Corporate Responsibility

An Overview

Corporate Responsibility (CR) is a modern term rooted in an old ideal. When Hamilton Carhartt started his company in 1889, he provided factory workers with comfortable surroundings, good working conditions, and a fair wage based on union negotiations. In his own words, the objective was not to be profitable alone, but to do "the just and honest thing – gainful if possible." From the beginning, Hamilton Carhartt insisted on using high quality materials to guarantee that his products were solid and reliable in protecting miners, hunters, construction and factory workers, as well as other hard-working folks.

Today we look back with pride on this heritage and take inspiration from it, as we aim to live these values every day.

The following overview revolves around three areas, which represent the mainstays of our Corporate Responsibility work.

- Product
- Production
- Operations

Product

The most effective way of reducing one's own ecological footprint is to consume less, in favor of goods and products that endure. Carhartt WIP's most fundamental contribution to environmental protection lies in its timeless, durable products. These authentic adaptations of solid workwear are designed to withstand wear, buck fast-fashion trends, and last for decades. Maintaining the high standards Hamilton Carhartt once set for his heavy duty, functional garments, we deliver comfortable, ageless cuts and carefully selected materials.

Cotton

More than half of the products in Carhartt WIP's seasonal collections are made from cotton. Although this is a natural, biodegradable fiber, conventional cotton cultivation has serious environmental and social impacts. For instance, producing cotton often requires heavy use of harmful pesticides, leading many smallholder farmers to spend a large part of their annual

income on agricultural chemicals. In the effort to reduce the potential negative impact of the cotton used in our collections most effectively, we work on two fronts:

a. Organic Cotton - In 2017, we began to integrate organically grown cotton into our collection, selecting our iconic Dearborn Canvas as the first fabric of this gradual transition. By avoiding toxic pesticides, organic cotton cultivation improves the health, surroundings and overall working conditions of farmers, as well as the quality and fertility of their soil. From Spring/Summer 2020 onwards, all Dearborn Canvas products in Carhartt WIP's collection are manufactured from certified organic cotton and finished in an environmentally sound, energy-efficient manner. These are labelled with a specific hangtag and will be followed by an increased range of other organic cotton-based products in the near future.

b. Better Cotton Initiative (BCI) - To contribute to the improvement of global cotton production, we became a member of the "Better Cotton Initiative" **(**BCI**)** in May 2017. BCI is a non-profit organization that aspires to set new standards for global cotton farming to make it better for the people who produce it, better for the environment it grows in and better for the cotton sector's future. Up to now, BCI and its partners have provided training on sustainable agricultural practices to 2.2 million farmers in 21 cotton growing countries, driving the cotton sector towards sustainability. We are committed to increasing the sourcing of Better Cotton for our products year on year until all the cotton we use is sourced sustainably.

Restricted Substances List

Cotton or not, all Carhartt WIP products have to pass detailed expert testing procedures and comply with strict regulations. Our "Restricted Substances List" **(**RSL**)** helps us prevent the use of harmful chemicals to protect both customer's health and the environment. In accordance with international laws and regulations, the list represents our minimum requirements when it comes to chemical management and is updated on a yearly basis. To ensure compliance, we work closely with our suppliers in order for them to understand the "Restricted Substances List" and test our products each season.

Finishing

Carhartt WIP pants undergo various production processes for their look. In 2017, we started using the EIM **(**Environmental Impact Measuring**)** software, to assess the environmental impact of all the finishing techniques we are using. Almost eighty percent of our bottoms are "rigid" or "rinsed", which means that they are either untreated or washed only once and therefore have a relatively low impact on the environment. The remaining twenty percent of our washes, however, received less satisfactory results. As this demands action, we are currently testing alternative techniques and possibilities to optimize our production in relation to environmental sustainability.

Other sustainable fibers

We actively engage with our fabric suppliers to explore sustainable alternatives that match our quality and durability requirements. Carhartt WIP constantly reviews the available technologies to seek out opportunities for improvement.

Production

As for most apparel brands in this increasingly globalized world, the complexity of the textile supply chain brings challenges to Carhartt WIP's production route. Fierce competition, along with fast-fashion price policies in the industry have led to unacceptable conditions in factories and production plants across the globe. This has led us to being particularly careful in where we produce and who we partner with. Committed to ensuring efficient, ecologically sound production capabilities, we rely on long-term relationships based on trust and mutual respect, while also carrying out regular on-site checks.

Production Countries

One third of Carhartt WIP's collection is produced in our own factory in Tunisia, which was established in 2004. The comfort and wellbeing of our near-700 workers has been a priority for us from the beginning. To compensate for a general lack of public transportation in the region, we installed our own company bus system to support workers in their commute. In 2014, we became SA8000 certified. This management system standard for social welfare compliance helps us monitor the working conditions on site.

A large part of Carhartt WIP products is made from fabrics produced in Europe. We also maintain close business relationships with vendors in China, Cambodia, Vietnam, India, Pakistan, and Bangladesh. Despite preconceptions, a number of high standard facilities do exist in these countries. Carhartt WIP chooses its contractors carefully, with an eye to benefits for workers, such as free lunches, transportation, childcare and medical services.

Supplier Monitoring

We only partner with companies that share our corporate values and, like us, are committed to continuous improvement. The minimum requirements that we expect our factories to meet are outlined in our Code of Conduct. The code is based on internationally accepted labor standards, including the International Labor Organization's Core Conventions and the Universal Declaration of Human Rights. We encourage every supplier to extend our guidelines upstream to his subcontractors and revise them regularly. The most recent version of our Code of Conduct **(**October 3, 2018**)** can be downloaded here.

To ensure that our core principles are upheld throughout the global network of around forty five direct suppliers that we work with, we have developed a strict monitoring system. It

involves in-depth interviews with both management and workers, a physical inspection of factories, as well as a thorough review of all documentation and records. Since we are aware that audit reports alone cannot bring absolute certainty, we also built an internal team of experts to visit and engage with all our suppliers. The open and transparent dialogue with our partners is at the core of our commitment to progress and improve.

Operations

While Carhartt WIP's biggest social and environmental impact lies within our supply chain, we are convinced that responsibility starts at home. Our central headquarters and warehouse are located in Weil am Rhein, Germany, where we have optimized our logistics and shifted a large part of our energy supply to renewable sources in order to run operations efficiently with no unnecessary harm to the environment..

Logistics - Our warehouse is fully equipped with state-of-the-art technology to reduce waste. All of the boxes that we use to dispatch our products are made out of 65–77% recycled material depending on the size of the box. For overseas transport we use shipping – and only in exceptional cases do we use air freight. We also ensure that containers are full before being shipped out.

Green Energy - Since 2005, the rooftop of our headquarters, our warehouse and our outlet in Weil am Rhein have gradually been covered with solar panels, which today represents a surface of approximately ten thousand square meters. This enables us to generate roughly 1.3 million kWh of energy per year, which can provide about 430 German households with electricity. Due to broader renewable energy legislation in Germany, the electricity sourced by our solar panels has to be fed into the general network. However, in an effort to further reduce our environmental impact, we reviewed our energy choices and now use solely green electricity from water power for all our locations at headquarter level.

Code of Conduct

As a premium brand, Carhartt WIP is committed to conducting business in a fair and ethical manner. Consistent with this commitment, we have established this Code of Conduct as a minimum set of standards for both our internal operations as well as our business partners. This Code is based on internationally accepted labour standards, including the International Labour Organization's Core Conventions and the Universal Declaration of Human Rights. While this Code establishes minimum standards, we aspire to partner with companies that share our corporate values and are committed to continuously improving and environmental practices.

As used herein, the term supplier is defined broadly to cover the full range of Carhartt WIP's supply chain partners, including cut and sew suppliers that provide finished garments, direct and "nominated" suppliers of fabrics, trims and other raw materials, licensing partners,

transportation and logistics providers and other supply chain partners.

Employment Relationship - Carhartt WIP suppliers and their authorized subcontractors will adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labour and social security laws and regulations.

Compliance with Laws and Workplace Regulations Carhartt WIP suppliers and their authorized subcontractors comply with laws and regulations in all locations where business is conducted, including those relating to employment, social security, health and safety, and the environment. It is also expected that suppliers and their authorized subcontractors will cooperate fully with Carhartt WIP in its compliance with local laws applicable in countries where Carhartt WIP does business.

Prohibition of Forced Labour - Carhartt WIP suppliers and their authorized subcontractors will not employ involuntary workers, prisoners or trafficked workers or labour that has been obtained by force, fraud, coercion, slavery or otherwise.

Prohibition of Child Labour - Carhartt WIP suppliers and their authorized subcontractors will not hire any employees under the age of 15, who are still at the age of compulsory schooling, or those who are under the minimum working age established by law.

Prohibition of Harassment or Abuse - Carhartt WIP suppliers and their authorized subcontractors strive to establish workplaces where every employee is treated with respect and dignity. No employee shall be subjected to any physical, sexual, psychological or verbal harassment, abuse or corporal punishment.

Compensation and Benefits - Carhartt WIP suppliers and their authorized subcontractors will pay at least the minimum wage established by local law, including all statutory wages, allowances and benefits.

Hours of Work - Carhartt WIP suppliers and their authorized subcontractors comply with daily and weekly workings hours that do not exceed the legal restrictions in the countries in which they do business. Suppliers will provide at least one day (24 hours) off in every seven-day period, unless urgent requirements in the company must be met. Suppliers are requested to limit the total weekly working amount for all employees to 60 hours and to only allow overtime if it is worked voluntarily.

Prohibition of Discrimination - Carhartt WIP suppliers and their authorized subcontractors will employ, reward, promote, and dismiss workers based on their ability to do the job and not on the basis of personal characteristics or beliefs. No one shall be subject to any discrimination based on sex, ethnicity, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin in the workplace. Nor will any personal characteristics affect recruitment, salary, promotion, reprimand, dismissal or resignation.

Health and Safety - Carhartt WIP vendors and their authorized subcontractors will provide a

safe and healthy working environment to prevent accidents and injuries resulting from, associated with or occurring during work or as a result of the operation of the employer's facilities. Carhartt WIP production is prohibited in multi-floor factories with more than one tenant. If employees are provided with accommodation, it is the supplier's responsibility to ensure that the accommodation is safe and healthy.

Freedom of Association & Collective Bargaining - - Carhartt WIP suppliers and their authorized subcontractors shall recognize and respect the rights of employees to freedom of association and collective bargaining.

Environmental - Carhartt WIP suppliers and their authorized subcontractors will comply with environmental rules, regulations and standards applicable to their operations, and will adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

Customs Compliance - Carhartt WIP suppliers and their authorized subcontractors will comply with applicable customs law and, in particular, will establish and maintain programs to comply with customs laws regarding illegal transshipment of apparel.

Security - Carhartt WIP suppliers and their authorized subcontractors will maintain facility security procedures for the facilities to prevent non-listed cargo from entering outbound shipments (e.g. drugs, explosives, biohazards, and/or other contraband). Suppliers are further expected to cooperate with WIP in meeting Authorised Economic Operator (AEO) supply chain security & safety standards.

Bribery and Corruption - Carhartt WIP suppliers and their authorized subcontractors will not, in connection with any aspect of their business with Carhartt WIP, directly or indirectly offer bribes or any other improper form of payment or benefit to influence another individual, company, organization, government official or body, or political party or candidate, regardless of whether it is officially tolerated or condoned.

As noted in this Code of Conduct, Carhartt WIP aspires to partner with companies that share its corporate values and are committed to continuous improvement of social and environmental practices. It is our intent that the standards outlined in this Workplace Code of Conduct be applied throughout the global network of suppliers involved in the development, manufacture and transport of Carhartt WIP products. Suppliers with which Carhartt WIP has a direct contractual relationship are expected to extend these standards to all sub-tier suppliers and to initiate practices to assure that aligned standards are adopted throughout the global supply network supporting Carhartt WIP.





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