

Varner AS

Varner Supplier Code of Conduct 2026

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INTRODUCTION

Responsibility as a core value

Varner is a value driven company. Responsibility is one of our core values. We have a strong focus on responsible business conduct and are implementing the process of due diligence ¹for responsible business conduct in our routines to support responsible production. Our aim is to avoid adverse impacts on the environment, people, and communities throughout our value chain. Therefore, we strive to ensure that the products we sell are made under fair conditions, are of good quality and do not pose a risk to the consumer or environment.

To achieve responsible business conduct we wish to work in close partnership with our suppliers and business partners. We expect our suppliers and partners to work focused and systematically to comply with our requirements. In addition to the specific requirements laid out in this document, our suppliers shall:

- Conduct due diligence for responsible business conduct, which involves conducting risk assessments to identify potential negative impact on people, society and the environment and to stop, prevent and reduce such impact. The measures put in place must be monitored and their effect evaluated. The measures taken must be communicated to those affected by your actions. If the supplier is responsible for the negative impact/damage, they are responsible for providing remedy.
- Show willingness and ability to continuous improvement for environment, people and communities through collaboration. If the supplier does not show the willingness or ability to comply with the guidelines for suppliers, we will consider ending the business relation.
- At the request of Varner be able to document how they, and potential subcontractors, work to comply with the guidelines.
- Have a system in place to manage complaints related to human rights, labour rights, the environment and corruption.
- Avoid trading with partners that have activities in countries where a trade boycott is imposed by the UN and/or Norwegian Government authorities.

In this supplier manual you will find requirements for responsible manufacturing, including:

- Compliance with laws and regulations
- Factory approval
- Labour standards and the protection of human rights
- Chemical handling
- Environmental protection
- Raw material requirements
- Product requirements

This manual presents policies and requirements our suppliers need to follow. It applies to all suppliers and factories producing goods for any Varner Brands. We require suppliers to go through this manual before starting any sampling or quotations to ensure the standards we have set are understood and will be met. As a supplier to Varner, you are responsible to ensure implementation of these policies and requirements in **all** your supply chain.

¹ We align with the OECD Due Diligence Guidelines and Guidance, and in particular the sector Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

Good Management Systems

Suppliers are responsible for implementing the requirements in this Supplier Manual in their organisation, in all operations, and in units outside their organisation that are affected by the requirements, covering the full supply chain. This also includes the implementation of all appendixes such as but not limited to, Test Programs and procedures.

Suppliers shall maintain appropriate records to demonstrate conformance to the requirements of this manual and shall be able to provide necessary information and give access to parties approved by Varner seeking to verify conformance.

Supplier Evaluation

Based on requirements and expectations towards suppliers outlined in this supplier manual and the Varner Delivery instructions, Varner will record breaches to the requirements. This will inform the evaluation of supplier's performance. Outcomes of the evaluation will be shared alongside identified areas or required improvement communicated.

Traceability, transparency, and data

Varner has set a goal of having 100% traceable and transparent products by 2030. This means that we need to know the raw material sources of all products and all facilities that has been part of the product journey. To reach our goal, Varner relies on the cooperation of our suppliers. Product data will be extremely important going forward and information regarding supply chain and raw material sources will no longer be voluntary. It is expected that suppliers will provide Varner with correct and necessary information.

Norway has a set of laws that addresses traceability and product information.

The Product information Act gives everyone the right to information about a product, what it contains, where it is produced and who is the manufacturer of the product. The law may require us to acquire information from first tier suppliers in certain instances.

The Environmental Information Act gives anyone the right to ask, and the right to receive answers from companies on how environmental toxins in products, hazardous emissions and encroachments can affect people and the environment.

The Norwegian Transparency Act sets expectations that companies shall respect fundamental human rights and decent working conditions in connection with the production of goods – from raw material stage to finished product. Under the Act anyone has the right to ask, and the right to receive answers about how human rights due diligence is done and how risk in the supply chain is addressed.

Two systems have been implemented from Varner's side to collect future legally required traceability data. It is a supplier requirement to provide true and accurate data on products and materials used.

PMF (process mapping form): Supplier must fill the PMF with true and accurate data for every placed PO within 10 working days of order placement (can allow up to 20 days if agreed with merchandiser at GPO).

TextileGenesis™ platform: Supplier must sign- up to the TextileGenesis™ platform upon request from Varner and input true and accurate data for each POs uploaded on the platform within 14 days after Shipment of the POs.

CHAPTER 1 Responsible Manufacturing – Supplier Code of Conduct

We have prepared this Code of Conduct to clarify what we expect from our suppliers and business partners. It covers fundamental requirements for human rights, decent work, environmental protection, and anti-corruption in our supply chains.

We require suppliers to communicate the requirements and expectations of this Code of Conduct to all sub-suppliers and require suppliers to work actively towards compliance with the requirements in own supply chain, in addition to efforts to be compliant in own operations.

Varner will continuously work to improve our own policies and practices, including our purchasing practices, to support our suppliers in complying with our code of conduct. We will do this in dialogue with our suppliers and other stakeholders.

Varner will avoid partners that operate in countries subject to international boycott by the United Nations, EU or Norwegian Authorities.

Compliance with Laws & Regulations

Our requirements on labour standards are based on key international standards such as the UN's Universal Declaration of Human Rights, The United Nations Global Compact, The UN Guiding Principles on Business and Human Rights and the International Labour Organization's conventions.

The Norwegian Transparency Act²

As a Norwegian company, we are under the Transparency Act required to carry out human rights' due diligence in accordance with the OECD Guidelines for Multinational Enterprises. The Act promotes enterprises' respect for fundamental human rights and decent working conditions in production of goods throughout the supply chain from raw material to finished product, regardless of the location of the production.

We are required by law to identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions, both in our own operations and where we are linked through suppliers or business partners. We are required to implement suitable measures to cease, prevent or mitigate adverse impacts, and track the implementation and results. We will communicate this to affected stakeholders and rights-holders and provide for or cooperate in remediation and compensation where required.

The Environmental Information Act

As a Norwegian company, we are under the Environmental Information Act required to provide environmental impact related information of our products and supply chain. The purpose of this Act is to ensure public access to environmental information and thus make it easier for individuals to

² [Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions \(Transparency Act\) - Lovdata](#)

contribute to the protection of the environment, to protect themselves against injury to health and environmental damage, and to influence public and private decision-makers in environmental matters.

We are required by law to measure, monitor, and disclose the environmental impact of our production or distribution of products both in our own operations and where we are linked through suppliers or business partners. We are required to implement suitable measures to cease, prevent or mitigate adverse impacts, and track the implementation and results. We will communicate this to affected stakeholders and rights-holders and provide for or cooperate in remediation and compensation where required.

In case of breaches or disparities

If the Supplier Code of Conduct is breached, a contingency plan for correcting and remedying the breach shall be made. Improvements and remediation shall take place within a reasonable time period and should be agreed between the parties involved. Where Varner require nominated third parties to intervene in remediation activities, support shall be extended to these parties, including financial support where necessary. Lack of progress in accordance with agreements may result in termination of cooperation.

The supplier is requested and required to inform Varner immediately if it is perceived that Varner orders or terms related to Varner orders will result in breaches of this Code of Conduct (such as mandatory and excessive overtime, or other breach of labour conditions). Varner is committed to respond to such feedback in a constructive manner that will not have negative consequences for the informing party.

Suppliers and manufacturers must comply with national laws and regulations related to their industries and with international conventions concerning social and working conditions. In case of disparity between valid laws and regulations and the Varner Supplier Manual, the strictest standard shall prevail. It is the duty of suppliers to inform Varner should such a disparity arise.

Good Business Practice, Complaints and Grievances and Anti-Corruption

An important part of our success is building strong and long-term relationships with our suppliers, built on mutual respect and dialogue. We expect suppliers to be self-reliant and believe that traceability, transparency, and openness throughout the entire value chain is important.

Corruption in any form is unacceptable, including bribery, extortion, kickbacks and improper private or professional benefits, gifts, loans, fees or reward to customers, agents, contractors, laboratories, suppliers in all tiers, Varner Production Offices, or employees of any such party or government officials. Policies for anti-corruption should be established and implemented at all levels of the business.

In the event of any act of corruption, bribery or the attempt of such activities, or other forms of unethical conduct or breaches to responsible business practice by Varner, Varner staff, appointed third parties, or others affiliated or connected with Varner, please use the Varner whistleblower channel <https://whistlesystem.com/varner/> to report such information. The information will be handled with confidentiality.

Definitions

To avoid any misunderstanding or interpretation of our requirements below, please note our definitions of key terms.

- A **supplier** refers to the organization that has a direct contractual agreement with Varner delivering products, components, materials, or services.

- The terms **factory, manufacturing unit, production facility, production unit** means any unit used for any production process.
- Please refer to *Appendix 1 - Supply Chain Tiering* for how Varner defines **production tiers**.
- **Unauthorized outsourcing or unauthorized subcontracting** is defined as the practice of carrying out production operations in a manufacturing unit that has not been approved by Varner, regardless of whether the unapproved production unit is owned or controlled by the supplier.
- By **worker** or **employee**, we mean every person employed at any production units including temporary workers, piece-rate workers, contract workers, trainees, trial workers, period workers and migrant workers.

Factory Approval

All factories intended for Varner production must be registered and receive approval in written form before any sampling starts³. No orders can be placed unless the factory has been assessed and accepted for our production. Requests for approval of new factories must be sent in writing to the regional Varner Production Office. Unauthorized outsourcing is as a severe breach of our requirements.

The contact information of all factories and entities in the supply chain for Varner products shall be provided. Varner reserves the right to initiate assessment activities at factories in all tiers of the supply chain (including announced, semi-announced and unannounced audits). Varner reserves the right to make information about suppliers and factories involved in the production of goods for Varner public.

Suppliers are required to proactively provide information to Varner if the supplier or any registered and approved factory changes name or relocates, or if other significant organizational changes take place. This includes construction of new buildings, introduction of new production processes or other significant modification to production layout or existing facilities. Factories relocating or being subject to significant changes will normally have to go through a new approval process before production for Varner can continue.

Labour Standards

Forced and Compulsory Labour

ILO Conventions N° 29 and N° 105

- There shall be no use of forced, bonded (including debt bondage) or involuntary prison labour, slavery, or trafficking in any form.
- All work shall be voluntary. No workers shall be kept in employment against their will and all workers must be free to leave work or terminate their employment without reprisal.
- Workers shall not be required to leave deposits, identification papers or the original copy of their work permit to the employer.
- Workers shall be free to vacate the workplace premises at the end of a regular workday of 8 hours.

³ This includes factories and workshops used for samples related to placed orders and warehouses used for storage of goods. Requirements in this document also apply for such units.

Regular Employment

ILO Conventions Nº 95, 158, 175, 177, 181

- To every extent possible work performed must be on the basis of recognized employment relationship established through national law and practice.
- Obligations to employees under international conventions, national law and regulations concerning regular employment and social security laws shall not be avoided through the use of short-term contracting (such a contract labour, casual labour or day labour, use of labour agencies) sub-contracting or other labour relationships. All elements of the Code of Conduct apply for workers that are employed through employment agencies or contractors by necessity.
- All workers shall be entitled to a written contract of employment in a language they understand. The contract should at minimum include: name of employer and employee, starting date, birth date, position, regular wage, overtime compensation, benefits, notice period, and all legal requirements for employment contract relevant to the country.
- The duration and content of apprenticeship programmes must be clearly defined.
- A documented process for recruitment and on-boarding of workers shall be established.
- Recruitment shall be done in a responsible way and the Employer Pays Principle (EPP) shall be followed. No worker should pay for a job – the costs of recruitment should be borne not by the worker but by the employer.
- A record of all terminated contracts should be kept for at least 24 months. The reason for termination of contract should be clearly stated in the records.

Humane Treatment and Zero Tolerance for Harassment

UN Covenant on Civil and Political Rights Art. 7 and the ILO convention 190 on Violence and Harassment

- All employees shall be treated with respect and dignity. Physical abuse or discipline, harsh or inhumane treatment, sexual or other harassment, verbal, or mental abuse of workers, including the threat of such treatment, as well as other forms of intimidation, is strictly prohibited.
- Measures must be established to protect workers from all forms of harassment and gender-based violence, both physical and psychological, including sexually intrusive, threatening, insulting or exploitative behaviour. Policies and procedures in support of these requirements must be clearly defined and communicated to all workers and employees.
- Grievance mechanisms that allow employees to escalate grievances must be established. Information about grievance channels and procedures must be communicated to all employees.

Non-Discrimination

ILO Conventions Nº 100 and Nº 111 and the UN Convention on Discrimination against Women

- There shall be no discrimination at the workplace in hiring, compensation, access to training, promotion, termination, or retirement based on ethnic background, skin colour, caste, nationality, religion, age, health-related issues, disability, gender, marital status, sexual orientation, union membership or political affiliation, or any other condition that could give rise to discrimination.

- Measures must be established to protect workers from discrimination or termination of employment on unjustifiable grounds, e.g., marriage, pregnancy, parenthood, or HIV status.
- Non-discrimination policies for hiring, promotion and disciplinary practices must be clearly defined and communicated to all workers and employees.
- Migrant workers shall have the same rights and entitlements and be covered by the Varner Code of Conduct in the same manner as local employees. All elements relevant to the employment must be communicated in a language understood by the worker.
- Female workers shall be given equal opportunities and be entitled to the same benefits as men in the workplace. There shall be no distinction, exclusion, or restriction based on gender.

Child Labour Prevention

UN Convention on the Rights of the Child, ILO Conventions N° 138, N° 182 and N° 79 and ILO Recommendation N° 146

- The minimum age for workers shall not be less than 15 years of age and comply with (i) the national minimum age for employment or (ii) the age for completion of compulsory education, whichever of these is the higher. Exceptions may be considered where ILO Convention N° 138 is applicable.
- There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified above. The manufacturer must have a certified copy of an official document indicating the worker's date of birth. In countries where this is not possible, the factory shall implement an appropriate method to confirm the age of its workers.
- Children visiting their parents at the workplace must be registered and there shall be a designated and appropriate meeting place.
- Policies and procedures for monitoring and remediation of child labour prohibited by ILO conventions N° 138 and N° 182, shall be established, documented, and communicated to personnel and other interested parties. Adequate support shall be provided to impacted children to attend and complete compulsory education.
- No person under the age of 18 shall be engaged in labour that is hazardous to their health or safety, including night work, or that is damaging to their education.
- Young workers (defined as workers above minimum age but below the age of 18) shall be given the opportunity to participate in education and training programmes.

Freedom of Association and the Right to Collective Bargaining

ILO Conventions N° 87, N° 98, N° 135 and N° 154, C131 – Workers Representatives Convention (1971), R143 – Workers Representatives Recommendation (1971), C154 – Collective Bargaining Convention (1981)

- Workers, without distinction, shall have the right to join or establish unions of their own choosing, and to bargain collectively. The employer shall not interfere with, or obstruct, the formation of unions or ability to bargain collectively.
- Where the right to freedom of association and collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of independent and free worker representation and bargaining.

- There shall be no discrimination, threats, intimidation, or harassment of workers' representatives. The worker representatives shall have access to carry out their representative functions in the workplace without any obstruction.
- Worker representatives must be democratically elected by the workforce. Where labour unions are established, representatives must be from unions following all applicable regulations for labour union activity.
- A framework for regular communication between worker representatives and management representatives about matters relevant to workers shall be established. The identity and contact details of all representatives shall be kept available.
- Bargaining or dialogue between workers and management shall happen in good faith.
- The right to engage in legal strike activities shall be respected and there shall be no unlawful retaliation against individuals engaging in legal strikes.

Wages & Benefits

ILO Convention N° 131

- Wages and benefits paid for a standard working week shall at minimum meet national legal standards or industry benchmark standards, whichever is higher. Wages should be enough to meet basic needs, including some discretionary income.
- All workers shall be provided with a written and comprehensible contract outlining their wage conditions and method of payments before entering employment.
- Wages shall be paid directly to the worker preferably by a traceable digital payment system (such as bank transfer). Payments shall be done in a timely fashion and in full. Workers must sign for any payments received in cash.
- Where used, piece rate shall be calculated so that those producing the lowest amount receive *at least* minimum wage within regular working hours.
- At each payment workers shall be provided with comprehensible information for concerned pay period in writing, including but not limited to: number of working days, wage/piece rate calculation, overtime hours and overtime pay, bonuses.
- Holiday pay, sickness allowance, maternity leave compensation, as well as other compensated absences or fringe benefits established by law shall be covered by the manufacturer pursuant to the particular country's laws and regulations.
- Salary deductions as a disciplinary measure are not permitted.
- Systems shall be established to record wages and benefits systematically in a transparent and reliable manner. Records shall at minimum include name of worker, regular working hours, overtime hours, bonuses, allowances, applicable deductions, and net wages. Payment records with all details shall be kept available for at least 24 months.

Parental Protection

C183 – Maternity Protection Convention (2000) N° 183.

- Parental rights and benefits shall be granted and compensated according to national law as a strict minimum.
- Appropriate measures shall be adopted to ensure that pregnant or breastfeeding women are not obliged to perform work determined as a risk to the health of mother or child.

- A period of parental/maternal leave of no less than 14 weeks shall be provided, or at minimum as per legal requirement where the requirement is higher than 14 weeks.
- Upon submission of a medical certificate, leave shall be provided before or after the maternity leave period in the case of illness, complications or risk of complications arising out of pregnancy or childbirth. The nature and the maximum duration of such leave may be specified in accordance with national law and practice.
- It is not permitted for an employer to terminate the employment of a woman during her pregnancy or absence on leave, except on grounds unrelated to the pregnancy or birth of the child and its consequences or nursing.
- A woman is guaranteed the right to return to the same position or an equivalent position paid at the same rate at the end of her maternity leave.
- A woman shall be provided with the right to one or more daily breaks or a daily reduction of hours of work to breastfeed her child.
- The period during which nursing breaks or the reduction of daily hours of work are allowed, their number, the duration of nursing breaks and the procedures for the reduction of daily hours of work shall be determined by national law and practice. These breaks or the reduction of daily hours of work shall be counted as working time and remunerated accordingly.

Working Hours

ILO Conventions Nº 1 and Nº 14

- Working hours shall comply with national laws, benchmark industry standards, collective agreements, whichever affords greater protection. Standard weekly working hours should be no more than 48 hours (8 hours per day).
- Workers shall be provided with at least one day off for every 7-day period.
- All overtime shall be limited and voluntary. Overtime shall be used responsibly, taking into account the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment.
- Recommended maximum overtime is 12 hours per week i.e., that the total working week including overtime shall not exceed 60 hours. Exceptions to this may be accepted when regulated by a collective bargaining agreement that is negotiated with an organisation representing the majority of workers; appropriate safeguards are taken to protect the workers' health and safety; and it can be demonstrated circumstances such as unexpected production peaks, accidents or emergencies.
- Workers shall always receive overtime pay for all hours worked over and above the normal working hours (see above). As a minimum, overtime shall be compensated in accordance with premium rates as per applicable regulations.
- All working hours (both regular and overtime) shall be recorded systematically in a reliable and transparent manner. Working time shall be recorded individually by every worker in an electronic recording system. Working time records with all details shall be kept available for at least 24 months.

Occupational Health & Safety

ILO Convention Nº 155 and ILO Recommendation Nº 164

Occupational Health and Safety Management

- Working conditions shall at a minimum comply with national occupational health and safety regulations, and with international standards where domestic regulation is insufficient or unspecified.
- The working environment must be safe and hygienic. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in, the course of work, by minimising the causes of hazards inherent in the working environment.
- Responsibility for health and safety shall be assigned to a management representative.
- The factory shall carry out risk assessments on a regular basis to identify conditions that are or could be hazardous to the health and safety of the workers. Such risk assessments should produce corrective action plans to prevent, and address identified issues.
- Active cooperation between management and workers, and/or their representatives, is essential in order to develop and implement systems for ensuring a safe and healthy work environment. Occupational Health and Safety Committee (or similar function) shall be established with representatives from workers and management.
- All workers shall receive regular health and safety training in a language they understand, and such training shall be repeated for new or reassigned workers. Training must be documented.
- There shall be sufficient number of persons trained in first aid in each section of a factory and at each shift. Training records shall be kept available. In addition, there shall be routines for handling serious injuries requiring outside medical attention.

Safety Devices

- Machines and equipment shall have appropriate and functional safety devices which shall be maintained and inspected on a regular basis by certified persons. Safety instructions relevant to the machinery shall be available and be followed at all times. Valid certificates and permits must be available for equipment such as boilers, elevators, generators, pressure vessels and other relevant equipment. Operators of such equipment shall have relevant operator permits or certificates. Pressure equipment shall be isolated from other working areas.
- Workers shall be equipped with appropriate personal safety equipment (PPE) free of charge. Training shall be provided on proper use of such equipment.
- Risk areas and potential hazards must be clearly marked by warning signs in appropriate languages with pictograms where relevant.
- There must be sufficient first aid equipment and supplies in each section of the factory. Inventory lists of supplies shall be kept, and equipment and supplies shall be checked regularly.

Healthy Working Environment

- There shall be proper ventilation, windows, fans, air conditioning and /or heating in the workplace so that requirements on air quality, ventilation and temperature requirements are met.
- The factory shall ensure that the noise level is acceptable in all areas.
- The lighting must be sufficient to ensure a safe working environment.
- There must be adequate space in the factory to accommodate the safety and welfare of the workers. Adequate cleanliness should be maintained in all areas.
- There shall be access to clean toilet facilities in sufficient number and to potable water. Toilets shall be accessible during all working time and during breaks. Workers shall be allowed reasonable time to use the facilities, and the use of such facilities shall not be recorded or monitored.
- If the factory provides food for its workers, the canteen, in which food is stored and prepared, must be located separately from the production area and also be clean and in good condition. Adequate storage for food shall be available to workers.
- Sandblasting shall not be used for any production. Factories shall not have any sandblasting equipment available for use.

Building & Fire Safety⁴

- The factory must be able to display relevant permits that production buildings and installations in such buildings are of an appropriate standard for how they are being utilized.
- There must be a management system to ensure that operational loads do not at any time exceed the factory floor loading limits.
- There shall be an automatic and centralized fire detection and fire alarm system covering all areas of the facility. Fire drills, evacuation and testing of emergency systems shall be conducted on a regular basis. Evacuation drills shall be documented at a minimum with date/time, evacuation time achieved, observations of improvements needed.
- Firefighting equipment shall be maintained in sufficient number and in proper working order. It shall be easily visible and accessible to all workers.
- Buildings shall be provided with a means of egress system for all occupants to safely evacuate, that includes (but is not limited to) a sufficient number of clearly marked, unlocked and unblocked exits, and safe and unobstructed exit pathways leading out of the premises. Evacuation plans shall be in place and shall be posted at the entrance to each exit stair.
- Exit doors shall be side-hinged swinging type. Roll-down and sliding gates and shutters are not allowed. Doors shall swing in the direction of travel. Doors cannot be locked in the direction of travel unless the latch and lock can be disengaged with one motion or a panic bar is installed.
- Electrical systems, equipment, panels, outlets, and wiring must be installed by a certified electrician, and must be properly placed, grounded, and documented. All electrical features must be maintained in good working order and must be inspected on a regular basis.

⁴ These requirements are also applicable to dormitories and housing, wherever provided to workers and employees. See section 10. Accommodation Requirements for specification for housing requirements.

Accommodation Requirements

Please note that the requirements under section 9 “Building & Fire Safety” are also applicable to dormitories and housing wherever provided in a direct or indirect manner to workers and employees.

- a) The standard of the accommodation shall be with reasonable levels of decency, privacy, security and hygiene with regular upkeep and improvement to meet basic needs.
- b) Dormitories shall be located separately from production buildings, storage areas or warehouses.
- c) Dormitories shall be single sex.
- d) The space for each worker must be in compliance with local laws.
- e) Everyone shall have their own, individual ground pads or beds.
- f) All workers are to have their own lockable storage spaces for clothes and personal belongings.
- g) There shall be access to potable water.
- h) There shall be proper ventilation, windows, fans and/or air conditioning/heating apparatus in all dormitories so as to ensure proper circulation, ventilation and temperature.
- i) The dormitories shall have adequate lighting.
- j) There must be a sufficient number of toilets and showers (single sex). These must be maintained, easily accessible, safe, and hygienic.
- k) Washing facilities shall be available for workers who live on the premises.
- l) If available, the canteen and the food which is prepared and stored there must be kept clean and in good condition.
- m) Freedom of movement cannot be restricted. Those living on the premises must be able to come and go as they please in their own time, within reasonable limits due to security and comfort.
- n) The use of provided accommodation facilities must be optional.
- o) If the workers must pay for their housing, the cost should be commensurate with the standard of the accommodation, not exceed local average, and be reasonable in comparison with provided wage levels.

For more on housing conditions refer to the [ILO Factsheet No. 6 on workers' housing](#).

Marginalized Populations

UN Covenant on Civil and Political Rights, art. 1 and 2

- Production and the use of natural resources shall not contribute to the destruction and/or degradation of the resources and income base for marginalized populations, such as in claiming large land areas, use of water or other natural resources on which these populations are dependent.

Chemical Handling

Chemical Knowledge and handling in production

Chemicals are important in our industry and minimizing the hazards arising from use of the chemicals shall be a top priority.

Varner environmental concerns are in accordance with current national legislation, EU legislation, and voluntary schemes. Our requirements reflect an awareness of how chemicals affect human health and the environment and constantly increasing quality demands of consumers. We expect suppliers and sub-suppliers to have adequate knowledge of chemical handling and stay updated on the best available technologies to reduce the health and environmental risk of the use of chemicals in the supply chain.

- By using the Best Available Technology (BAT) you will be able to reduce the use of harmful chemicals and save costs. To achieve low environmental and health impacts, BAT is to be combined with Best Environmental Practice, abbreviated as BEP. Read more here: [Best Available Technology \(BAT\) according to the EU's guidelines \(BREFs\)](#)
- All suppliers and supply chain partners are advised to read and consult the [The ZDHC Chemical Management System \(ZDHC CMS\) Technical Industry Guide](#)

We expect the chemical handling units involved with Varner products to only use and purchase chemicals in compliance to the CLP regulation 1272/2008.

Together with this we expect that a chemical inventory for a specific product is available upon request for all units involved in the processing of the specified product.

Material Safety Data Sheets (MSDS / SDS)

The European Union's CLP Regulation (EC No 1272/2008) concerns the classification, labelling and packaging of substances and mixtures. Manufacturers, importers, distributors, and downstream users must make sure their current and future safety data sheets for substances, preparations, and mixtures comply with the CLP Regulation and REACH Regulation (1907/2006/EC) SDS requirements to keep their products on the EU market.

Therefore, all chemicals must be purchased from companies that provide an MSDS in English. There must be an easy access for latest updated MSDS / SDS for all chemicals used and stored. Always check that the chemicals being purchased are allowed in our production.

We also require that as a minimum point 2 and 3 needs to be filled out correctly, and that CAS-no. needs to be provided.

Only when the below list in *complete* is a MSDS (SDS) regarded as adequate:

1. Identification of the substance CAS number / preparation and of the company / undertaking
2. Hazard(s) identification
3. Composition / information on ingredient
4. First aid measures
5. Fire-fighting measures
6. Accidental release measures
7. Handling and storage

8. Exposure controls / personal protection
9. Physical & chemical properties
10. Stability and reactivity
11. Toxicological information
12. Ecological information
13. Disposal consideration
14. Transport information
15. Regulatory information
16. Other information

Competence and Training

There should be appointed responsible persons for chemical handling that are trained and competent. Employees that procure, store, handle and use chemicals must have correct and sufficient knowledge and be appropriately and regularly trained for this task. This is the responsibility of the supplier. The training should be given to all new staff as well as temporary employees. The training should be updated if new types of chemicals products or new chemical processes are introduced. Records from training shall be kept.

All employees shall receive training in Chemical Handling. The training should include the following:

- How to read and understand Material Safety Data Sheets (MSDS)
- How to use PPE and health risk of not using PPE
- How to handle chemicals with specific emphasis on hazardous chemicals
- Spill management and emergency procedures

Chemical Storage

Suppliers shall have a written procedure for the procurement, storage, handling, and use of chemicals.

- A qualified person in the company shall be responsible for chemicals.
- The supplier must keep a register of all chemicals they have purchased, used, and disposed of.
- All chemicals shall be handled, stored, and transported as instructed in MSDS / SDS.
- Chemical containers shall be labelled with MSDS both at the storage space and in the workshop where the chemicals are used.
- Chemical storage areas shall be separated and have functional equipment such as lighting, ventilation, and fire extinguishers. The storage area must have first aid kits and eyewash equipment.
- The supplier shall prevent chemicals from leaking to air, ground, and water.
- All chemical containers must be labelled with the chemical name and appropriate danger symbol to minimize the potential risk. The responsible person shall control the containers for leakage of chemicals during storage and use.
- Chemicals that are hazardous shall be separated and handled with extra care.

Chemical Waste

All suppliers need to have routines for disposing hazardous chemical waste and shall comply with national laws and as informed in MSDS. Please map your waste streams for our inspectors to review any risk associated with the waste.

Chemical waste must be stored at a dedicated, locked area, separated from other waste and under roof protected from rain and weather.

Hazardous waste must not be allowed to accumulate in nature. The disposal of hazardous waste must be arranged through certified firms. Suppliers shall keep a record of all waste collections. Hazardous waste must be stored in a responsible manner and disposed of according to regulations. Receipts of waste disposal should be available. Follow local regulations regarding waste spillage into water effluents.

Personal Protection Equipment (PPE)

Appropriate Personal Protective Equipment (PPE) shall be used depending on the risk of a specific chemical as specified in the MSDS. Adequate PPE shall be available in chemical storage areas and where chemicals are being used or handled, or where there is risk of chemical exposure.

PPE include equipment such as gloves, respirators, masks, aprons, safety goggles and rubber boots. The factory shall provide necessary PPE that is available at all times, for every relevant employee (including new employees and temporary employees). The PPE must always be in proper working condition and shall be replaced when necessary.

In addition to PPE, appropriate first aid equipment and emergency equipment must be in place. Eye washing station and shower facilities should be available as applicable nearby in case of an emergency. Emergency procedures must be clearly communicated and be displayed on posters.

Environmental Sustainability and Climate Action Standards

Purpose

We live in a world with limited resources where human impact is causing tremendous stress on the planetary boundaries. Our ambition with 'Circular and Climate conscious' is to move towards a future where we, together with our stakeholders, have contributed towards reducing the stress on planetary boundaries impacted by our business and our value chain.

The focus of 'Circular & Climate Conscious' for Varner is to transition from linearity to circularity, to shift from conventional to preferred fibre, to work with climate action towards limiting global warming as per the 'Paris Agreement', to become more resource-efficient, to produce with less impact on the environment and to manage waste responsibly.

The transition from linearity to circularity is a complex process and requires a multifaceted approach which includes material choices, production, product design, new circular business models and product end-of-life. Circular models are an opportunity to reduce impact on climate change by reducing the dependency on raw virgin materials and by keeping products in use for longer time.

Being 'Circular and Climate Conscious' is at the centre of our approach to climate action and environmental sustainability. We are focusing on measuring and reducing climate footprint in our own organization, transport and in our supply chain.

Our work on environmental sustainability means that we are committed to monitor use of energy, water, and chemicals, as well as tracking management of waste, wastewater, and air-emission in our production.

We closely work with our supply chain and collaborate with multistakeholder initiatives to move together on our climate action and towards a circular future. We aim to achieve this in our production through efficient use of resources, shift towards more renewable sources, circular production models, scaling up practice of recycling and upcycling in production, phasing out hazardous chemicals, proper management of waste as well as effluent and bringing innovative solutions.

Principles and Industry Standards

We acknowledge the need to be capable of creating a model that replenishes what it consumes and can therefore sustain over time without accruing damage to the future generations.

Environmental compliance and best practices were always one of the key elements of our sustainability strategy and screening process. Varner complies with all applicable environmental legislations and mandates the same from our partners. What began more than a decade ago as environmental compliance under the umbrella of sustainability and CSR, has naturally evolved into a focused movement with the intent to establish a robust framework and a practical action roadmap to effectively manage our increasingly ambitious circularity and climate goals.

Our ambition for environmental and climate responsibility is to monitor, measure, and minimize the use of natural resources, chemical risk, and climate footprint within the boundary of Varner global production, as well as for our own operations and logistics.

With this ambition in mind, our environmental and climate commitments are aligned with our core values, future ambitions, internal & external risk assessment, feedback from key stakeholders as well as global industry action.

Some of the key industry standards and guidelines from industry initiatives that we considered while developing the environmental sustainability and climate action strategy, framework and roadmap are as follows:

- [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector](#)
- [UN Global Sustainable Development Goals](#)
- [The Paris Agreement | UNFCCC](#)
- [Greenhouse Gas Protocol by WRI & WBCSD](#)
- [Science Based Target Initiative](#)
- [Higg Facility Environmental Module of Cascale](#)
- [WRI Aqueduct Water Risk Atlas](#)
- [WWF Water Risk Filter](#)
- [ZDHC Standards and Guidelines](#)
- [Best Available Technology \(BAT\) according to the EU's guidelines \(BREFs\)](#)
- [European Sustainability Reporting Standard](#)

Supplier Environmental Performance Management Guideline

In order to control and manage environmental issues, our business partners shall commit to including environmental management in their daily operations and business practices. This guideline is a part of code of conduct for Varner suppliers, their factories, subcontractors, and upstream supplier partners (hereafter referred to as 'facility') pertaining to the areas of environmental sustainability, chemical management in production and climate action. When necessary, Varner's direct suppliers are expected to reach out to upstream suppliers as well. With this guideline Varner promotes a standard of environmental management that ensures safe and responsible production of Varner products. The guiding manual shall clarify and help business partners in advising to manage the environmental standards as set forth in supplier Code of Conduct.

This guideline does not replace country specific environmental or workplace safety restrictions. It is the responsibility of the individual supplier to ensure that they and their facilities meet all legal requirements and obtain necessary approval, permissions and compliances related to the environmental impact of their operations. The guideline is a minimum requirement only. In some cases, suppliers may be required to achieve higher. This guideline is designed in two main sections:

- A. Environmental Impact Area:** This includes Varner requirements related to impact areas such as environmental management system, climate action and energy use, water use, chemical management, waste management, wastewater management and prevention of pollution to air, water, and soil.
- B. Environmental Assessment and Development:** This includes routines and protocols for environmental due diligence, impact area assessments, stakeholder engagement, performance analysis, follow up and remediation, data quality management, improvement initiative, progress tracking & communication, supplier engagement, training, and capacity building at supplier Facilities of Varner.

Environmental Impact Area Requirements

Environment Management System (EMS)

- National and international environmental legislation and regulations shall⁵ be respected. All manufacturing processes shall be compliant with regulations and an internal system must be

⁵ "shall" indicates a mandatory requirement.

established to address the environmental risks and opportunities related to environmental aspects to limit the negative impacts and to ensure continual improvement.

- Facilities shall have a clear commitment and long-term strategies to mitigate the environmental impacts resulting from their operations. To effectively support this commitment and long-term goals, facilities shall also establish environmental impact areas with baselines, short-term key performance indicators (KPIs), action plans, year-on-year comparisons, and regular management review meetings.
- Facilities shall use management systems to ensure improvement and compliance with environmentally beneficial policies and practices and encourage own suppliers to implement and adhere to the same standards.
- Facilities shall seek to measure, monitor, analyse and reduce negative impacts on resource consumption (e.g. energy and water etc), emissions and waste. Supplier shall share information regarding performance improvement report to Varner's environmental department upon request.
- Facilities shall ensure adequate, relevant, and regular trainings on environmental topics for all employees including environment area responsible, top management, new employees, and workers. Evaluations must be carried out to ensure that the trainings will be effective in reducing negative environmental impact. The Facility shall maintain training records of participation, training content and training evaluation.
- Environmental impact shall be taken into consideration throughout the production and distribution chain. Regional and global environmental aspects of all operations shall be considered. The local environment at the production site and in surrounding areas shall not be exploited or degraded by pollution from the facility.
- Facilities shall have adequate, dedicated, and competent personnel responsible for management of environmental responsibility. Facility should be able to demonstrate this through documentation and interviews with concerned personnel.
- Facilities shall have an updated and documented EMS (Environmental Management System), including but not limited to policy, strategy, goals, and roadmap. Facilities shall demonstrate documented evidence of environmental risk and impact assessment system as well as adequate environmental management system and/or certification to safeguard the environment.
- Facilities shall have a program or system in place to review and monitor legal and environmental permit status and renewal (where appropriate) and ensure compliance to all applicable local and national laws. Facilities shall meet or exceed regulatory requirements, track legislative changes, obtain and maintain all necessary permits and approvals. Permits and approvals may include, but are not limited to:
 - Complete list of applicable permits, regulations and laws related to environment impact areas.
 - Valid environmental permits or licenses for the facility operation.
 - Permit for discharge or emission of pollutants to the environment in any form (ex; solid, liquid, gaseous or sound).
 - Permit or documentation for extraction of ground or surface water
 - Operating permits or approval for boilers, pressurized vessels, and for mechanical, electrical, or chemical processes, where required.

- Operating licenses or consent for treatment plants and processes and for their operators.
- Licenses for the storage and handling of hazardous chemicals or flammable substances.
- Facilities should⁶ provide an adequate and accessible communication channel for employees to raise concerns about environmental, climate, waste and chemical-use-related issues in the facility.
- If there are any applicable exemptions on environmental permits or license to the facility, valid certificate or letter from authorities shall be available.
- Facilities shall have regular maintenance of all utilities (machinery, equipment etc) and document maintenance history.
- Facilities shall effectively record notifications issued to them by authorities about any legal environmental violations. Facilities shall be able to demonstrate the same during environmental assessment.
- Facilities shall have process to track regulatory update and comply with updated requirements.
- Facilities shall not allow soil and groundwater contamination within its premises.
- Suppliers to Varner should establish, implement, and maintain a documented process to monitor and periodically assess the environmental performance of their upstream partners and should actively drive continuous improvement to ensure full alignment with the latest applicable environmental requirements.

Energy Use and GHG emission

Varner is a member of *The Scandinavian Textiles Initiative for Climate Action* (STICA) since 2020 to learn from and contribute to the collective effort of the Nordic textile industry towards climate action. The purpose of STICA is to support the apparel and textile industries and their stakeholders in the Nordic region to, at a minimum, reduce greenhouse gases in line with the 1.5°C warming pathway, as outlined by the United Nations Framework on Climate Change and the Paris Agreement. STICA is coordinated by the *Sustainability Fashion Academy*, a non-profit independent organization.

- The facility shall have competent responsible team or person working on energy use efficiency and reduction of greenhouse gas emissions. In the areas where internal capacity is not available, external consultancy can be used.
- Details related to consumption of electricity (in kWh), procurement of fuel (petrol, diesel, natural gas, CNG, LPG, coal, biomass etc), production quantity along with supporting evidence shall be available upon request. Energy consumption data shall include all relevant activities i.e. production, other utilities (example: ETP operations), domestic use (example: dormitory and canteens) and other commercial use (example: offices and transportation).
- The facility shall set baseline for energy use with timebound goals for energy use efficiency and increased renewable energy use. Facility shall also have supporting roadmap and implementation plan for each goal.
- The facility shall have annual action plan to reach long term goal. By the end of each year, the facility should review their progress whether they have achieved the target or not and amend their target and action plan for next year.
- The facility shall calculate their scope 1 and scope 2 GHG emissions annually as per GHG protocol. Facility should calculate scope 3 emissions for all significant criteria.

⁶ “should” indicates a recommendation.

- Facilities shall set baseline and target for their Scope 1 and 2 GHG emission as well as an action plan to support the target.
- Facilities also need to calculate the amount of energy consumption and GHG emission reduction by implementing each proposed action plan. These programs and measures shall be implemented, documented, and maintained.
- Facilities should have adequate training program for relevant employees on energy conservation. To ensure on time and fruitful training with relevant employees, facility needs to maintain training schedule, training manual and training records.
- Facilities should commit to setting science-based targets for emission reduction through 'Science Based Target Initiative'.
- Facilities should be able to provide machine-wise (or process wise) data based on submetering or energy consumption analysis sheet.
- Facilities should develop a plan to phase out use of coal as well as other fossil fuels where possible, both in production and in transport.
- Facilities should identify and implement relevant energy efficiency measures to minimize energy consumption and reduce greenhouse gas emissions.
- Facilities are encouraged to extend energy efficiency measures beyond core production equipment to include utilities (compressed air, HVAC, lighting, steam distribution).
- Facilities shall conduct regular leak detection for compressed air systems and optimize boiler efficiency.
- Facilities should install maximum feasible capacity of renewable energy systems to reduce energy consumption & GHG emissions.
- Purchase of renewable electricity shall be supported by guarantee of origin certificates (iREC, GEC and equivalent) from credible and verifiable sources.
- Facilities should opt for power purchase agreements to support renewable energy infrastructure.

Water Use

- The facility shall have a valid consent, permit or approval if applicable for their fresh water source along with a specified quantity of extraction for the use of different purposes.
- Monthly water consumption data from all applicable sources (e.g.: ground water, rainwater, water supplied from municipality, recycled process water etc) shall be recorded separately and analysed on a regular basis.
- All type of facilities (regardless wet or dry processing unit) shall have functional water flow meter installed in each source of water. Where applicable, facilities should have water consumption bills if they purchase water from municipality or any other organization to fulfil their need for domestic or production purposes.
- Facilities with wet processes shall have water flow meters to track water use for domestic (cooking, cleaning, gardening, drinking etc), utilities (boiler, generator, WTP backwash etc) and production purposes (dyeing, finishing, printing, washing etc) separately. For production purposes the facility shall have water flow meter both that inlet and outlet.
- Facilities that do not have wet processes should have water flow meters to track water use for domestic (cooking, cleaning, gardening, drinking etc), and utilities (boiler, generator, WTP backwash etc) separately.

- The Facility should calculate water balance periodically (monthly or quarterly). Facilities with wet processing shall have periodic water balance calculation for their wet processing.
- Water use baseline and water conservation target shall be set. Water conservation programs or measures shall be documented, implemented, and maintained. When setting a baseline, facilities can opt for either absolute baseline or normalized baseline. In case, factory is setting normalized water baseline, factory shall also report the progress against an absolute baseline from same base year.
- Facilities shall actively seek opportunities to harvest rainwater as well as recycle and reuse process water where possible, both for production and domestic use and act upon identifying opportunities. Facilities shall set necessary targets to demonstrate their commitment in this area.

Wastewater Management

- Facilities shall have valid wastewater discharge permit/license from responsible authority.
- Facilities shall identify all wastewater sources and regularly track quantity of wastewater generated at each source as well as discharged wastewater in all final discharge points. Facility shall maintain documentation of all generated, treated, and discharged wastewater quantity.
- All the facilities with wet production process (ex; desizing, pre-treatment, dyeing, printing, finishing, washing etc) should have functional wastewater treatment either through onsite effluent treatment plant (ETP) or offsite effluent treatment plant (e.g. common effluent treatment plant by municipality or industrial zone etc).
- Facilities that have wastewater from domestic use only, shall be able to provide relevant permits or documentation for discharge of domestic wastewater.
- Facilities with industrial wastewater shall have in-house monitoring of pH, colour, temperature, TDS, TSS and COD for raw effluent as well as treated and/or discharged effluent.
- Facilities with onsite industrial biological or biochemical wastewater treatment are encouraged to have in-house monitoring of BOD for raw effluent as well as treated and/or discharged effluent.
- Facilities with wet processing shall have water flow meter at final discharge point.
- Facility with onsite ETP shall have waterflow meter at the inlet of ETP as well as at final discharge point.
- Capacity of onsite effluent treatment plant shall be sufficient to match effluent load of production.
- The Facility shall not discharge any effluent directly into environment without proper treatment.
- The Facility shall have separate pipeline for rainwater and wastewater.
- Adequate wastewater control procedures shall be in place to fulfil Varner requirements and implemented accordingly.
- Wastewater quality and quantity shall be regularly monitored to ensure the compliance with the legal requirement. Raw wastewater treated and/or discharged wastewater and sludge, if any, shall meet latest ZDHC wastewater guidelines (foundational level) or applicable legal limit (whichever is more stringent). Wastewater test reports (as per ZDHC guidelines) shall be always generated in ZDHC Gateway (Clearstream report) as well as shall be made available upon request.
- The facility should have STP Sludge test report if it is used as fertilizer

- If facility is exempted from ZDHC Wastewater testing as per the threshold mentioned in the latest ZDHC wastewater guidelines, then facility must have testing of treated wastewater against applicable legal requirement.
- Any water treatment plant located at the production facilities must be approved by authorities. Operation and maintenance of Effluent Treatment Plants (ETP) and Sewage Treatment Plant (STP) must be properly documented.
- Facilities ETP shall have designated and competent person for ETP operation.
- For onsite ETP valid design, complete ETP flow diagram, installation and operation manual shall be available. ETP operators must be competent to manage the plant. Training and instructions must be available to the people responsible for the plant. ETP maintenance record shall be available.
- In case of Onsite ETP, facilities shall have an emergency preparedness plan to address sudden failure. The facility shall provide sufficient awareness trainings to all concerned personnel on emergency preparedness plan.
- Any sludge generated onsite shall have proper handling and storage to meet legal requirements as well as prevent contamination of soil and water.
- Facilities with on-site Effluent Treatment Plants (ETPs) should prioritize the recycling and/or reuse of treated water whenever feasible.
- If a facility uses offsite effluent treatment plant (e.g. common effluent treatment plant by municipality or industrial zone etc), the facility should seek wastewater test report from the common effluent treatment plant periodically.

Waste Management

- The Facility shall have designated waste store with proper labelling, segregation, and adequate capacity for hazardous and non-hazardous waste. Waste shall be properly stored without mixing with hazardous substances.
- Storage of waste shall demonstrate adequate measures to prevent contamination to water or soil.
- Waste generation quantities shall be recorded on a regular basis. Waste inventory should include at least below information -

○ Name of Waste	○ Point of Generation
○ Origin of waste (waste from operation/production)	○ Amount (KG)
○ Classification (Hazardous/Non-hazardous)	○ Disposal Mode
○ Form/State of Waste (Solid/Liquid)	○ Disposal Date
	○ Vendor Name (if applicable)
- Facilities should arrange sufficient training on waste segregation, handling, storage, and disposal for the concerned employees.
- Waste shall be transported, treated, and disposed by a registered waste contractor in a legally compliant manner. Valid authorization of waste contractor and contract agreement with waste contractor shall be provided upon request.
- Waste reduction, recycling or upcycling targets and objective shall be set. Such programs or measures shall be documented, implemented, and maintained.
- The facilities should set a baseline for the quantity of different types of waste, as well as conduct yearly analysis for waste disposal qty and method against the baseline.

- The facility should have an action/implementation plan with a roadmap to achieve a target for Waste disposal quantity and method.
- Facility shall have a valid authorization, permit or approval as applicable for storage & disposal of Hazardous waste (e.g.: Chemical waste, sludge, E-waste etc) generated in different manufacturing processes.
- The facility should not use cut fabric or waste fabric in the incineration boiler to align with sustainability goals and promote the reuse, recycling, or upcycling of textile waste.

Chemical Management in Production

- To identify and prevent hazardous chemicals from being used in our production, we acknowledge ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) as a global industry standard which we encourage our suppliers to adopt.

(The ZDHC Manufacturing Restricted Substances List (ZDHC MRSL) is a list of chemical substances. These substances are banned from intentional use in facilities processing textile materials, leather, rubber, foam, adhesives and trim parts in textiles, apparel, and footwear. Using chemical formulations that conform to the ZDHC MRSL allows suppliers to assure themselves and their customers that banned chemical substances are not intentionally used during production and manufacturing processes.)

- While a Restricted Substances List (“RSL”) refers to harmful substances restricted in materials and finished products, the ZDHC MRSL bans the use of hazardous substances or chemicals used in facilities that process materials and trim parts for use in apparel and footwear. Chemicals on the ZDHC MRSL include:

- | | |
|--------------|-------------------|
| ○ Solvents | ○ Dyes |
| ○ Cleaners | ○ Colorants |
| ○ Adhesives | ○ Auxiliaries |
| ○ Paints | ○ Coatings |
| ○ Inks | ○ Finishing agent |
| ○ Detergents | |

- An inventory must be prepared and regularly updated for all chemicals, such as pure chemicals and formulation i.e. dyestuff, auxiliaries and chemicals stored or used on site related to all manufacturing and finishing processes, printing, cleaning agents, utility chemicals and lubricants, chemicals used for treatment of water and wastewater etc. Storage of chemicals shall demonstrate adequate measures to prevent contamination to other chemicals, water, or soil.
- The Chemical Inventory List (CIL) shall be made available upon request. ZDHC CMS guidelines should be referred to while making the CIL. CIL shall include but not be limited to below attributes;

- | | |
|---|--|
| 1. Chemical Name/Product Identifier | 11. Chemical use type as per ZDHC Gateway |
| 2. Supplier Name | 12. Chemical status (example: existing, new, sample for trial) |
| 3. Manufacturer Name | 13. Chemical in Stock (kg) |
| 4. Area of Use (example: printing) | 14. Chemical Consumption (kg) |
| 5. Function of Chemical (example: defoaming agent for printing paste) | 15. Chemical Purchase (kg) |
| 6. CAS Number with composition | 16. Last revision date of MSDS |
| 7. ZDHC PID | 17. Storage location |
| 8. ZDHC MRSL conformance level | 18. Chemical Expiry date |
| 9. ZDHC MRSL conformance expiry date | 19. GHS Hazard classification |
| 10. Chemical use category as per ZDHC Gateway | 20. Third Party certification |

- Facilities shall conduct internal audit of their chemical inventory data quality at least once a year. The internal audit should cover quality of information in CIL including below points:
 - Verification that all ZDHC PIDs correspond to the actual products in use;
 - Cross-check of SDS revision dates against purchase records
 - Accuracy of CAS number
- The facility shall have a Chemical Purchase Policy to ensure chemical compliance against latest version of ZDHC MRSL. Facility shall ensure all production chemicals used in the premises are compliant to ZDHC level 1 at minimum.
- Selected wet-processing factories will be requested to conduct conformance check of chemicals to ZDHC MRSL standard by completing ZDHC InCheck reporting through ZDHC gateway.
- All relevant employees including workers shall be trained regularly and properly in chemical hazards/risk, proper handling, storage, and disposal of chemicals, as well as in Manufacturing Restricted Substance List (MRSL) and Varner Restricted Substances List (RSL).
- ZDHC related requirements must be cascaded through the relevant upstream supply chain by the facilities. Chemical suppliers and manufacturers shall be made aware of Varner requirements of chemical management.
- Documented processes shall be in place to identify, monitor and verify compliance with Varner RSL and ZDHC MRSL during purchase and use of chemicals.
- All facilities shall fulfil all requirements mention in 'Chemical Handling' section in this manual.
- Facilities shall maintain a readily available spill kit for the prompt and effective cleanup of any potential spills. Additionally, facilities shall establish and maintain an inventory or checklist for the spill kit, outlining the contents and specifying a regular update frequency.

Emissions to Air:

- All the airborne pollutants, emission sources, including both stationery and fugitive sources, shall be identified and recorded for both emissions from facilities' operations (e.g. Generator and boiler operations or use of any other combustion engine to run production and use of air conditioning) and air emission from production processes.
- Appropriate air emission control measures shall be implemented for any of the manufacturing operations that generate air pollutants.
- If there are on-site air emission treatment units, maintenance procedure shall be documented and maintained.
- The facility shall have proper monitoring of their emission sources to fulfil the local or National air emissions requirements whichever is stringent.
- The facility shall have test reports for air pollutants from point source (NO_x, SO_x, CO and Particulate Matter etc) and fugitive source of air pollutants (VOCs).
- The facility shall document consumption of all refrigerants use within the premise.
- The facility should actively seek opportunities to replace high GWP (Global Warming Potential) refrigerants with low GWP refrigerants wherever possible.

Environmental Performance Management Routines for Manufacturing Units

Varner Environmental Assessment, Remediation and Development Activities

Varner will actively work with supply chain partners to ensure regular monitoring and implementation of 'Environmental Impact Area Requirements'.

- Varner reserves the right to conduct environmental due diligence assessments and capacity building activities with supplier facilities. Frequency and nature of assessment will be determined by Varner environment team after assessing risk and several other factors. Varner reserves the right to conduct own assessments that can be onsite or online. Depending on the nature of assessment, onsite assessments can be either announced or unannounced.
- For Varner environmental assessments, facilities shall cooperate with Varner environmental responsible by filling in requested surveys, by sharing relevant supporting evidence (documents, photo evidence and interview etc), access to all relevant premises, and participating actively during assessments and other follow-up activities.
- Following the environmental assessment, the environmental team will share assessment report.
- Upon receiving the environmental assessment report from Varner, factory shall review the assessment report and respond with root cause analysis and remediation and/or improvement plan within 2 weeks.
- Facilities may be requested information in the format developed by Varner for frequent data update on key impact indicators.
- Varner reserves the right to deploy further engagement activities in the value chain (e.g: Development meetings, online surveys, and data/evidence submission requests etc) to ensure good data quality, validate actual practices, identify scope of improvement, to remediate risk and improve environmental performance.
- Facilities may also be requested to participate in training and capacity development activities if relevant to the improvement areas found during assessment.

Higg Facility Environmental Module (FEM)

Facilities Environmental Module (FEM) developed by Cascale (previously SAC) is an industry aligned tool to monitor and assess environmental performance of supplier Facilities.

- Supplier shall have registration on Worldly platform for all facilities offered to Varner. Selected facilities will be requested evaluate their environmental performance through Higg Facility Environment Module.
- Facilities shall complete Higg Facility Environmental module and share with Varner in within requested deadline.
- 3rd party verification of Higg FEM is encouraged within our supply chain. By sharing verified FEM module with Varner, supplier gives Varner the consent to publish the verified scores and key performance trends as aggregated values of all such Facilities.
- Supplier shall ensure the information provided in Higg FEM is correct, up to date and has supporting evidence.
- Varner will not publish FEM/vFEM scores of individual Facilities unless specifically agreed with the supplier and factory. Varner may publish aggregated verified FEM scores of all active facilities in Varner sustainability reporting. By sharing the FEM, suppliers acknowledge this.

Ensuring Chemical conformance to ZDHC MRSL and Wastewater Testing

The *ZDHC Manufacturing Restricted Substances List* (ZDHC MRSL) is a list of chemical substances. These substances are banned from intentional use in facilities processing textile materials, leather, rubber, foam,

adhesives and trim parts in textiles, apparel, and footwear. Using chemical formulations that conform to the ZDHC MRSL allows suppliers to assure themselves and their customers that banned chemical substances are not intentionally used during production and manufacturing processes.

- In addition to creating the MRSL and Wastewater guidelines, the ZDHC has developed a database, called *ZDHC Gateway*, where suppliers may upload their wastewater test results and chemical inventory lists. This information can be shared through ZDHC Gateway as required, and reports can be generated showing the MRSL compliance level of Suppliers. All facilities using chemical in production shall register in ZDHC Gateway and connect with Varner. Varner will use the ZDHC *Gateway* to monitor supply chain chemical management once the function of Gateway is completed by facilities.
- Facilities shall participate actively in the capacity building initiatives through ZDHC Academy and ZDHC InConnect programme that are endorsed by Varner.
- Facilities are required to actively support upstream chemical management by encouraging their sub-suppliers and contractors (e.g. material suppliers, dye houses, laundries, printers and other wet-processing units) to register on the ZDHC Gateway. This upstream engagement is intended to promote transparency, data availability, and continuous improvement in chemical management across Varner's extended supply chain.
- Facilities shall cooperate with Varner to ensure regular checking of compliance to ZDHC MRSL and wastewater guidelines as well as work on improvement areas to ensure chemical hazard is minimized to safeguard environment and worker health.
- Facilities shall maintain a monthly chemical inventory tracking system. Chemical consumption and stock levels should be clearly documented and traceable.
- Facilities shall share the Chemical Inventory List (CIL), including all mandatory attributes specified in the Chemical Management section, along with supporting documentation, upon request by Varner's Environmental Responsible.
- Facilities that are identified as wet-processing facilities (e.g. dyeing, printing, washing, finishing or laundering units) should generate a ZDHC InCheck at least once per year to check chemical inventory conformance with the ZDHC MRSL.
- Selected facilities may be required to generate ZDHC InCheck reports at a higher frequency under Varner's chemical management and compliance framework.
- Facilities with wet processing shall conduct wastewater testing as per latest ZDHC wastewater guidelines at least once a year. The testing shall be conducted by ZDHC approved testing laboratory, and the test report shall be uploaded to the ZDHC Gateway platform.
- In case of any failure in ZDHC wastewater testing, facility shall submit root cause analysis and improvement action plan. Varner reserves the right to review, monitor, verify, and follow up on the facility's implementation status and effectiveness of the corrective measures. All relevant records, reports, and supporting documentation shall be maintained and made available to Varner upon request.
- If any parameter fails in the ZDHC wastewater test report (ClearStream report), the facility is also required to perform additional targeted testing of the failed parameters within three months of the initial nonconformant result.

ZDHC Supplier to Zero assessment

- Selected facilities may be required to register for the ZDHC Supplier to Zero (S2Z) assessment and obtain at minimum the Foundational level (Level 1) verification.
- Facilities within above scope shall provide evidence upon request by Varner.

Primary Data Collection (Climate, Energy, Water and Waste)

- Facilities may be requested primary data pertaining to one or more *Environmental Impact Area* more frequently and sooner than FEM cadence.
- Varner reserves the right to determine the frequency of request for primary data collection from facilities. Facilities shall comply with primary data requests in all environmental impact areas in a timely manner.
- Facilities shall keep monthly record of the usage data, supporting evidence, improvement work and progress etc as mentioned in *Energy Use and GHG emission section*. Facilities will be requested to share this information with Varner at least twice a year.
- Facilities shall cooperate with Varner to actively calculate GHG emission as per The Greenhouse Gas Protocol and contribute towards limiting global warming as per [‘The Paris Agreement’](#).
- Facilities may be requested monthly record of usage data and supporting evidence related to water use within the premises.
- Facilities may be requested monthly waste inventory and disposal records with supporting evidence.