

**RESPONSIBLE PURCHASING CODE OF CONDUCT:  
SCHEDULE Q  
Version 1.0**

***1. Institutional commitments***

- 1.1 Buyer recognizes that it has an obligation to respect human rights throughout its supply chains, in particular with respect to those human rights and principles enshrined in the United Nations Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and in applicable labor and employment laws.
- 1.2 Accordingly, Buyer commits to taking the human rights implications of its decisions into account at all times and to working towards the full implementation of the United Nations Guiding Principles on Business and Human Rights (UNGPs), the Organisation for Economic Co-Operation and Development's (OECD) Guidelines for Multinational Enterprises, and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.
- 1.3 In particular, consistent with the UNGPs and the relevant OECD Due Diligence Guidance for Responsible Business Conduct (sector specific where available), Buyer will establish and maintain a human rights due diligence process appropriate to its size and circumstances to identify, prevent, mitigate, and account for how Buyer addresses the impacts of its activities on the human rights of individuals directly or indirectly affected by its supply chains.
- 1.4 Such due diligence will be both forward-looking and backward-looking, preventative, risk-based, and ongoing. It will involve meaningful engagement with stakeholders<sup>1</sup> through participation in regular, transparent, two-way consultation and the timely sharing of relevant information with stakeholders in a format that they can understand and access. Due diligence will also require Buyer to provide support for and participate in remediation where appropriate and necessary, in particular where it caused or contributed to an adverse impact.
- 1.5 All of the commitments undertaken by Buyer under this Responsible Purchasing Code of Conduct serve to advance and institutionalize human rights due diligence throughout Buyer's own operations and supply chains so as to achieve or exceed the internationally recognized human rights standards identified in 1.1.
- 1.6 Buyer commits to improving alignment across its teams and business units on relevant aspects of human rights and procurement and to assign oversight and responsibility for the human rights performance of its supply chain to its senior management and executive board.
- 1.7 Buyer recognizes that its purchasing practices can either improve the human rights performance of its supply chains, or exacerbate and compound adverse human rights impacts for workers. Accordingly, Buyer will train and incentivize its procurement team to understand the direct links between Buyer's purchasing practices and the labor conditions in its supply chains.

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<sup>1</sup> Stakeholders are typically defined as those persons or groups who could be affected by a company's activities, actions, and decisions. This comprises a broad group, including workers, workers' representatives, trade unions (including Global Unions), community members, civil society organizations, investors, and professional industry and trade associations.

- 1.8 Buyer will at all times foster a culture of cooperation and partnership with its suppliers. Buyer will treat its suppliers fairly and with respect and will communicate with them clearly and promptly throughout their relationship.
- 1.9 Buyer will communicate externally all relevant information pertaining to its human rights policies, processes, activities.

## **2. *Selecting suppliers.***

- 2.1 Buyer will select suppliers that have the financial, managerial, and legal capacity to meet both the commercial and the human rights obligations under the contract.
- 2.2 Buyer will engage in dialogue with potential suppliers to ensure that they fully understand what is expected of them with respect to Buyer's own human rights standards. This will include Buyer informing potential suppliers that they will be contractually required to cascade Buyer's human rights standards to their own business relationships (i.e., beyond "tier 1"), that Buyer will expect to obtain, and supplier will be required to provide, throughout the life of the contract, all relevant information regarding supplier's own business relationships, and that Buyer will provide support for such activities, where appropriate and feasible.

## **3. *Negotiating the contract.***

- 3.1 Buyer will negotiate its supply contracts so as to meet its production requirements, whilst respecting and promoting human rights. Should a conflict arise between these objectives, the latter shall take priority.
- 3.2 Buyer will not offer contracts on a take-it-or-leave-it basis or treat suppliers' questions and negotiations as an automatic rejection of Buyer's offer. Buyer will give suppliers an opportunity to negotiate the terms of the contract to ensure that both parties have a voice in structuring the arrangement and in advancing the human rights objectives of said arrangement.
- 3.3 Buyer will collaborate with suppliers to agree on a contract price that accommodates all costs of production, including costs associated with upholding responsible business conduct. For the avoidance of doubt, such costs shall, at a minimum, include minimum wages, statutory benefits, and health and safety costs required by applicable law or collective bargaining agreements.
- 3.4 Buyer will collaborate with its suppliers to agree on a timeline that ensures that orders will not trigger excessive working hours or unauthorized and unregulated sub-contracting. Should Buyer require short lead times, Buyer will negotiate contract terms that ensure that its suppliers can perform under the contract while meeting Buyer's own human rights standards.
- 3.5 Buyer will formalize its arrangements with its suppliers in a written contract.

## **4. *Performing and renewing the contract.***

- 4.1 Should change orders (e.g., quantity increases or decreases, design alterations, timeline adjustment) be sought by Buyer during the contract term, Buyer will communicate updated requirements to its supplier clearly, promptly, and accurately. In cases where oral instructions containing change orders are provided, Buyer will confirm such instructions in writing as swiftly as possible.
- 4.2 When making changes to an order, Buyer will engage in a dialogue with its supplier to establish that the latter can adjust to the new requirements without running afoul of Buyer's own human rights standards. If the supplier cannot adjust, Buyer will make commercially reasonable modifications to enable the contract to conform to Buyer's own human rights standards, for example, by amending target delivery times and providing appropriate additional compensation. Likewise, should the supplier need to modify the contract/order so as to continue meeting Buyer's human rights standards, Buyer will collaborate with the supplier to identify appropriate modifications.

- 4.3 Throughout the contract term(s), Buyer will engage in regular communication with its suppliers and provide on-going opportunities for suppliers to tell Buyer whether they can meet Buyer's timelines without undue negative impacts on the human rights performance of the contract. Should a supplier require more time to deliver a product in order to continue meeting Buyer's own human rights standards, Buyer will, where commercially practicable, endeavor to accommodate a new timeline.
- 4.4 If a new timeline cannot be agreed to and the supplier elects not to perform under the contract in order to prevent or mitigate attending human rights risks, Buyer will not retaliate. Specifically, Buyer will not block-list or sue a supplier that can establish that their decision not to perform under the contract was rooted in concern for upholding human rights standards.
- 4.5 Should a supplier need to engage in subcontracting to meet Buyer's changed requirements, then, as soon as reasonably practicable after receiving the subcontracting request from the supplier, Buyer will review the request, and, if satisfied that the subcontract would not increase the risk of adverse impacts, Buyer will authorize such subcontracting.
- 4.6 In the event of a significant unforeseen increase in input costs during the contractual relationship, Buyer and supplier will negotiate adjustments to the contract price and/or make other modifications to accommodate those increases. Such increases may be incurred as a result of, for example, minimum wage rises, collective bargaining agreements, Buyer's own commitments to paying a living wage, or unforeseen increases in material costs, other manufacturing costs, and/or currency fluctuations.
- 4.7 Buyer will regularly seek feedback from its suppliers on the impact of its purchasing practices on the human rights performance of their contracts and ensure that said feedback will not produce adverse consequences for suppliers. Recognizing that suppliers may be reluctant to provide such feedback candidly, Buyer may seek to collect information anonymously (e.g. via an annual survey) or partner with an independent third party that can aggregate the data and present its findings to Buyer. Buyer also commits to providing feedback to its suppliers so that they are able to improve their own policies and programs.
- 4.8 To aid suppliers in meeting their obligations under Buyer's own human rights standards, Buyer will strive to provide reasonable material and practical assistance (e.g. financial, technological, training, capacity building) to suppliers throughout the contract term(s).
- 4.9 Buyer will collaborate with its suppliers to establish benchmarks for assessing the human rights performance of the contract(s), in order to enable Buyer's procurement team to make informed assessments regarding whether to award, renew, or terminate the contract(s). When it comes time to renew the contract(s), Buyer will seek to reward suppliers for superior human rights performance.
- 4.10 Buyer commits to paying all suppliers in accordance with the terms agreed at the outset of the contract, without attempting to change payment terms retroactively. Should changes to payment terms be necessary, Buyer will ensure that such changes are mutually agreed, and not to the detriment of, suppliers. To support this commitment, Buyer will provide its suppliers with clear and easily accessible guidance—in supplier's own language—on payment procedures and corresponding dispute resolution mechanisms.

## **5. Remediation for human rights harms**

- 5.1 Buyer will ensure that effective, adequately funded, and governed operational level grievance mechanisms are in place to receive and address the concerns and grievances of affected or potentially affected stakeholders. These operational level grievance mechanisms will be consistent with the effectiveness criteria laid out in the UNGPs (legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and based on engagement and dialogue).

- 5.2 Where there is a risk of an adverse impact or where an adverse impact has occurred, Buyer will collaborate with its suppliers and with affected stakeholders to identify the ‘root cause’ of the impact, so as to cease the impact and also prevent future harms.
- 5.3 In the event that a human rights harm occurs in connection with the contract(s), and Buyer caused or contributed to the harm, Buyer will participate in remediation, in collaboration with other buyers as appropriate, and in proportion to its responsibility for the adverse impact and/or its capacity to remediate the impact. Where Buyer’s activities did not cause or contribute to the adverse impact, but are directly linked to it, Buyer will use or build (in collaboration with other stakeholders) its leverage with its suppliers to prevent any future harms.
- 5.4 All remediation, whether carried out by suppliers or by suppliers in collaboration with Buyer (and other buyers as appropriate), will restore the affected person or persons to the situation they would have been in had the adverse impact not occurred, where possible. In all cases, remediation shall be proportionate to the scale and significance of the impact and shall be determined in consultation and engagement with impacted stakeholders and/or their representatives.

## **6. *Disengagement and responsible exit***

- 6.1 Should Buyer wish to disengage from its suppliers because of a potential or already-occurred adverse impact, Buyer will do so responsibly and as a last resort where (i) attempts at preventing or mitigating adverse human rights impacts have failed, (ii) the adverse impact(s) is irreparable, (iii) there is no reasonable prospect of change, or (iv) severe adverse impacts or risks are identified and the entity causing the impact fails to take immediate action to prevent or mitigate them.
- 6.2 Any disengagement, whether for commercial reasons, in response to an un-remediated human rights harm, a force majeure event, or for any other reason, will take into account Buyer’s sourcing volume and the potential adverse impacts related to disengagement, so that Buyer may identify appropriate measures for disengaging responsibly and for mitigating the hardship that termination may bring upon stakeholders. Decisions regarding mitigation will involve reasonable consultations with affected stakeholders.
- 6.3 Should Buyer decide to disengage, it will clearly communicate its intent in writing to its suppliers, with reasonable notice and a clear timeline.
- 6.4 If Buyer does disengage, it will pay its suppliers for any outstanding invoices and/or for costs already incurred in meeting the order prior to disengagement.