

# Prénatal

**CODE OF CONDUCT FOR COMMERCIAL BUSINESS PARTNERS**

**SEPTEMBER 2020**

## A. Introduction

### Aim

Prénatal Moeder en Kind B.V. (hereafter “Prénatal”) contributes to a more sustainable world for present and future generations. Hence we strive to conduct business in compliance with all applicable laws and regulations on human rights and environmental protection, and conform the OECD Guidelines for Multinational Enterprises<sup>1</sup>. The Prénatal Code of Conduct for Commercial Business Partners (hereafter: ‘Code’) sets the ethical framework that guides Prénatal’s business relationships. The Code forms an integral part of our sourcing strategy, hence Business partners’ compliance with the Code plays an essential role in the establishment of, and the continuance of, a good business relationship with each Business partner.

### Scope

For the purpose of this document, ‘Business partner’ 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. Business partners are responsible for cascading this Code’s compliance throughout its supply chain, including but not limited to the supply of raw materials, components and/or (semi-)finished goods and services, hereafter collectively referred to as ‘Supply chain partners’. Therefore, all principles in this Code are applicable to Business partners as well as Supply chain partners.

The Code is based on and refers to international standards including the UN Guiding Principles for Business and Human Rights (UNGPs)<sup>2</sup>, OECD Guidelines for Multinational Enterprises<sup>1</sup> and the International Labour Organization (ILO) conventions and recommendations<sup>3</sup>. These standards are relevant for the interpretation and implementation of this Code.

Local and international laws and regulations must be adhered to at all times. In countries where laws and regulations are in conflict with, or set a different standard of protection than this Code, Business partners should seek ways to abide by the principles that are most favourable to the workers and the environment and shall ensure to contact Prénatal prior to deviating from this Code.

### Practicalities

The Annexes are an integral part of the contents of this Code and must be followed up accordingly. Consequently, the term ‘Code’ automatically covers the Annexes. Prénatal may from time to time amend this Code or parts of it, and introduce such procedures as Prénatal deems necessary for assessing Business partners’ compliance with this Code.

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<sup>1</sup> The OECD Guidelines for Multinational Enterprises provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognised standards. For more information: <http://www.oecd.org/corporate/mne/>

<sup>2</sup> The UNGPs provide an internationally accepted framework to states and business enterprises, for enhancing standards and practice regarding business and human rights. For more information: <https://www.ungpreporting.org/resources/the-ungps/>

<sup>3</sup> International labour standards are legal instruments drawn up by the ILO's constituents (governments, employers and workers) and setting out basic principles and rights at work. They are either Conventions (or Protocols), which are legally binding international treaties that may be ratified by member states, or Recommendations, which serve as non-binding guidelines. For more information: <https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang-en/index.htm>

## B. Core Social and Environmental principles

The principles set out in this Chapter are based on the amfori BSCI Code of Conduct version 1/2014 and on the applicable ILO Conventions.

### 1. The rights of freedom of association and collective bargaining

> ILO Conventions 87; 98; 135; 141; 154

Business partners shall: (a) respect the right of workers to form unions in a free and democratic way; (b) not discriminate against workers because of trade union membership and (c) respect workers' right to bargain collectively.

Business partners shall not prevent workers' representatives from having access to workers in the workplace or from interacting with them.

When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, business partners shall respect this principle by allowing workers to freely elect their own representatives with whom the company can enter into dialogue about workplace issues.

### 2. No discrimination

> ILO Conventions 111; 156; 159

Business partners shall not discriminate, exclude or have a certain preference for persons on the basis of gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination. In particular, workers shall not be harassed or disciplined on any of the grounds listed above.

### 3. Fair remuneration

> ILO Conventions 95; 100; 131

Business partners shall respect the right of the workers to receive fair remuneration for a standard working week, that is sufficient to provide them with a decent living for themselves and their families, including but not limited to food, water, housing, health care, education, transport, clothing and some discretionary income, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder.

Business partners shall comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher.

Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills and education of workers and shall refer to regular working hours.

Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement.

### 4. Decent working hours

> ILO Conventions 1; 14; 101; 110; 132; 171

Business partners shall ensure that workers are not required to work more than 48 regular hours per week, without prejudice to the specific expectations set out hereunder. However, Prénatal recognizes the exceptions specified by the ILO.

Applicable national laws, industry benchmark standards or collective agreements are to be interpreted within the international framework set out by the ILO.

In exceptional cases defined by the ILO, the limit of hours of work prescribed above may be exceeded, in which case overtime is permitted.

The use of overtime is meant to be exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate and shall not represent a significantly higher likelihood of occupational hazards. Furthermore, Business Partners shall grant their workers with the right to resting breaks in every working day and the right to at least one day off in every seven days, unless exceptions defined by collective agreements apply.

## **5. Occupational health and safety**

> ILO Conventions 148; 155; 183; 184; 187; 188

Business partners shall respect the right to healthy working and living conditions of workers and local communities, without prejudice to the specific expectations set out hereunder. Vulnerable individuals such as - but not limited to - young workers, new and expecting mothers and persons with disabilities, shall receive special protection.

Business partners shall comply with occupational health and safety regulations, or with international standards where domestic legislation is weak or poorly enforced.

The active co-operation between management and workers, and/or their representatives is essential in order to develop and implement systems towards ensuring a safe and healthy work environment. This may be achieved through the establishment of Occupational Health and Safety Committees.

Business partners shall ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of workers. They shall take effective measures to prevent workers from having accidents, injuries or illnesses, arising from, associated with, or occurring during work. These measures should aim at minimizing so far as is reasonable the causes of hazards inherent within the workplace.

Business partners will seek improving workers protection in case of accident including through compulsory insurance schemes.

Business partners shall take all appropriate measures within their sphere of influence, to see to the stability and safety of the equipment and buildings they use, including residential facilities to workers when these are provided by the employer as well as to protect against any foreseeable emergency. Business partners shall respect the workers' right to exit the premises from imminent danger without seeking permission.

Business partners shall ensure adequate occupational medical assistance and related facilities.

Business partners shall ensure access to drinking water, safe and clean eating and resting areas as well as clean and safe cooking and food storage areas. Furthermore, business partners shall always provide effective Personal Protective Equipment (PPE) to all workers free of charge.

## **6. No child labour**

> ILO Conventions 138; 182

Business partners shall not employ directly or indirectly, children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO apply.

Business partners must ensure proper recruitment processes, including robust age-verification mechanisms, which may not be in any way degrading or disrespectful to the worker. This principle aims to protect children from any form of exploitation. Special care is to be taken on the occasion of the dismissal of children, as they can move into more hazardous employment, such as prostitution or drug trafficking. In removing children from the workplace, business partners should identify in a proactive manner, measures to ensure the protection of affected children. When appropriate, they shall pursue the possibility to provide decent work for adult household members of the affected children's family.

Business partners shall respect our Child Labour and Young Worker Policy (Annex I).

## 7. Special protection for young workers

> ILO Conventions 10; 16; 77

Business partners shall ensure that young workers – being employed of at least the minimum working age but younger than 18 years – do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, morals and development, without prejudice to the specific expectations set out in this principle.

Where young workers are employed, business partners should ensure that (a) the kind of work is not likely to be harmful to their health or development; (b) their working hours do not prejudice their attendance at school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programs.

Business partners shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers; with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes.

Business partners shall respect our Child Labour and Young Worker Policy (Annex I).

## 8. No precarious employment

> ILO Conventions 24; 25; 95; 117; 158; 175; 177; 181

Business partners shall, without prejudice to the specific expectations set out in this chapter, (a) ensure that their employment relationships do not cause insecurity and social or economic vulnerability for their workers; (b) work is performed on the basis of a recognised and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection.

Before entering into employment, business partners are to provide workers with understandable information about their rights, responsibilities and employment conditions, including working hours, remuneration and terms of payment.

Business partners should aim at providing decent working conditions that also support workers, both women and men, in their roles as parents or caregivers, especially with regard to migrant and seasonal workers whose children may be left in the migrants' home towns.

Business partners shall not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes - but is not limited to - (a) apprenticeship schemes where there is no intent to impart skills or provide regular employment, (b) seasonality or contingency work when used to undermine workers' protection, and (c) labour-only contracting. Furthermore, the use of sub-contracting may not serve to undermine the rights of workers.

## 9. No bonded labour

> ILO Conventions 29; 105

Business partners shall not engage in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour.

Business partners will risk allegations of complicity if they benefit from the use of such forms of labour by their business partners.

Business partners shall act with special diligence when engaging and recruiting migrant workers both directly and indirectly.

Business partners shall allow their workers the right to leave work and freely terminate their employment provided that workers give reasonable notice to the employer.

Business partners shall ensure that workers are not subject to inhumane or degrading treatment, corporal punishment, mental or physical coercion and/or verbal abuse.

All disciplinary procedures must be established in writing, and are to be explained verbally to workers in clear and understandable terms.

## 10. Protection of the environment

> OECD Guidelines for Multinational Enterprises, Chapter VI. Environment, 2011

Business partners must comply with all applicable environmental laws, regulations and standards in the countries in which they operate and take into consideration all relevant international agreements concerning the protection of the environment and public health and safety.

Business partners should assess significant environmental impact of operations and establish effective policies and procedures that reflect their environmental responsibility. They will see to implement adequate measures to prevent or minimise adverse effects on the community, natural resources and the overall environment. In particular, we expect that our Business partners preserve natural resources, maintain biodiversity and avoid environmental degradation as a result of their business operations.

Business partners shall respect our Environmental Policy and Material & Animal Welfare Policy in Annex II and III.

## 11. Animal welfare

Business partners shall ensure that no harm or cruelty is caused to animals at any stage of the production process. Animal-derived materials may only be sourced as a by-product of slaughter and by preference a natural or synthetic alternative is considered first. Materials of animal origin shall be sourced in a sustainable manner with respect to animal welfare and species conservation.

Business partners shall respect our Material & Animal Welfare Policy in Annex III.

## 12. Ethical business behaviour

Business partners shall, without prejudice to the goals and expectations set out in this chapter, not be involved in any act of corruption, extortion or embezzlement, nor in any form of bribery - including but not limited to - the promising, offering, giving or accepting of any improper monetary or other incentive.

Business partners are expected to keep accurate information regarding their activities, structure and performance, and should disclose these in accordance with applicable regulations and industry benchmark practices.

Business partners should neither participate in falsifying such information, nor in any act of misrepresentation in the supply chain.

Furthermore, they should collect, use and otherwise process personal information (including that from workers, business partners, customers and consumers in their sphere of influence) with reasonable care. The collection, use and other processing of personal information is to comply with privacy and information security laws and regulatory requirements.

## C. Core Internal Management principles

13. Business partners shall be committed to (further) develop and implement the necessary systems, policies and procedures that will help them perform their due diligence against the principles in this Code. Good due diligence means that potential and actual adverse impacts of the Business partner's activities are reasonably identified, prevented, addressed and remedied on a continuous basis.

14. Business partners shall ensure (a step-by-step) continuous improvement of working conditions in case the required compliance levels have not yet been sufficiently met.

15. Business partners shall provide continuous worker training and education – in the local language(s) – to ensure that all workers understand their rights and responsibilities related to the applicable legislation, this Code and its implementation. Workshops and tools can be provided by Prénatal, amfori, civil society organisations or other external experts if needed.

16. Business partners shall ensure the provision of a well-functioning operational-level anonymous grievance or complaints mechanism and related handling and communication procedures for workers and communities who may be adversely impacted, in such a way that users of the mechanism do not have to fear any form of retaliation.

## D. Core Transparency principles

17. Prénatal requires its Business partners to be transparent about their level of compliance with this Code, throughout its supply chain. Prénatal requires this information to perform proper due diligence as described in the OECD Guidelines for Multinational Enterprises on responsible business conduct. In this regard Prénatal distinguishes three types of Business partners, for which the minimum monitoring requirements differ:

<b>Type 1</b> <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
<b>Type 2</b> <i>Second Case Supplier (SCS)</i>	Indirect business relationship with Factory for Prénatal label and private brand production, through a (European) importer
<b>Type 3</b> <i>A-brand Supplier (A-brand)</i>	No business relationship with Factory, production of non-Prénatal label and private brands

18. At the start of the business relationship, and at any time thereafter, any Business partner must at least adhere to the applicable minimum monitoring requirements as can be found in Annex IV. Based on these requirements, Prénatal will assess, at its sole discretion, whether the Business partner meets the principles as stipulated in this Code, in order to approve the start or continuance of a business relationship.

19. Additional requirements may apply if Prénatal deems necessary. This could be in the form of in-depth thematic auditing, adequate follow-up on grievance or complaint interventions, or multi-stakeholder initiatives that are going beyond auditing. The latter could aim to perform detailed risk assessments through (local) civil society consultation and/or off-site worker interviews in case high risks of non-compliance with the Code are involved, or to remediate certain risks and/or suspected or identified non-compliances, in collaboration with (local) civil society organisations.

20. Prénatal expects Business partners to pro-actively communicate potential updates or changes in the information shared previously with Prénatal. Prénatal reserves the right to request updated information regarding the responsible business conduct of the Business Partner and its Supply chain partners at any time.

21. The Business partner ensures that free access to all production locations involved in the production of Prénatal label and private brand articles will be given to Prénatal compliance officers, independent auditing companies and civil society organisations, designated by Prénatal at all time, and also to be permitted to have confidential talks with workers.

22. Prénatal reserves the right to disclose a full list of production locations – either aggregated or in detail – on its website and in public databases, including the Open Apparel Registry (OAR).

## E. Core Responsible Purchasing Practices

Prior note: this paragraph is only applicable to the production of Prénatal label and private brand articles.

23. Prénatal believes that responsible purchasing practices are key to building long-term relationships with our Business partners and ensuring that production is in accordance with our Code. A Business partner's level of compliance with this Code is one of the determining factors when making purchasing decisions. We acknowledge that our purchasing practices play a vital role in the Business partner's ability to meet the Code principles and we are committed to sensibly handle this responsibility. Business partners play an important role in promoting more sustainable practices as well by actively stimulating a culture in line with Prénatal's principles.

24. An essential element in responsible purchasing practices is treating each other as equal business partners and proactively engaging in dialogue. In case of changes or uncertain events that affect sample requests, orders, lead times, delivery dates or prices, we expect both our buyers and our Business partners to consult each other and agree on a reasonable solution to avoid potential non-conformance with this Code.

25. Prénatal is committed to building internal awareness on the topic of responsible purchasing and encourages buyers to use fair purchasing practices, among others through the provision of internal training sessions. Our buyers and sustainability team routinely assess if our purchasing practices may negatively contribute to the working conditions at our Business partners by monitoring our cancellations, sample-to-order ratio and on-time payment of suppliers among others. The performance on these indicators will provide the basis for regular discussion with our Business partners and as a result changes in our purchasing practices may be made.

## F. Annexes

The following Annexes form an integral part to this Code:

### Policy Annexes

Annex I. Prénatal Child Labour & Young Worker Policy

Annex II. Prénatal Environmental Policy

Annex III. Prénatal Material & Animal Welfare Policy

Annex IV. Prénatal Minimum Monitoring Requirements Policy (ENG)

Annex IV. Prénatal Minimale Monitoring Eisen Beleid (NL)

### Monitoring Annexes

Annex A1. Overview Production Locations (FCS risk countries)

Annex A2. Overview Production Locations (FCS low-risk countries and SCS)

Annex B. Responsible Business Conduct Survey (SCS and A-brands)

The monitoring annexes are to be found in the corresponding Excel files that will be sent by Prénatal.



## G. Signing

Prénatal highly values its Business partners to be transparent, to act responsibly, and to (collaboratively) work towards a sustainable solution in case any non-compliance inherent to the Code principles has been suspected and/or identified throughout its supply chain.

Non-compliance with the Code is not without consequences. Any (consistent) refusal on the part of the Business partner to be transparent, to accept or to put into effect the required corrective action will result in a reconsideration of the business relationship in which Prénatal has the right to ultimately cease orders or as a last resort terminate the business relationship. Moreover, Prénatal – and consequently its Business partners and Supply chain partners – may as signatory to a (multi-stakeholder) agreement – such as the Bangladesh Accord on Fire and Building safety (hereafter: “Bangladesh Accord”) – be obligated to respect and follow the procedures stipulated by the agreement, which may include escalation and/or termination protocols.

If you have any comments on the contents of this Code or one of its Annexes or if you would like to report any non-compliance, please contact Prénatal’s Sustainability department ([MVO@prenatal.nl](mailto:MVO@prenatal.nl)).

This Code needs to be signed by a duly authorised representative of the Business partner within two weeks after receipt of this Code, and guarantees your commitment, understanding and adherence to all applicable contents of this Code, including its Annexes, throughout your supply chain. The applicable Monitoring Annexes need to be filled-out completely and returned to Prénatal within two weeks after receipt of the Monitoring Annexes.

*Date:*

*Name Business partner:*

*Business partner stamp/seal:*

*Signature:*

*Name and function signatory:*

Please send the signed Code and all filled-out Annexes that are applicable, to [MVO@prenatal.nl](mailto:MVO@prenatal.nl)

A handwritten signature in blue ink, appearing to be 'Rob van den Noort', written in a cursive style.

Rob van den Noort  
CEO Prénatal Moeder en Kind B.V.