand production, through a (European) importer
Type 3 <i>A-brand Supplier (A-brand)</i>	No business relationship with Factory, production of non-Prénatal label and private brands

In case a Business partner and Factory are the same entity, the requirements under Type 1 (see IV.III) must be adhered to. In case a Business partner can both be categorized as Type 1 and 2, the requirements under both Type 1 and 2 (see IV.III) must be adhered to. In case a Business partner can both be categorized as Type 2 and 3, the requirements under both Type 2 and 3 (see IV.III) must be adhered to.

IV.III. Overview of minimum monitoring requirements per type of Business partner

Monitoring area	Business partner		
	Type 1: FCS	Type 2: SCS	Type 3: A-brand
Requirements BEFORE start of business relationship			
Area A: Supply chain transparency	<p>For all Factories in risk countries¹: Complete Annex A1.</p> <p>For all Factories in low-risk countries⁴: Complete Annex A2.</p> <p>The Business partner guarantees that the production is carried out exclusively at the production locations indicated in Annex A1 or A2.</p>	<p>For all Factories: Complete Annex A2.</p> <p>The Business partner guarantees that the production is carried out exclusively at the production locations indicated in Annex A2.</p>	-
Area B: Responsible business conduct	-	Complete Annex B.	Complete Annex B.
Area C: Social auditing	<p>For all Factories in risk countries⁴: Being enrolled in a valid, social auditing cycle, preferably semi-/un-announced (accepted initiatives include amfori-BSCI, SA8000, SEDEX, WRAP, ICTI CARE), with a sufficient performance according to Prénatal.</p> <p>Applicable audit reports need to be shared with Prénatal.</p>	<p>For all Factories in risk countries⁴: Being enrolled in a valid, social auditing cycle, preferably semi-/un-announced (accepted are a.o.: amfori-BSCI, SA8000, SEDEX, WRAP, ICTI CARE), with a sufficient performance according to Prénatal.</p> <p>Applicable audit reports need to be shared with Prénatal.</p>	-
Area D: Safety auditing (electrical, fire & structural safety)	<p>For textile-related Factories in Bangladesh: Being monitored according to the Bangladesh Accord, including but not limited to being enrolled in a valid safety inspection cycle, a regularly updated corrective action plan (hereafter: 'CAP') and sufficient participation in the Safety Committee Training Program.</p>	<p>Prénatal highly prefers SCS to be signatory to the Bangladesh Accord when sourcing from Bangladesh.</p> <p>For textile-related Factories in Bangladesh: Being monitored according to the Bangladesh Accord, including but not limited to being enrolled in a valid safety inspection cycle, a regularly updated corrective action plan (hereafter: 'CAP') and sufficient participation in the Safety Committee Training Program.</p>	-
Requirements DURING the business relationship			
Area A: Supply chain transparency	<p>The Factory needs to be mentioned on every purchase order. It is the responsibility of the Business partner to notify Prénatal in writing when production is relocated, <u>prior to making the change</u>, e.g. in case of subcontracting or repeat orders.</p> <p>Any alteration in the information shared in Annex A1 or A2 must be communicated with and approved in writing by Prénatal, prior to any production of Prénatal orders.</p>	<p>The Factory needs to be mentioned on every purchase order. It is the responsibility of the Business partner to notify Prénatal in writing when production is relocated, <u>prior to making the change</u>, e.g. in case of subcontracting or repeat orders.</p> <p>Any alteration in the information shared in Annex A2 must be communicated with and approved in writing by Prénatal, prior to any production of Prénatal orders.</p>	-

¹ Risk countries are defined using the latest version of "amfori Countries' Risk Classification"

Area B: <i>Responsible business conduct</i>	-	Continuous insight in an SCS' responsible business conduct, by regularly updating Annex B on Prénatal's request. Participation in evaluation meetings if Prénatal deems necessary.	Continuous insight in an A-brand's responsible business conduct, by regularly updating Annex B on Prénatal's request. Participation in evaluation meetings if Prénatal deems necessary.
Area C: <i>Social auditing</i>	<i>For all Factories in risk countries⁴:</i> The Business partner must provide a new valid audit report once the previous audit report has expired. A decent ² CAP must be shared within 2 months after the latest audit date, in case non-compliances are found in the social auditing cycle. Prénatal will support in drafting the CAP if needed. Sufficient continuous improvement – according to Prénatal – must be made in consecutive auditing cycles.	<i>For all Factories in risk countries⁴:</i> The Business partner must provide a new valid audit report once the previous audit report has expired. Prénatal expects SCS to ensure that sufficient continuous improvement is made in case non-compliances are found. Prénatal will support by providing (BSCI) CAP templates and reviewing CAP's if needed. Information related to CAP (follow-up) can be provided at all times, if Prénatal deems necessary.	-
Area D: <i>Safety auditing (electrical, fire & structural safety)</i>	<i>For textile-related Factories in Bangladesh:</i> Follow-up according to the Bangladesh Accord's instructions and guidelines.	<i>For textile-related Factories in Bangladesh:</i> Follow-up according to the Bangladesh Accord's instructions and guidelines.	-
Area E: <i>Environment, materials and animal welfare</i>	On Prénatal's request, participation in environmental auditing cycles through e.g. the amfori BEPI platform.	-	-
	Disclose complete insights in the production processes used.	Disclose complete insights in the production processes used.	-
	Disclose complete insights in both water, energy and chemical usage and waste water discharge as well as targets to improve environmental impact.	-	-
	Disclose complete insights in material composition, including disclosure of any sustainable material used, region(s) of origin, and chains of custody.	Disclose complete insights in material composition, including disclosure of any sustainable material used, region(s) of origin, and chains of custody.	Disclose complete insights in material composition, including disclosure of any sustainable material used.
	Orders including sustainable material certificates shall be sent with valid Scope and Transaction Certificates, and all other relevant documentation, such as labelling requirements.	Orders including sustainable material certificates shall be sent with valid Scope and Transaction Certificates, and all other relevant documentation, such as labelling requirements.	-

² Decent means performing root cause analysis why the non-compliance(s) occurred, as well as drafting and implementing an action plan for remediation of the non-compliance(s), including allocating responsibility, timeline, and expected resources needed.