

Code of Conduct Innovation Living Group

INNOVATION LIVING™

Tenksom
Scandinavian Upholstery



Introduction – Purpose and scope

This Code of Conduct describes the ethics and behavior that Innovation Living Group (referred as 'ILG' and covering all brands fully owned by ILG) wishes to live up to in our own companies and to promote throughout the supply chain and is directed at any supplier and their subcontractors who manufacture products and provide services for ILG in agreeing to do business with ILG, all suppliers agree to uphold their ethical and environmental responsibilities in compliance with this Code of Conduct.

The Code of Conduct is based on and follows The Universal Declaration of Human Rights, key UN conventions, ILO conventions and recommendations, as well as the UN Global Compact's ten principles of responsible business (see Appendix 1 for the principles and a full list of Conventions and Recommendations). All legal requirements and regulations in operating countries must be met. Where cultural differences and varying regulation in different locations exist, the supplier must comply with the requirements listed in this Code of Conduct and follow whichever standard is higher in either this Code of Conduct or local laws and regulations.

ILG's mission within sustainability is to accelerate our customers' transition to sustainable products, and our vision is to develop and create lasting solutions that raise the bar for sustainability across the industries we operate in. As such, we are committed to taking responsibility for our entire supply chain impact, environmentally and socially, which requires close cooperation with our suppliers and high levels of transparency.

Consequently, ILG wishes to build lasting relationships with suppliers who prioritize sustainability, and who can contribute to our ambition of raising the bar for sustainability across the industries we operate in. Suppliers should be open and willing to engage with ILG on projects and initiatives undertaken, including ILG organized training, disseminating information to subcontractors and workers, sharing relevant data and information upon request, and actively engaging in programs or initiatives offered by ILG. Suppliers should have a designated contact person within their company who is responsible for communicating this Code of Conduct and all related requirements throughout their supply chain, as well as communicating directly with ILG.

ILG ensures compliance with the Code of Conduct through our own auditing process and third-party assessments, such as – but not limited to – BSCI, BEPI and customer audits. All businesses involved at any stage in the production must be open to audits, including third party audits, to evaluate and monitor compliance to the Code of Conduct. Suppliers must make a corrective action plan for their improvement if they cannot be verified to comply with this Code of Conduct in a reliable way (see Appendix 3 for further details on critical non-compliance and corrective action plans).

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Human rights and labour rights

Prevention of forced or involuntary labour

ILG prioritizes the management of the human rights impacts of our business activities based on the operational context, our leverage and business relationships. As a result, we concentrate on our own operations and our suppliers, although we aim to prevent and mitigate adverse human rights impacts in the whole value chain. ILG does not permit any actions that restrict employees' freedom of movement. Forced labor, slave labor or any other form of involuntary labor will not be accepted in ILG's installations or in operations run by the company's partners. ILG will not tolerate child labor in its own operations or in operations run by the company's partners.

To prevent forced or involuntary labor, suppliers must not use or benefit from any illegal workers, debt bondage or other forms of modern slavery, human trafficking, or prison labor; ILG supports the UK's Modern Slavery Act. Workers will not be required to leave any form of deposit, or identity papers/passport with their employer, and may terminate a contract after legal notice. Employees shall have permission to leave the workplace under reasonable circumstances. ILG respects the religious beliefs of all employees and expects that suppliers to do the same.

Working conditions

Working conditions shall conform to national laws, regulations and collective agreements relating to human rights and labor conditions such as working hours, overtime working hours and leave and that such rules shall apply without discrimination to all categories of workers (i.e. permanent, contract, lease, etc.). ILG never accepts labor conditions that are not in line with the ILO Declaration on Fundamental Principles and Rights at Work.

The right to collective bargaining and freedom of association

The supplier shall recognize and uphold the freedom of association, freedom of opinion and expression, as well as the right to organize and collective bargaining, without interfering with workers' unions or preventing workers from joining these unions. Workers shall not face prejudice due to union membership or active participation in workers' committees, nor due to the exercising of their right to refrain from joining any organization. Where freedom of association and the right to collective bargaining is restricted or prohibited under law, the employer shall facilitate alternative forms of independent and free worker representation and negotiation, in accordance with international labor standards.

Freedom from discrimination and harassment

Employees shall not be subjected to discrimination (including during recruitment, promotion, and access to training, termination, or retirement) regarding race, color, caste, nationality, religion, political affiliation or opinions, gender, age, disabilities, sexual orientation, pregnancy, diseases, marital status, or any other condition that could give rise

to discrimination. The supplier is encouraged to set diversity goals and targets to ensure equality. Suppliers must ensure that workers are not subject to any form of violence or harassment in the workplace, including physical, psychological, sexual, or economic abuse, coercion, or intimidation.

Health and safety

The supplier shall provide a safe, clean, and healthy working environment, including adequate space and services for employees, such as access to toilets and water, as well as sufficient light, ventilation, and temperature control. In factories, management shall facilitate the establishment of workers' health and safety committees.

Health and safety levels should be assessed at least annually, and suppliers must do a thorough risk assessment of all areas of the facility. The supplier must ensure regular maintenance of equipment and facilities, as well as proper chemical management and disposal. Where risks cannot be eliminated, the supplier must provide sufficient and well-maintained personal protective equipment, ensure that all risks are clearly signed, and maintain emergency preparedness plans and procedures that are understandable to employees.

Response procedures covering fires, natural disasters, security, and health-related events should be written and communicated to employees, and all employees should undergo relevant training to prevent and mitigate accidents. A sufficient number of employees must be trained in first aid, and adequately stocked first aid kits should be available for all employees. If suppliers have dormitory buildings, these should be separate from the factory building and have sufficient living and storage space for workers, with all necessary services provided. Dormitories, kitchens, and dining areas must have all necessary health and safety as well as fire safety precautions.

Climate and Environment

ILG is committed to reduce environmental impact and further circular practices in production processes. In addition to following all national and regional environmental laws, suppliers are encouraged to set up an environmental management plan to reduce the effect of business activities on the environment. See Appendix 2: Environmental policy for more details on ILG's expectations for suppliers within this area.

Energy efficiency, air emissions and climate change (GHG emissions)

Suppliers should work to reduce energy consumption and use renewable energy to reduce reliance on fossil fuels in buildings, manufacturing, and transportation. Gaseous effluents as well as non-toxic particles and air pollutants such as PM2.5, PM10, SOx, and NOx, emitted during production must be controlled, monitored, recorded, and treated as required by law. ILG encourages its suppliers to monitor, record and transparently share GHG emissions with ILG, as well as actively seek to reduce emissions.

Chemical restrictions

Suppliers must follow and comply with ILG's Chemical Restrictions in accordance with ILG's Environmental Policy (Appendix 2). All chemicals and hazardous materials must be minimized and safely handled, transported, and disposed of according to law with detailed records kept. A Material Safety Data Sheet in the local language must be available where such chemicals are used.

Raw materials sourcing, cleaner production and minimizing waste

Suppliers shall source materials responsibly (see Appendix 2: Environmental policy for certification requirements), be able to document veracity of recycled materials, and work to improve resource efficiency e.g. by implementing cleaner production techniques and reduce waste during production processes. Suppliers should keep detailed records of resource consumption as well as waste production and emissions and share these with ILG upon request.

Governance and transparency

Integrity and anti-corruption

Suppliers should display the highest level of ethical integrity when dealing with workers, suppliers and ILG employees. Suppliers should comply with privacy and information security laws and regulatory requirements when collecting, using, and processing personal information. Suppliers must adhere to all applicable anti-corruption laws and anti-bribery laws, rules, and regulations and work against corruption in all its forms, including extortion and bribery.

Protection of whistleblowers

Suppliers should provide an anonymous method for workers to report workplace grievances or adverse impacts on individuals and communities and ensure that policies are in place to protect workers when complaints and grievances are reported in good faith.

Animal welfare

Animals must not be harmed for the manufacturing of ILG products. ILG requires that materials derived from animals used in our products are from animals that are treated according to animal welfare laws and international recommendations.

Transparency and sourcing of materials

Suppliers must ensure that subcontractors follow this Code of Conduct as well as declare all subcontractors with ILG upon request. Suppliers must be fully aware of all sites and companies involved in their production network and should be able to provide ILG with a detailed and comprehensive map of their supply chain on request. Suppliers should set up their own internal policies with regards to ethical production and environmental responsibility. ILG requires that suppliers source raw materials responsibly. Raw material production must not have a negative impact on human rights. If it is decided that certain companies, regions, or countries are not to be worked with based on ethical or environmental concerns, suppliers must respect these sourcing decisions.

Non-disclosure agreement

is a legal contract or part of a contract between at least two parties that outlines confidential material, knowledge, or information that the parties wish to share with one another for certain purposes, but wish to restrict access to. By signing an NDA, participants agree to protect confidential information shared with them by the other party.

APPENDIX 1: LIST OF CONVENTIONS AND RECOMMENDATIONS COVERED BY THIS CODE OF CONDUCT

Prevention of forced or involuntary labour

C29 Forced Labour Convention, 1930; <http://www.oit.org/ilolex/cgi-lex/convde.pl?C029>

C105 Abolition of Forced Labour Convention, 1957;

<http://www.ilo.org/ilolex/cgilex/convde.pl?C105>

Working hours and adequate rest

C1 Hours of Work (Industry) Convention, 1919; <http://www.ilo.org/ilolex/cgilex/convde.pl?C001>

C14 Weekly Rest (Industry) Convention, 1921; <http://www.ilo.org/ilolex/cgilex/convde.pl?C014>

R116 Reduction of Hours of Work Recommendation, 1962;

<http://www.ilo.org/ilolex/cgilex/convde.pl?R116>

The right to collective bargaining and freedom of association

C87 Freedom of Association and Protection of the Right to Organise Convention, 1948;

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C087>

C98 Right to Organise and Collective Bargaining Convention, 1949;

<http://www.oit.org/ilolex/cgi-lex/convde.pl?C098>

C135 Workers' Representatives Convention, 1971; <http://www.ilo.org/ilolex/cgilex/convde.pl?C135>

C154 Collective Bargaining Convention, 1981; <http://www.ilo.org/ilolex/cgilex/convde.pl?C154>

Prevention of child labour and protection of young workers

C138 Minimum Age Convention, 1973; <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C138>

C182 Worst Forms of Child Labour Convention, 1999;

<http://www.ilo.org/ilolex/cgilex/convde.pl?C182>

R79 Medical Examination of Young Persons Recommendation, 1946;

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?R079>

R146 Minimum Age Recommendation, 1973; <http://www.ilo.org/ilolex/cgi-lex/convde.pl?R146>

UN Convention on the Rights of the Child, 1990; <http://www2.ohchr.org/english/law/crc.htm>

Adequate compensation

C100 Equal Remuneration Convention, 1951; <http://www.ilo.org/ilolex/cgilex/convde.pl?C100>

C131 Minimum Wage Fixing Convention, 1970; <http://www.ilo.org/ilolex/cgilex/convde.pl?C131>

Freedom from discrimination and harassment

C111 Discrimination (Employment and Occupation) Convention, 1958;

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C111>

C183 Maternity Protection Convention, 2000; <http://www.ilo.org/ilolex/cgilex/convde.pl?C183>

UN Convention on the Elimination of All Forms of Discrimination against Women;

<http://www.hrweb.org/legal/cdw.html>

Regular employment and protection of vulnerable groups

C143 Migrant Workers (Supplementary Provisions) Convention, 1975;

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C143>

R184 Home Work Recommendation, 1996; <http://www.ilo.org/ilolex/cgi-lex/convde.pl?R184>

Health and safety

C155 Occupational Safety and Health Convention, 1981;

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?C155>

R164 Occupational Safety and Health Recommendation, 1981;

<http://www.ilo.org/ilolex/cgi-lex/convde.pl?R164>

Corruption

United Nations Convention against Corruption;

http://www.unodc.org/pdf/crime/convention_corruption/signing/Convention-e.pdf

Environment

The Rio declaration on Environment and Development:

<http://www.unep.org/Documents.Multilingual/Default.asp?documentid=78&articleid=1163>

Sustainable Water Group, Water Quality Guidelines – 2010:

http://www.bsr.org/reports/awqwg/BSR_AWQWG_Guidelines-Testing-Standards.pdf

International Guidelines

OECD Guidelines for Multinational Enterprises: <http://mneguidelines.oecd.org/guidelines/>

United Nations Guidelines on Business and Human Rights:

https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

The UN Global Compact ten principles (see below):

<https://www.unglobalcompact.org/what-is-gc/mission/principles>:

- Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

- Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour;

Principle 6: the elimination of discrimination in respect of employment and occupation.

- Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility;
and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

- Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

APPENDIX 2: ENVIRONMENTAL POLICY

ILG is committed to reduce the environmental impact of our products, and a large share of this impact originates in the supply chain. As such we encourage our suppliers to go beyond compliance and work in partnership with ILG to continuously improve energy efficiency, reduce waste and pollution, and improve our ability to track and reduce environmental impact.

GHG emissions

ILG will work with suppliers to gather data on and lower GHG emissions throughout the supply chain. As our efforts to map the GHG emissions throughout our supply chain will intensify in the coming years, suppliers are highly encouraged to improve their own understanding of their own GHG emissions and collect data.

Cleaner production and minimizing waste

Suppliers shall implement and seek to continuously improve re-use/recycling of waste, including packaging, and suppliers are encouraged to set targets for waste reductions.

Restricted Chemicals

Suppliers must adhere to all applicable laws and regulations regarding prohibited or restricted substances. All suppliers must comply with the European chemical legislation REACH, and garment suppliers should ensure compliance with the most updated MRSL (Manufacturing Restricted Substance List) from ZDHC group aimed at safer chemistry use during manufacturing in the garment industry. Furthermore, compliance with company specific chemical restrictions must also be shown. ILG is continuously reviewing the chemical use in our products and ask suppliers to follow our updated requirements.

Screening of suppliers

ILG is gradually implementing use of the IPE website (<http://www.ipe.org.cn/index.html>) as a screening tool, currently most relevant for Chinese suppliers, to identify previous pollution violations to avoid working with factories that have had serious violations. Meanwhile, ILG encourages suppliers with high environmental impacts to make a public disclosure of emissions through the Pollutant Release and Transfer Register (PRTR) on the IPE website.

APPENDIX 3: NON-CONFORMANCE

If critical failures are identified in the assessment of suppliers, such critical nonconformance must be corrected within 2 months. Other major non-conformance must be corrected within 6 months. ILG will terminate the business or may cancel orders with the supplier without any notice, if the supplier

is found to not have taken any improvement action based on the corrective action plan. In defining major and minor nonconformance, ILG follows the definitions set by Social Accountability International: <https://sa-intl.org/resources/corrective-action-requests-cars/>

ILG has a clear policy towards critical non-conformance, covering at a minimum the list below, regardless of any third-party assessments. The list of critical nonconformance issues in no way replaces the rest of this Code of Conduct, which suppliers must work in accordance with, in its entirety

Child Labour

- No workers younger than 15 years old (or the legal minimum age defined by the country, whichever is higher)
- No workers younger than 18 years old who are engaged in hazardous work

Forced labour and inhumane treatment

- No forced labour / no prison labour
- No mental / physical punishment

Discrimination

- No disparate treatment between union/non-union workers
- No discrimination in employment, promotion, compensation, welfare, dismissal, and retirement

Wages and Compensation

- All workers' (including temporary workers/trainees/apprentices/workers in probation period) wages meet local legal minimum wages or wage defined by collective bargaining agreement requirements (whichever is highest)
- The payment frequency cannot be more than one month

Environment

- The manufacturer must comply with local, regional, and international environmental regulation that applies to their industry
- The supplier must adhere to applicable animal welfare laws in the production of products

Transparency

- All factory premises and relevant documents must be fully accessible. No false documentation is tolerated
- Factories must have an effective time recording system to record working hours accurately

Management System

- Top management of supplier is open to the assessment and willing to accept the proposed improvements from ILG