

ALSICO NV – 2020 Communication on Progress



Index

1.	Statement of continued support by the Chief Executive Officer	2
2.	Description of actions.....	3
2.1.	Human Rights principles.....	3
2.1.1.	Assessment, policy and goals	3
2.1.2.	Implementation.....	4
2.1.3.	Measurement of outcomes.....	7
2.2.	Labour principles	8
2.2.1.	Assessment, policy and goals	8
2.2.2.	Implementation.....	10
2.2.3.	Measurement of outcomes.....	10
2.3.	Environmental principles.....	11
2.3.1.	Assessment, policy and goals	11
2.3.2.	Implementation.....	11
2.3.3.	Measurement of outcomes.....	12
2.4.	Anti-corruption principles	13
2.4.1.	Assessment, policy and goals	13
2.4.2.	Implementation.....	16
2.4.3.	Measurement of outcomes.....	16
3.	References.....	16

1. Statement of continued support by the Chief Executive Officer

STATEMENT OF CONTINUED SUPPORT UN GLOBAL COMPACT

Ronse, 27th of August 2021

To our stakeholders:

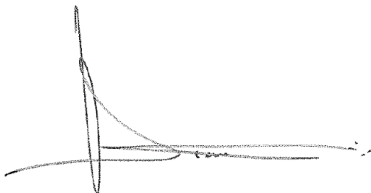
After a most exceptional year, marked by the worldwide pandemic that shook our lives and economies I am pleased to confirm that Alsico NV reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption. More than ever Alsico is committed to reach its sustainability goals within the framework of the global SDG's.

In our third annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We are pleased to announce some significant progress, notably in the reduction of CO2-emissions. This year's communication on progress contains data from our GRI-sustainability report that will published in September 2021.

We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Vincent Siau
Managing Director

A handwritten signature in black ink, appearing to be 'Vincent Siau', written over a horizontal line.

2. Description of actions

2.1. Human Rights principles

2.1.1. Assessment, policy and goals

Alsico is a family company that is globally active. We design, produce and distribute quality workwear and protective clothing. Our work is based on mutual trust between partners, respect and real concern for the people whom we work with and an economic long-term vision. Now for more than 80 years.

The textile supply chain is exposed to several severe human rights risks. Among them sexual harassment, discrimination, bonded and child labour (Caldentey, 2018). Moreover 'textile supply chains are characterized by complex networks of subsidiaries and subcontractors in countries all over the world which can jeopardize traceability of human rights abuses back to the top of the supply chain. This makes it difficult to establish responsibility and liability for abuses and further illustrates the importance of brands monitoring their entire supply chains more effectively and engaging with suppliers regarding human rights' (Clean Clothes Campaign, 2017).

Conscious of this complexity we have adopted a very clear strategy:

1) **full product and production responsibility** and

2) **increasing supply chain transparency** in order to avoid complicity with any kind of human rights abuse

- (1) We own our production units in order to have more effective control on working conditions. Staff consists of both Belgian and local managers. We are aware that we have full control, but also full responsibility for working conditions.
- All our units have a social management assurance system, that is externally audited by 3rd parties such as BSCI, SMETA, Oeko-tex. Each production unit can show a valid audit report of one of these organizations. Meanwhile we started to migrate the diverse audit systems towards Oeko-Tex STeP, which will become the standard for the whole Group.
- Audit reports are feeding continuous improvement – and they are open for consultation by stakeholders. Our main production facility in Tunisia has been audited in February 2021 by BSCI, obtaining an overall A-rate for the social management system and its implementation.
- (2) We have adopted a human rights due diligence (HRDD) approach as mentioned by the UN Guiding Principles on Business and Human Rights (OHCHR, 2011) and defined in recent research (Caldentey, 2018)(McCorquodale R., 2017). Based on information we retrieved from our supply chain we mapped environmental, social and human rights risks.
- A questionnaire was sent to all raw material suppliers in order to disclose the locations and names of their suppliers. Based on the results of this questionnaire we can state that up to 75% of purchase volume comes from suppliers that are willing to share information on their supply

chains. All suppliers are invited to answer specific questions on transparency for their supply chain during regular supplier meetings.

- In addition we renewed our code of conduct early 2021, including references to all relevant ILO-conventions. We also rewrote the Code as a 'two-way code of conduct', for both Alsico and its supplier. By this we want to reinforce that this is a mutual engagement based on continuous cooperation. In particular we demands all signatories of the Code of Conduct to comply with the UN principles on Human Rights, Working Conditions, Environment and Ethical Business Behavior as well as to cascade these guidelines through their supply chains. The code of conduct is based on the 8 fundamental ILO-conventions on working conditions and human rights, as well as on the UN Guiding Principles on Business and Human Rights (2011).
- We summarized and ranked the environmental and social risks we encountered in our due diligence. Then we met each of the risks with a specific action. The action plan is adapted each year, following each actualization of the HRDD.
- Up till today 94% of all suppliers have signed the Alsico and Supplier code of conduct. Up to 75% of our purchasing volume is coming from suppliers that have answered the transparency survey and have given – to more or lesser extent – insight in their supply chains.
- Dialogue is always chosen before terminating the supplier relationship, in order to use our leverage as a buyer to a maximum and thus cascade the principles on business and human rights down the supply chain.

From our Human Rights and Anti-Discrimination Policy:

1 HUMAN RIGHTS, GENDER & ANTI-DISCRIMINATION POLICY 2021 – 2022

Alsico is fully committed to give equal opportunities to all workers and candidates applying for a job. Also, we will take all measures to prevent any kind of discrimination and sexual harassment. All while promoting respect for basic human rights at all stages of our operations.

1. Scope

This Gender and anti-discrimination policy is applicable to all areas of our business, including offices, warehouses, stores, showrooms and/or production facilities that are owned by Alsico. This policy is relevant to the organization itself, all suppliers and other parties engaged throughout the supply chain. The policy is an integrated part of the ALSICO and supplier Code of Conduct. This code is based on our corporate values for sustainable and responsible operations and aligns with the 10 Principles of the United Nations Global Compact, of which Alsico is a signatory.

2. Objective

Alsico establishes an explicit gender and anti-discrimination policy that aims to function as a framework for both compliance and positive impact initiatives. The profile of our workforce demands such a framework. Alsico employs over 1000 people in Belgium and Tunisia, of which 75% are women. Our latest materiality assessment among stakeholders revealed that 'happy employees' and 'gender equality' are considered the most material topics. The policy is derived from our Sustainability Policy as it is written in the Alsico and Supplier Code of Conduct. It has been implemented to guarantee equal opportunities, prevent and offer swift remedy to any kind of discrimination or sexual harassment. As such it is a commitment towards continual improvement of our sustainability performance.

3. Policy

3.1. Equal opportunities and anti-discrimination

We developed a policy in line with the Principles of the UN Global Compact, of which Alsico is a signatory. More specifically we invoke Principle 6: "Businesses should uphold the elimination of discrimination in respect of employment and occupation." Discrimination in employment and occupation means treating people differently or less favourably because of characteristics that are not related to their merit or the inherent requirements of the job. In national law, these characteristics commonly include: race, colour, sex, religion, political opinion, national extraction, social origin, age, disability, HIV/AIDS status, trade union membership, and sexual orientation. Alsico will actively monitor the grounds where discrimination in employment and occupation may occur. We put in place processes to exclude and remediate any kind of disadvantageous treatment, such as grievance mechanisms and trusted persons. Following grounds are considered:

- *Recruitment*
- *Remuneration/wage gap*
- *Maternity protection*
- *Security of tenure/type of contract*
- *Promotion*
- *Access to training*
- *Hours of work and rest/paid holidays*
- *Occupational safety and health*

3.2. Respect for human rights

We will support and respect the protection of internationally proclaimed human rights. As a part of the textile supply chain we have the duty to comply with all applicable human rights laws, including the all articles of the European Convention on Human Rights. We will make sure that we are not complicit in human rights abuses. We shall ensure that that our affiliates, representatives, agents, subcontractors, suppliers and employees comply with all applicable human rights laws including all the articles of the European Convention on Human Rights.

3.3. Zero tolerance for sexual harassment

Alsico directors, employees and associated person, the company's suppliers, their affiliates, representatives, agents and subcontractors reject all forms of harassment, including sexual, psychological or verbal harassment. They shall strive to create working conditions to prevent any kind harassment. If any Alsico employee, supplier or associated person would breach the relevant provisions of this clause, or otherwise act in contravention of anti-harassment legislation or human rights law we shall have the right to terminate the agreements of collaboration and all or any orders without notice and with immediate effect.

3.4. Grievance mechanism and trusted persons

Alsico, the company's suppliers, their affiliates, representatives, agents and subcontractors shall provide low barrier grievance mechanisms where people victim of harassment or discrimination can file complaint without fear for losing their job, such as a trusted person, a grievance box managed by an designated responsible who is bound to confidentiality. They shall keep record of the grievances and the treatment of the case.

4. Nature and Scale

Alsico seeks to implement a policy, which is appropriate in nature and scale to the company and in line with its status as defined by EU law, as an SME.

5. Due Diligence

Alsico is committed to following a continuous due diligence process and engaging with workers, their elected representatives and other stakeholders in order to detect and prioritize ethical, environmental and human rights in its supply chain.

6. Continuous Improvement

Alsico commits to periodically reviewing this policy in order to continually improve, taking into consideration changes in legislation and regulation, any updates in line with best practice, any other requirements to which the Company subscribes and in order to ensure the adequacy, suitability and continuing effectiveness of the policy.

Implementation

- (1) at company level (Ronse site + production units in Tunisia):
- Post-corona well being survey at Alsico Tunisia, taken in June 2020, with an exceptional response rate of 96% – revealing several issues e.g. increase n domestic tensions and financial instability.
- New Human Rights and Anti-Discrimination Policy published early 2021
- Communicating Code of Conduct, Amfori/BSCI-guidelines to local staff and workers.
- On site visits – which have been drastically reduced due to Covid-travel restrictions (Managing director was in Tunisia twice since the outbreak of the pandemic), support for local management from our sustainability manager (helped to prepare the BSCI-audit in February 2021).
- All production units have a valid third party audit report by BSCI, SMETA or Oeko-Tex

- Only fabrics with Oeko-Tex 100 standard are purchased – as part of our effort to eliminate toxic and health risks for both workers and wearers.
- Gender and discrimination policy discussed with local management as a material topic for our units (gender and age patterns are mapped, actual needs, risks were registered through the well being survey in June 2020). Next steps: as part of the Oeko-Tex STeP certification a complete revision of existing policies – including Health and Safety and grievance systems – will take place. Preliminary talks with Unicef Tunisia on joint projects **SDG5**
- (2) Along with the new Alsico and supplier code of conduct an inquiry on supply chain transparency has been sent to our suppliers of all raw materials. They were asked to give names and locations of their Tier 1 and 2 suppliers (all raw materials).
- Based on the information (signature of code/degree of transparency) we categorized our suppliers and asked them to discuss the topic in a regular meeting. Feedback given to T1-suppliers welcomed as very positive.
- Human Rights Due Diligence: Locations and names serve to update our human rights due diligence and to establish new goals and actions in our Plan of Action. This year's due diligence has put forward health and safety, as well as gender and discrimination as the main topics to focus on.

2.1.2. Measurement of outcomes

- (1) All three production units (Tunisia) have BSCI-guidelines communicated in form of posters in the working space. Suggestions boxes are installed and identified as a channel for anonymous grievances. Health and safety committee in place. Worker representation in place (OHS-committee, personnel committee).
- Main production site in Tunisia has been audited by BSCI in February 2021– obtaining an overall A-rate.
- Our quality manager will retake the monthly visits to the production sites on as soon as travel restrictions to Tunisia have been lifted. Sustainability manager is in close contact with the local management in order to report and monitor ongoing and new actions.
- The gender map is finished, with the last data pointing out some differences in age/training level among workers. 55% of workers in Tunisia have some sort of higher education, of those 11% has a college degree. Only 1% has not finished elementary school.
At our sites in Tunisia, 87% women are at work, 13% are men. 52% of all workers in Tunisia have a permanent contract. Payment of salaries during lockdowns have been continued. **SDG5**
- (2) at supply chain level: As much as 94% of our fabric suppliers have signed the new supplier code of conduct.
- 34% of suppliers have given information on yarn and fiber suppliers, counting for 75% of our fabric purchases.
- Face to face discussions with the suppliers have shown there is still some restraint on sharing information on production – raw materials used and their origin.

The Sustainability manager reports on both 1) and 2) directly to the general manager.

- No investigations, legal cases, rulings, fines and other relevant events related to Human Rights have been encountered in our production units. We cannot exclude such cases for the whole of our supply chain, since large parts of yarn and fiber producer remain uncovered.

2.2. Labour principles

2.2.1. Assessment, policy and goals

The same dual strategy applies to monitoring the labour principles established by the UN Global Compact and improving general working conditions.

- (1) **full product and production responsibility** in regard to working conditions
- (2) **increasing supply chain transparency** in order to avoid complicity with any kind of abuse or disregard of the labour principles.

From our Alsico and Supplier Code of Conduct:

2. Working conditions

2.1 Freedom of Association and Collective Bargaining.

We recognize and respect the rights of workers to exercise lawful rights of free association, including joining or not joining any association. We also respect any legal right of workers to engage in collective bargaining (ILO Conventions 87 and 98). In those situations in which the right to freedom of association and collective bargaining are restricted under law, we facilitate parallel means of independent and free association and bargaining for all workers. Workers' representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to carry out their representation functions. (ILO Convention 135 and Recommendation 143)

2.2. Fair remuneration

Workers shall be paid a living wage instead of just the legal minimum wage. Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income. (ILO Conventions 26 and 131).

2.3. Child Labour

We categorically reject the employment of children. Under no circumstances there shall be use of child labour. The age for admission to employment shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years." (ILO Convention 138)

2.4. Special Protection for Young Workers

We commit to provide special protection to any workers who have reached the minimum age to work but who have not reached legal adult age. Children [in the age of 15-18] shall not perform work which, by its

nature or the circumstances in which it is carried out, is likely to harm their health, safety or morals.” (ILO Convention 182)

2.5. No forced or compulsory labour;

We do not tolerate any type of involuntary or forced labour, including indentured, bonded, prison or slave labour. There shall be no forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour. (ILO Conventions 29 and 105)

2.6. No discrimination

We reject all forms of discrimination (color of skin, gender, language, ethnic origin, religion, political affiliation, union membership, social origin, deficiencies or handicaps) in respect of employment and occupation. Recruitment, wage policy, admittance to training programmes, employee promotion policy, policies of employment termination, retirement, and any other aspect of the employment relationship shall be based on the principle of equal opportunities (ILO Conventions 100 and 111). Meanwhile we have the duty to create working conditions free of sexual, psychological or verbal harassment (ILO Convention 190).

2.7. Occupational Health and Safety

We must ensure a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it. In order to create a safe and hygienic working environment the best occupational health and safety practice shall be promoted, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Appropriate attention shall be paid to occupational hazards specific to this branch of the industry and assure that a safe and hygienic work environment is provided for. Effective regulations shall be implemented to prevent accidents and minimize health risks as much as possible (following ILO Convention 155).

2.8. Working hours

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not be required to work in excess of 48 hours per week on a regular basis. They shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate. (ILO Convention 1)

2.9. No precarious employment

We have the duty to hire workers based on documented contracts according to the law. Apprenticeships can be used as a way to hire personnel, but the apprentices have to be offered an outlook to further employment. Younger workers shall be given the opportunity to participate in education and training programs.

2.2.2. Implementation

- (1) Both Ronse site (B) and our own production units comply with local legal standards on working conditions (collective bargaining and freedom of association, legal working hours, minimum wage, healthy and safe working environment). We can ensure that no child labour, nor bonded labour is taking place at our production sites, as was confirmed by the most recent 3rd party audits. Moreover systems are in place to avoid and denounce under age work, as well as there is protection for young workers.
- A survey on socio economic wellbeing during the lockdowns has been conducted in June 2020 **SDG8**
- In preparation for our GRI-sustainability report a materiality analysis has been conducted. Stakeholders (unions, ngo's, government institution, local authorities, neighbours, shareholders) were ask to point out the topics that they consider the most important for Alsico AND topics that shape their views on the company the most. 'Product quality' came out as the top material topic, along with 'customer satisfaction' and 'management responsibility'.
- Ronse site has given special attention to health and wellbeing of its employees, scheduling a weekly hour for collective sports on Thursdays, building its own Padel facility. **SDG3**

- (2) at supply chain level: Based on information from the supply chain transparency survey we have conducted a due diligence on labour rights. For each known location we have listed potential risks. Since information is incomplete – especially further down the chain – complicity with labour rights abuse cannot be excluded at this stage.
- The due diligence is continuously being updated with information from audit reports, direct supplier information and press reports.
- The above mentioned Alsico and Supplier Code of Conduct has been presented to all suppliers for signing. It will be the first requirement of our sustainable purchase program we are implementing along the ISO 20400 guidelines.

2.2.3. Measurement of outcomes

- (1) at company level (Ronse site + production units): No investigations, legal cases, rulings, fines and other relevant events related to Labour Rights have been encountered in our production units.
- 58 stakeholders have filled the survey on materiality (GRI), revealing that the 'quality of products' is considered the most material topic for Alsico.

- (2) at supply chain level: Assessment of labour-related risks in our supply chain (countries of all known T1,T2 and 3 suppliers) has been conducted, pointing at health and safety, gender discrimination and living wage as the two most relevant labour rights risks.

2.3. Environmental principles

2.3.1. Assessment, policy and goals

The same strategy based on strong due diligence applies to monitoring the environmental principles established by the UN Global Compact. Goal is to avoid any negative impact from our activity, within our operations but also through the whole supply chain. We know that most serious environmental impacts occur further down the supply chain – water footprint of cotton, pollution and health issues from pesticides, pollution and CO₂-emissions from crude oil extraction and polyester production – as well as upstream in the use and discarding of clothing – microplastics, water footprint, CO₂-emissions from burning. Therefore up to date information from our due diligence feeds into an ISO20400 based sustainable purchase policy.

- (1) **full product and production responsibility** in regard to environmental impact
- (2) **increasing supply chain transparency** in order to gain access to the best information on actual impacts in all supply chain stages. Goal = making the right design and purchase choice to avoid negative environmental impacts further down and up the chain
- The short term goals we have set regarding environmental principles (2019-2021):
 - set science based targets for reducing CO₂-emissions when our CO₂-footprint is taken this year **SDG13**
 - integrate full circular workwear in our offerings **SDG12**
 - reducing overall CO₂-emissions with 30% **SDG13**
- The long term goals we have set regarding environmental principles (2021):
 - Cut CO₂-emissions by 60% till 2030
 - Excluding all harmful substances in our raw materials according to the ZHCD roadmap to zero

2.3.2. Implementation

- (1) at company level (Ronse site + production units): all direct impacts are controlled, remedied and improved through our ISO14001 environmental management system (Ronse site)
- In addition we an Oeko-Tex STeP certification process is in course. This is management system with particular attention to environmental impacts. All production units eventually will get this certification.
- Focus groups on CO₂-actions, consisting of volunteering workers have made progress: 1) A new fabric has been developed which emits up to 72% less CO₂e than the standard workwear Polyester/Cotton fabric nowadays used. 2) The comprehensive Standard offer for collection and recycling of used clothing is integrated in an industry wide initiative called Circle Tex 3) sustainable/FSC-labelled paper boxes are now used, plastic bags from recycled plastics/PET 4) review of transport trajectories and suppliers has been conducted 5) bike lease plan has been

implemented with 11% of all workers adhering, 6) printers are reduced and centralized, which led to decrease in print activity, paper and toner consumption.

- Action 1) is part of our year long search for a fabric that reduces environmental impacts while surpassing today's comfort and quality standards. Action 2) is part of a larger effort that includes offering of full circular workwear (100% recyclable fabrics, collection and recycling to fibers/fabrics).
- Alsico has offset its CO2 footprint (all production related areas, minus raw materials) through a tree-planting project in Madagascar. The 3366 ton of CO2 we emit have been compensated by 33662 trees we have planted in 2020. The new collections are carbon neutral as well. For every 5 pieces of clothing that are sold, we will plant a tree.
- .CO2-neutral warehouse has been inaugurated in January 2020
- (2) at supply chain level: all our suppliers were asked to subscribe the following environmental principles in the Alsico and supplier code of conduct:

3. Environment

4.

3. Environment

3.1. Non-toxicity of production process, products and services

We take all necessary steps in order to make sure that processes, products and services are safe for human beings and compliant with all European environmental and safety regulations as well as the local laws of the country and region in which they operate. Suppliers should encourage their business partners to take the same precautionary approach to environmental challenges; specifically in the textile supply chain there should be taken a precautionary approach in relation to water consumption in the production stage of natural fibres, waste water discharge in the stage of production of man-made fibres and in the dyeing, finishing of fabrics, the use of pesticides in the production of natural fibres and the use of hazardous substances in the production stage of all types of yarn and fabrics.

3.2. Circular approach to raw materials and energy

We have the duty to pursue effective environmental protection using measurable data in a management system in order to reduce the environmental footprint of our products through-out their life-cycle. This comprehensive approach includes but is not limited to: reducing energy, water consumption, CO2- emissions, waste, increasing use of renewable materials and energies, sourcing locally, training people, invest in environmentally friendly technologies.

4.1.1. Measurement of outcomes

- (1) at company level (Ronse site + production units): ISO 14001 (and ISO9001) have been reconfirmed by a successful renewal up audit (December 2020)
- The Follow up carbon footprint of 2020 has revealed a 23% reduction in CO2e emissions from our base year 2016. Part of the reduction was due to a decrease in production. But a proportional count showed that we still reduce 10% on a structural base. Actions on fabric purchases, waste and end-of-life have revealed themselves successful.

- Since 2010 580 ton of clothing have been recycled (to insulation materials)
- 166 ton of production waste (100% of all rest fabrics) are recycled to cushion fillings
- 33662 trees have been planted in Madagascar, compensating all the CO2-emissions from our production activity in 2019
- (2) at supply chain level: 94% of our suppliers has signed the code of conduct
- All fabric suppliers have sent valid Oeko-tex 100 certificates for the fabrics they deliver
- We have conducted a water footprint of the amount of cotton we purchased in 2020, pointing at 5,2 million M3 water. Awareness campaign has been launched among purchasers/sales in order to favor fibers with lower – blue - water footprints, such as lyocell or organic cotton.

4.2. Anti-corruption principles

4.2.1. Assessment, policy and goals

The same dual strategy applies to monitoring the anti-corruption principles established by the UN Global Compact. Aim = excluding corruption at any level of our activity. Although corruption is not among the high risk factors in textile industry (Caldentey, 2018), we consider anti-corruption policy of the highest importance and therefore have introduced a dedicated Ethical Trading Policy.

- (1) **full product and production responsibility** in regard to anti-corruption, bribery and embezzlement.
- (2) **increasing supply chain transparency** in order to avoid corruption further down the chain and increase awareness
- (1) at company level (Ronse site + production units) there is zero tolerance regarding corruption/bribery/conflicts of interest, that is reflected in our workers contracts.

From our Ethical Trading Policy:

ETHICAL TRADING POLICY

2021 - 2022

Alsico is fully committed to continually improve its ethical performance and to allocate adequate resources to ensure that we can implement this policy, as well as verify and monitor our performance and that of our suppliers.

1. Scope

This Ethical Trading Policy is applicable to all areas of our business, including offices, warehouses, stores, showrooms and/or production facilities that are owned by Alsico.

This policy is relevant to the organization itself, all suppliers and other parties engaged throughout the supply chain. The policy is an integrated part of the Alsico and supplier Code of Conduct. This code is based on our corporate values for sustainable and responsible operations and aligns with the 10 Principles of the United Nations Global Compact, of which Alsico is a signatory.

2. Objective

The policy is derived from our Sustainability Policy as it is written in the Alsico and Supplier Code of Conduct. The company recognizes its obligations towards its customers, employees and the communities in which it works and has this documented policy in relation to labour standards.

It is Alsico's intention and a key commitment to comply with relevant legal requirements and regulation throughout the supply chain. There is a further commitment to continually improve our ethical performance and to allocate adequate resources to ensure that we can implement, verify and monitor our performance and that of our suppliers.

3. Policy

Alsico does not tolerate any acts of corruption, extortion, embezzlement or bribery in its facilities nor in its supply chain. Suppliers, their affiliates, representatives, agents, sub-contractors, suppliers and employees shall comply with all applicable anti-bribery laws and regulations, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010. Suppliers are expected to operate honestly and equitably throughout the supply chain in accordance with local laws pertaining to:

- Business Integrity - Anti-Corruption rules
- Disclosure of Information to stakeholders
- Protection of Intellectual Property
- Responsible Sourcing
- Respect of Company and Personal Data: compliance to GDPR
- Conflicts of interest

Alsico demands its suppliers to warrant that they shall not (they shall ensure that their affiliates, representatives, agents, sub-contractors, suppliers and employees shall not) give, offer or pay (either directly or through a third party) the payment of any financial or other advantage to any third parties, which would cause us, our affiliates or any group companies or agents to be in violation of any applicable anticorruption laws, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010.

Specifically Alsico directors, employees and associated persons are not permitted to pay or offer to pay (directly or indirectly) bribes anywhere in the world with the intention of securing business, or an advantage in the conduct of business, for Alsico. Should any kind of such acts be revealed, then Alsico has the right to terminate the Agreements of collaboration and all or any Orders without notice and with immediate effect

In addition, Alsico directors, employees and associated persons are not permitted to request, receive or accept any financial or other advantage from third parties. Bribes can include (but are not limited to) cash, gifts, electronic equipment, offers of employment, entertainment, loans, travel, charitable donations and/or political contributions. Bribery can be defined as: "offering, promising or giving (directly or indirectly) a financial or other advantage to a person, to induce them to behave improperly (or to reward them for so doing); and/or "offering, promising or giving (directly or indirectly) a financial or other advantage to a person, knowing or believing that the acceptance of the advantage would itself constitute the improper performance of a function or activity performed by that person"; and/or "offering, promising or giving a foreign public official (directly or indirectly) a financial or other advantage, with the intention of influencing that official in their official capacity in order to obtain or retain business (or an advantage in the conduct of business) for Alsico where the Foreign Public Official is not permitted nor required by law to be influenced by the advantage".

For the avoidance of doubt, reference to bribes include facilitation payments. The term "facilitation payments" (also called "grease" or "speed" payments) refers to payments that are requested by Foreign Public Officials to speed up a routine government action such as:

- Processing licences, permits, or other official documents;
- Processing government paperwork such as visas and work orders; and
- Providing services such as police protection and mail pick-up and delivery.

Where any request is received either directly or via an Associated Person on our behalf, to make a payment to a Foreign Public Official we must, before making or authorising such a payment, obtain:

- Written confirmation or other evidence that such a payment is lawfully and properly payable and is not just paid for the sake of expediency;
- Prior written consent of the Compliance Officer;
- If possible obtain an invoice before the payment is made; and
- Obtain immediately on payment an official receipt for the payment which states the purpose of the payment and refers to the particular situation in sufficient detail to be linked to the payment. Payments must not be made in cash.

Alsico demands its suppliers to disclose to us all payments they (and/or their affiliates, representatives, agents, sub-contractors, suppliers and employees) have made, are obligated to make or intend to make to any agents, brokers, intermediaries or other third parties in connection with the awarding of any Orders.

If any Alsico employee, supplier or associated person would breach the relevant provisions of this Clause, or otherwise act in contravention of anti-corruption legislation or human rights law we shall have the right to terminate the agreements of collaboration and all or any orders without notice and with immediate effect.

4. Nature and scale

Alsico seeks to implement a policy, which is appropriate in nature and scale to the Company and in line with its status as defined by EU law, as an SME.

5. Due Diligence

Alsico is committed to following a continuous due diligence process and engaging with workers, their elected representatives and other stakeholders in order to detect and prioritize ethical, environmental and human rights in its supply chain.

6. Continuous Improvement

Alsico commits to periodically reviewing this policy in order to continually improve, taking into consideration changes in legislation and regulation, any updates in line with best practice, any other requirements to which the Company subscribes and in order to ensure the adequacy, suitability and continuing effectiveness of the policy.

- (2) at supply chain level we have adopted a similar zero tolerance approach, reflected in our supplier code of conduct.

4. Ethical business behavior

4.1. Alsico NV does not tolerate any acts of corruption, extortion, embezzlement or bribery in the Supplier's facilities nor in its supply chain. Suppliers, their affiliates, representatives, agents, sub-contractors, suppliers and employees shall comply with all applicable anti-bribery laws and regulations, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010. Suppliers are expected to operate honestly and equitably throughout the supply chain in accordance with local laws pertaining to:

- *Business Integrity - Anti-Corruption rules*
- *Disclosure of Information to stakeholders*
- *Protection of Intellectual Property*
- *Responsible Sourcing*
- *Respect of Company and Personal Data: compliance to GDPR*
- *Conflicts of interest*

4.2. ALSICO suppliers warrant that they shall not (they shall ensure that their affiliates, representatives, agents, sub-contractors, suppliers and employees shall not) give, offer or pay (either directly or through a third party) the payment of any financial or other advantage to any third parties, which would cause us, our affiliates or any group companies or agents to be in violation of any applicable anticorruption laws, including the US Foreign Corrupt Practices Act and the UK Bribery Act 2010.

4.3. ALSICO suppliers shall disclose to us all payments they (and/or their affiliates, representatives, agents, sub-contractors, suppliers and employees) have made, are obligated to make or intend to make to any agents, brokers, intermediaries or other third parties in connection with the awarding of any Orders.

4.2.2. Implementation

- (1) anti-corruption policy is communicated to workers through the official labour rules (Arbeidsreglement), containing a paragraph on anti-corruption. Breaching this paragraph is a reason for immediate ending of the contract. A new version of the labour rules has been communicated during 2019. The Ethical Trading Policy is communicated internally and externally through our website.
- (2) code of conduct has been presented for signing to our suppliers
- A new framework for suppliers – stipulating all legal commitments for both parties – is to be sent
- Due diligence – based on the inquiry of all our raw material suppliers – will be carried out as well for anti-corruption risks

4.2.3. Measurement of outcomes

- (1) No investigations, legal cases, rulings, fines and other relevant events related to Corruption have been encountered in our production units.
- (2) all workers have become a copy of the labour rules
- (3) 94% of suppliers have signed the code of conduct (July 2021)
- (4) new ethical trading policy has been communicated internally and externally

5. References

Caldentey, L. S. (2018). *“European textile industry and human rights due diligence: Key developments, human rights allegations & best practices.”* Brussels. Retrieved from https://www.business-humanrights.org/sites/default/files/EU_Textile_Briefing_Final.pdf

Campaign, C. C. (2017). *Follow the thread. The need for supply chain transparency in the garment and footwear industry.*

McCorquodale R., S. L. (2017). *Human Rights Due Diligence in Law and Practice: Good Practices and Challenges for Business Enterprises.* Cambridge: Cambridge University Press.

OHCHR. (2011). *Guiding principles on business and human rights: Implementing the United Nations "Protect, Respect and Remedy" framework.* Geneva: OHCHR.