

Beirholm/Creadore Social and Environmental Policy

Who is Beirholm/Creadore?

Beirholm/Creadore is the leading supplier in Western Europe to the linen rental industry – leasing laundry chains and individual leasing laundries. Over time, we have transformed our company into a unique knowledge-sharing and knowledge-creating organization. We have few tangible assets – people are our only real resource. We serve the demanding and changing needs of our customers by understanding the nature of the global value creation network and by developing effective teamwork among partners. The only visible links between the shifts in our 5 generations are found in the mixture of our cultural and company heritage: our decisive “feel” for textiles in myriads of production and user contexts, our respect for close and open collaboration between people in business, and our curiosity to learn from others – and willingness to share our learning with others.

Introduction to our CSR strategy and commitment

In Beirholm/Creadore we base our business strategy on sustainability and have done so for many decades. It is a strongly ingrained aspect of our culture to work and behave responsibly in our dealings with our customers and producers, and to create products we can be proud of, also with regards to ethical, social and environmental considerations.

We acknowledge that there are social and environmental issues in our industry, and to recognize and address them up front, is for us the only way to move forward.

We undertake to meet fundamental social, environmental and compliance standard.

There are no quick fixes in this area, and we do our best to ensure progress and uphold responsibility and sustainability within our own business and among our upstream business partners – the producers of our textiles and their subcontractors, going all the way back to the cotton fields.

Targeted action since 2002 Beirholm/Creadore has worked purposefully with social and environmental conditions since 2002, when we required all our manufacturers to commit to our Code of Conduct and Corporate Social Responsibility (CSR) strategy. In 2014 we strengthened this work by joining Amfori BSCI. Today all our suppliers must comply with our Code of Conduct and all our strategic producers must comply to Amfori BSCI.

Our Code of Conduct communicates the social, environmental, and ethical standards we expect our producers to live up to. The Code of Conduct seeks to express standards that are considered universal in nature, and we expect our partners to share our support and commitment to the underlying declarations and conventions such as the Universal Declaration of Human Rights, the core labour conventions of the International Labour Organization, the United Nations Convention on the Child and the United Nations Declaration on Sustainable Development (the Rio Declaration). The overall purpose of this Code of Conduct is to ensure that the partnerships between Beirholm/Creadore and its producers are based on internationally accepted and recognized social, environmental, and ethical standards.

We have also focused on ensuring more eco-friendly, as a part of BCI, and organic methods of cotton cultivation, Fairtrade, and recycling of polyester fibres from plastic waste. Beirholm/Creadore is also working towards greater sustainability internally by making the best use of all our resources, reducing energy consumption, and choosing green solutions, both at our Kolding headquarters and in the transportation and distribution of textiles.

Our management and actions

Through Beirholm/Creadore's Ethics and Environment Competency Centre, we ensure objectives, meeting of objectives, progress and active dialogue with our own buyers and with our producers, our sales force and our customers. Our management systems are certified according to international standards. For example, our quality and environmental management system which also focus on conditions among the producers of our textiles, is certified according to ISO9001, ISO14001, ISO45001.

The certification dictates the principles, subjects, and processes our company works under and will assist our continued advancements in this area and supplement our other management standards. A key area which we will continue to pursue is the impact of and transparency of our value chain. Only when we know the actual impact of our supply chain, we can take actions to reduce it. Only when being really transparent of our supply chain, we can build bridge between the different stakeholders in our value creation network to the benefit of all participants in it.

Guiding principles

Beirholm/Creadore wishes to be a responsible partner who proactively works to improve human rights, good working and environmental conditions at our producers.

Beirholm/Creadore producers shall - as a minimum - comply with national legislation and regulations and the Beirholm/Creadore Code of Conduct including Appendix of Area and/or Area Specific Requirements which is available at Beirholm/Creadore.dk. Where the Code and national legislation address the same issue, the most stringent provision shall apply. Where any of the specific provisions of this Code of Conduct legally do not comply with national or local legislation, the applicable legislation should always prevail; in these cases Beirholm/Creadore should be notified immediately.

United Nations – Sustainable Development Goals

In 2015, all UN member states adopted the '17 Sustainable Development Goals' (SDGs), which is a robust plan to build a better world for humans and our planet by 2030. The SDGs call for action from all countries – regardless of their economic status – to promote prosperity and, at the same time, protect the environment. We want to use the goals to continually evaluate and improve ourselves and ensure a more sustainable og social fair future.

To achieve the best results, out of the 17 UN SDGs, Beirholm/Creadore has chosen to focus on the six goals that are directly relevant to our activities:

Goal 4: Quality education for children, adolescents and adults.

Goal 5: Equal opportunities for both sexes and ending discrimination against girls and women.

Goal 7: Significantly increased production of clean, renewable energy at affordable prices.

Goal 8: Decent working conditions and sustainable economic growth characterised by innovation.

Goal 12: Responsible consumption and production with minimal waste and sustainable use of natural resources.

Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development. Efforts to achieve the Sustainable Development Goals are now part of Beirholm/Creadore's business, logistics and cooperation with manufacturers and suppliers. We look forward to achieving those goals by 2030.

Beirholm/Creadore works to pursue the SDGs inhouse, in cooperation with the manufacturers and laundries, and in relation to their customers and end-users. Our ambition is to create solutions that are as sustainable as possible on a profitable basis. Focus on results The UN's Sustainable Development Goals are wide-ranging.

Memberships:

Amfori BSCI, since 2014

Better Cotton Initiative since, 2012

ISO standards

- » ISO 9001
- » ISO 14001
- » ISO 45001

Licenses

FAIRTRADE

GOTS

RCS

GRS

Procurement policy Beirholm/Creadore and Creadore:

Beirholm/Creadore/Creadore Sourcing vision

Beirholm/Creadore sourcing is a significant part of the Beirholm/Creadore Business model and have to contribute to the development of our strategic business model.

Beirholm/Creadore sourcing must secure that the full potential of the value creation network is activated in order to develop and sell the most profitable and sustainable textile solutions in the market.

Beirholm/Creadore sourcing must secure that the social and environmental impact of our corporation is at the highest standard and comply with all international requirements. We want to go beyond a normal sale – purchase set up as we believe in partnership will prove beneficial for all parties in the supply chain.

Beirholm/Creadore Sourcing mission

Beirholm/Creadore Sourcing is to develop and maintain the producer portfolio and services making sure that we always comply with the market demands Beirholm/Creadore is facing as well as the ethical requirements and demand for environmental means are constantly improved.

Beirholm/Creadore Sourcing positioning

Professional and proactive approach in the whole value creation network.

Procurement policy Beirholm/Creadore:

Beirholm/Creadore/ Sourcing vision

Beirholm/Creadore sourcing is a significant part of the Beirholm/Creadore Business model and have to contribute to the development of our strategic business model.

Beirholm/Creadore sourcing must secure that the full potential of the value creation network is activated in order to develop and sell the most profitable and sustainable textile solutions in the market.

Beirholm/Creadore sourcing must secure that the social and environmental impact of our corporation is at the highest standard and comply with all international requirements. We want to go beyond a normal sale – purchase set up as we believe in partnership will prove beneficial for all parties in the supply chain.

Beirholm/Creadore Sourcing mission

Beirholm/Creadore Sourcing is to develop and maintain the producer portfolio and services making sure that we always comply with the market demands Beirholm/Creadore is facing as well as the ethical requirements and demand for environmental means are constantly improved.

Beirholm/Creadore Sourcing positioning

Professional and proactive approach in the whole value creation network.

Producer qualification

Below phases are part of the Producer qualification process for Beirholm/Creadore supply chain when looking into a new producer.

Phase 1:

Country Risk assessment: We will make a risk assessment for a country if it is not already part of our Country Risk assessment.

Along with the country risk assessment issues we will look into below areas:

- » How safe is it to visit the country – if not possible we will not proceed as it is a must that we visit the producer (see below)
- » What kind of raw material can be sourced locally?
- » How is the general impression of the textile industry?
- » How is the environmental situation in the country?

If we find issues which are to be considered high risk for us, we will not proceed further

Producer Risk assessment: Based on the findings from the Country Risk assessment we look into the points by the producer when we start up the dialogue and make first visit.

We require a 'roadmap' /presentation of the producer so we can decide whether we will proceed as we need to understand and secure the set up will pass our demands. The presentation / roadmap will also inform about subcontractors as we need to know how the setup is and secure that we understand possibilities and risks.

After the first visit we will make the Risk assessment of the producer – before the visit we will make a draft based on information provided by the producer and amend after the visit.

If the producer is meeting our requirements and is still of interest, we will move into next phase (see below)

Phase 2:

IF the producer proceeds from Phase 1 we will establish visit to the producer's production sites. First visit will be made by the Sourcing department where evaluation of the producer will be made based on the preliminary risk assessment

If the findings at the producer are not causing any alert, we will proceed to next visit where our quality control and sourcing will make joint visit to secure that the products will comply with our quality level

If we decide to proceed with the producer, we will involve further departments such as Management, Sales, Logistic, IT. The involvement can be made virtually or physical with visits to the production sites.

It takes approx. 2 years for a new producer to be accepted as part of our supply chain

Phase 3

When we approve a producer to be part of our supply chain we have been through the following steps:

- » Visit to the production sites and sometimes subcontractor production sites
- » Audits by us and / or external company
- » Visits to Beirholm/Creadore in Kolding
- » Mapping of the company with full information about the set up
- » Several trial orders to secure and set the standard
- » Management meetings
- » System set up
- » Signing our Code of Conduct
- » Signing our Supplier Agreement
- » Risk assessment of the producer which is shared with the producer
- » Grievance and remediation policies
- » Sustainability talks – what is possible now what should be made in future
- » Setting up competence groups

We work with a huge scale of transparency - we are proud of our supply chain and our producers and do not hide from where and whom we buy. It is important that our producer understands that we work with a partnership strategy and transparency and dialogue is a must.

When looking at a factory our focus is:

- » Country
- » Ownership
- » Production infrastructure including buildings and machines as well as employees
- » Social compliance
- » Environmental status and possibilities
- » We focus on as high a degree of vertical integration as possible in order to secure that all is controlled by our producer

Minimum requirement:

- » Oekotex 100 and possibility for getting more labels
- » Compliance with Beirholm/Creadore code of conduct
- » BSCI compliance or SA8000
- » Focus on social working conditions
- » Grievance and Remediation policy exist and is active
- » Focus on the environment

Beirholm/Creadore is always going hand in hand with our main producers in Social and Environmental development at the producer. We sign up with external consultants and other companies to help bearing the costs of the producer acquisition of the required certifications.

We believe in setting a good example to show that we are working together - we are not just putting on more and more pressure to the producer so we can enjoy and earn more money. It is a joined journey with our partnership strategy philosophy and it requires big effort from both companies

Producer corporation

Beirholm/Creadore is using a segmentation model for the producers in our supply chain. This segmentation model is updated once a year.

There are 4 types of producers each having their unique points as well as points covered in all 4 categories.

Innovative:

An innovative producer is the optimum in our supply chain. The producer is vertical integrated with high level Textile infrastructure – new machines, buildings, latest technology, and skilled workers

There is focus on sustainability in all parts of the production – from raw material to finished product and compliance is high in the social and environmental areas.

The producer understands the market challenges and demands from Beirholm/Creadore's customers and their customers and can adjust their set up accordingly. They are strong in R&D and understand the reasons for reengineering to improve the products, performance, production set, environmental impact as well as finding new and better solutions which can replace existing solutions.

Integrated:

An integrated producer is where the main part of our supply chain must be. The producer is fully or partly vertically integrated knowing and controlling the subcontractors used. The production set up is good with new or fairly new machines, buildings and technology and the workers are skilled.

There is focus on sustainability and willingness to invest in means which will help improving the sustainability over time. There is compliance in the social and environmental areas

The producer is able to make R&D but the initiative will come from our side.

Match

A Match producer is a producer which is part of our supply chain because the product range, the lead time or the setup is matching the market demands.

The production set up can vary from very good to good

There is still focus on sustainability and compliance in the social and environmental areas. The producer has signed our code of conduct and comply with our minimum requirement for a producer.

The producer is not used for R&D projects as we will use the producer's existing products, qualities a.o

X-Ray

An X-Ray producer is either on the way to be part of our supply chain or about to be removed from our supply chain.

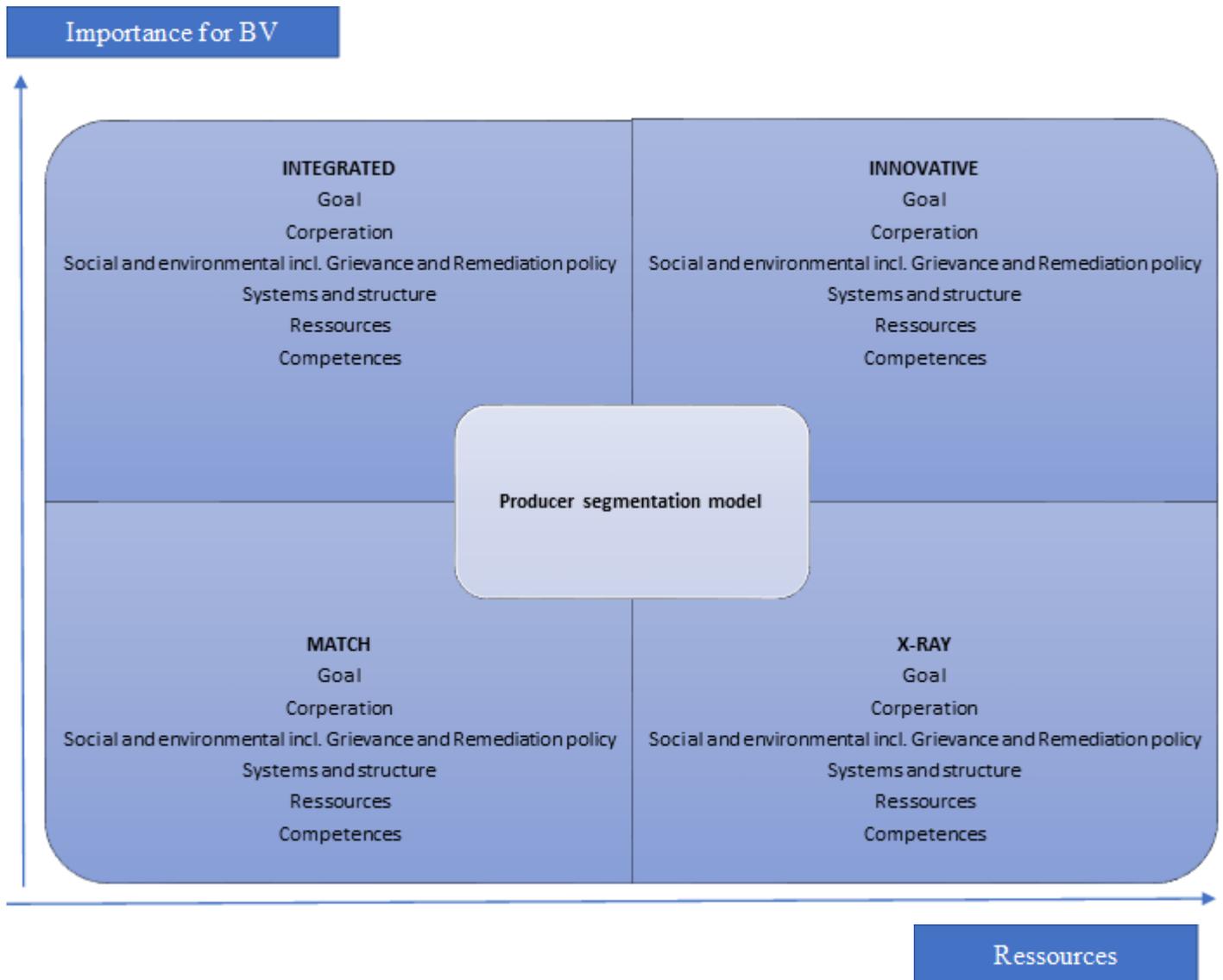
An X-Ray producer cannot stay forever in this category and action will be taken from our side to proceed or close.

An X-Ray producer will have same minimum requirements as our other producers, but it may take more time before we are able to move the producer into another category. It can also be a producer where performance, compliance and other are no longer matching our requirements and we will have to phase out the corporation

General points for all 4 categories:

- » Common goal
- » Corporation form
- » Social and environmental including an active grievance and remediation policy
- » Systems and structure
- » Resources
- » Competences

Producer Segmentation model



Grievance and Remediation process

Beirholm/Creadore understands and acknowledges the responsibility for our supply chain. This include areas which are not controlled by us but play an important part in our responsibility to secure the social and environmental of our supply chain.

Grievance:

If we receive an information about a grievance which has not been handled properly, we will immediately take up the matter with the management of the factory as well as the HR person.

The responsible persons by Beirholm/Creadore to secure that the issue is solved / handled are the key account person for the producer or head of strategic sourcing

The time frame from receiving information about the finding till the issue is addressed and if possible solved is maximum 3 days unless the case demands further investigation. The dialogue will be started up immediately with the relevant persons to secure high priority of the case.

We will secure that the case is looked into and discussed properly and if it is decided/found that the case has not been handled correctly we will secure and monitor that the person with the grievance will be receiving correct compensation.

It is important for us to secure that these cases are checked and handled properly with respect for the person having the grievance.

The follow up on the case will be checked by us or through a third party who can speak the language, so we are sure that all has been handled correctly.

Remediation:

If we receive an information that the remediation for a grievance has not been handled properly, we will immediately take up the matter with the management of the factory as well as the HR person.

The responsible persons by Beirholm/Creadore to secure that the issue is solved / handled are the key account person for the producer or head of strategic sourcing

The time frame from receiving information about the finding till the issue is addressed and if possible solved is maximum 3 days unless the case demands further investigation. The dialogue will be started up immediately with the relevant persons to secure high priority of the case.

We will secure that the case is looked into and discussed properly and if it is decided/found that the case has not been handled correctly we will secure and monitor that the person will be receiving correct and agreed compensation.

It is important for us to secure that these cases are checked and handled properly with respect for the person having been granted the remediation.

The follow up on the case will be checked by us or through a third party who can speak the language, so we are sure that all has been handled correctly.

Producer Risk Assessment Process:

The sourcing group will every 6 months look into the Producer risk assessment for each producer, so we secure that the findings are prioritized and mitigated.

The Producer Risk Assessment will be based on the audits and talks made by

BSCI / SA8000

Our own audits made by third party auditor
Our own visits to the production sites
Talks with stakeholders outside the factory

The producer risk assessment will be shared with the producer and action plan is made for the findings we have. This process is now part of our sourcing process so we secure that we by all visits will look into social and environmental areas as well as we will try to – where possible – have talks with some of the workers.

We believe that by this action we will secure that producer is having same focus and secure that the employees' working conditions and life as well as the environment will improve

Cascading of requirements

We work with 1st tier in the supply chain. Beirholm and Creadore producers shall not utilise subcontractors* for the production of Beirholm and Creadore's products or components thereof, without Beirholm and Creadore's approval and only after the subcontractor has agreed to comply with Beirholm and Creadore's Code of Conduct or the BSCI Code of Conduct.

*Not including transport company, cotton farmers, polyester, chemical and packaging suppliers.

Non-compliance policy

We recognize that some of our business partners may consider compliance with this Code of Conduct and its overall objective a challenge. While we do not expect all producers to meet the requirements at the time of entering a business relationship with Beirholm and Creadore, we do expect all our producers to express and demonstrate a serious commitment to meeting the objectives set forth in the this Code of Conduct. Business partners that fail to make this commitment will eventually have to terminate their business with Beirholm and Creadore. As appropriate, we stand ready to offer guidance and assistance to facilitate the process towards compliance.

We underline that especially the following incompliances are considered unacceptable and might lead to business termination

- » Child labor
- » Usage of forced labor
- » Violation of Freedom of association and collective bargaining
- » Systematic excessive of overtime
- » Violation of minimum wage required by local legislation
- » Disciplinary practices of any kind
- » Discrimination of any kind
- » Threat to Workers health & safety
- » Sexual harassment of any kind
- » Unauthorized subcontracting
- » Bribery towards our staff or external auditors
- » Violation of local laws
- » Violation of environmental performance requirements
- » Consecutive fails to Monitor and comply with Beirholm and Creadore code of conduct and BSCI Code of Conduct

Exit/phase out procedure:

If we, after dialogue with the producer, identify continuous noncompliance we will inform the producer and establish a phase out plan.

The phase out plan will always involve:

- » Clearance of existing stock
- » Payment of outstanding cost/amount
- » If possible, guide to other kind of business possibilities within other segments – for example retail.

I herewith approve that this document has validity with the date of issuance

Place/Date of issuance
Beirholm/Creadore

Peter Beirholm CEO

Kolding 04/12-20

