



GLOBAL SOCIAL RESPONSIBILITY SUPPLIER MANUAL

CARHARTT'S MISSION

We build rugged products to serve and protect all hardworking people

CARHARTT'S GLOBAL SOCIAL RESPONSIBILITY MISSION

To serve and protect the hardworking people who make our products



CARHARTT, INC. 5750 MERCURY DR. DEARBORN MI 48126

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Revisions

Revision	Date	Revisions
A	2/9/2022	New
B		
C		
D		
E		



1.1 Message from the CEO

Since Carhartt was founded more than 130 years ago, our company has maintained a longstanding commitment to treating all associates, retailers, and consumers with the utmost respect. At its core, Carhartt's mission and purpose are rooted in honesty and integrity.

Dating back to 1889, our founder, Hamilton Carhartt, provided a leading example in the importance of doing the right thing. I'm proud to say that throughout our brand's history – amidst all the growth and change – our promise to uphold a high standard of ethics has not wavered.

This Global Social Responsibility Manual reflects the principles by which we require our suppliers to operate. Within this document, you will find a broad range of resources and information on how we expect our brand values to be represented both at home and abroad.

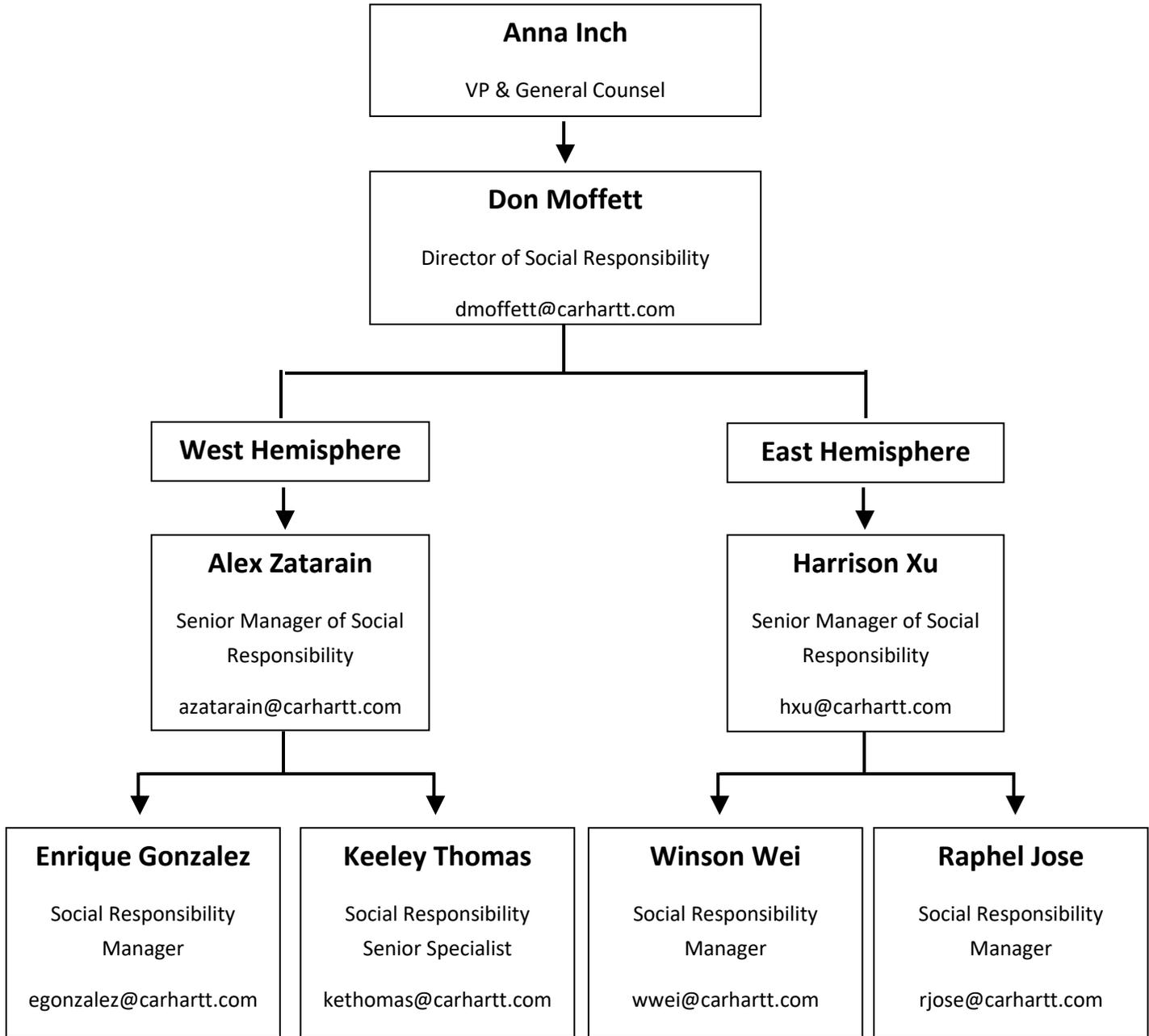
If you have any questions or are in doubt about anything within this manual, please do not hesitate to contact us.

Thank you,

A handwritten signature in black ink, appearing to read 'Mark Valade'.

Mark Valade, CEO

1.2 Global Social Responsibility Team



Global Social Responsibility Team Group Email Address: FactoryCompliance@carhartt.com



carhartt

SUPPLIER WORKPLACE CODE OF CONDUCT

Carhartt is committed to conducting business in a fair and ethical manner. Carhartt's Global Social Responsibility Department's Mission is ***To serve and protect the hardworking people who make our products.*** Consistent with this Mission, Carhartt has established this Code of Conduct as a minimum set of standards for Carhartt suppliers. Carhartt's Code is based on internationally accepted labor standards, including the International Labor Organization's Core Conventions and the Universal Declaration of Human Rights. While this Code establishes minimum standards, Carhartt aspires to partner with companies that share Carhartt's corporate values and are committed to continuous improvements as it relates to social and environmental practices. Details of Carhartt's Global Social Responsibility program including policies can be found in Carhartt's Global Social Responsibility Supplier Manual.

Scope

As used herein, the term **supplier** is defined broadly to cover a range of Carhartt's supply chain partners. Suppliers to Carhartt are expected to extend these standards to all of their suppliers and to initiate practices to assure that these standards are adopted throughout the global supply network supporting Carhartt. A detailed definition of suppliers within scope of Carhartt's monitoring program as well as Carhartt's process for approving and ensuring compliance to the Code of Conduct is outlined in Carhartt's Global Social Responsibility Supplier Manual. The consequences of non-compliance with the standards outlined in Carhartt's Code of Conduct may include, but are not limited to, cancellation of existing orders or loss of all future business with Carhartt.

Code of Conduct

1. Employment Relationship – Carhartt suppliers will adopt and adhere to the rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations.

2. Compliance with Laws and Workplace Regulations – Carhartt suppliers will comply with laws and regulations in all locations where they conduct business including those relating to labor, social insurances/security, worker health and safety, and the environment. It is further expected that suppliers will cooperate fully with Carhartt in its compliance with laws applicable to Carhartt in countries where Carhartt does business. Where local law or standards differ or conflict, the highest standard shall apply.

3. Prohibition of Forced Labor – Carhartt suppliers will not use involuntary, prison or trafficked labor or labor otherwise obtained by force, fraud or coercion -- indentured, bonded or otherwise.

4. Prohibition of Child Labor – Carhartt suppliers will not hire any employees under the age of 15, or under the age interfering with compulsory schooling, or under the minimum age established by law, whichever is greater. Supplier must maintain official and verifiable age documentation for each worker.

5. Prohibition of Harassment or Abuse – Carhartt suppliers will endeavor 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, corporal punishment, or monetary fines. Any factory conducting physical body checks must comply with Carhartt's Body Check Policy.

6. Prohibition of Discrimination – Carhartt suppliers will employ, pay, promote, and terminate based on their ability to do the job, rather than on the basis of personal characteristics or beliefs. No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin.

7. Freedom of Association & Collective Bargaining – Carhartt suppliers shall recognize and respect the right of employees to freedom of association and collective bargaining. Supplier must notify Carhartt within 48 hours of any labor strike or other unrest at any facility used for Carhartt production per Carhartt’s Reporting Policy.

8. Compensation and Benefits – Carhartt suppliers will pay at least the minimum total compensation required by local law, including all mandated wages, allowances, and benefits, as well as required pay for overtime and holiday work. Supplier must maintain adequate and verifiable payroll documentation and each employee must be provided with a clear, written accounting for each pay period.

9. Hours of Work – Carhartt suppliers will conform to hours worked each day, and days worked each week, that do not exceed the legal limitations of the countries in which they operate. At a minimum, Suppliers will provide at least one day (24 hours) off in every seven-day period, except as required to meet urgent business needs. Suppliers are encouraged to control total weekly hours to 60 or less for all employees. All overtime hours must be worked voluntarily.

10. Health and Safety – Carhartt suppliers must ensure that their employees are provided with a safe and healthy work environment, including any housing and cafeteria requirements, and are not subject to hazardous or unsanitary conditions.

11. Multi-Tenant – Carhartt production is not allowed in factories with more than one tenant unless the factory is fully compliant with Carhartt’s Multi-Tenant Policy.

12. Environmental – Carhartt suppliers 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. This includes hazardous waste disposal, waste management practices, air emissions, water treatment and other significant environmental risks.

13. Procurement Ethics – Carhartt’s business relationship with its suppliers is based solely on the supplier’s merits in the way of prices, excellent quality, prompt delivery and efficient services. Therefore, no payments, gifts, rewards or gratuities of any kind shall be made directly or indirectly to Carhartt employees or Carhartt’s buying agent or staff members in consideration of the business being placed with supplier.

14. Bribery and Corruption – Carhartt suppliers will not, in connection with any aspect of their business with Carhartt, directly or indirectly give or offer any bribe, kickback or other improper 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 outlined in Carhartt’s Anti-Bribery Policy.

15. Falsified Information – Honesty and transparency is critical for a relationship with Carhartt. Supplier is required to provide accurate and truthful answers to any questions or documents requested by Carhartt per Carhartt’s Falsified Information Policy. The use of falsified records, double books or similar documents, providing knowingly false information, or coached/instructed employee interviews can and will result in the disqualification of the Supplier from future business with Carhartt.

16. Subcontracting – Carhartt will not tolerate the unauthorized subcontracting of any or all production operations associated with the manufacture of Carhartt products. Carhartt suppliers must comply with Carhartt’s Subcontracting Policy.

17. Migrant Labor – Any supplier using Migrant Labor is required to have adopted the Carhartt Migrant Labor Policy as outlined in the Carhartt Global Social Responsibility Supplier Manual, or draft their own policy that includes the Carhartt policy requirements as a minimum. Any factory found in violation of Carhartt’s policy will be required to immediately reimburse any inappropriate fees charged to migrant workers.

18. Animal Welfare – No animal used for the production of Carhartt products should be intentionally harmed or exposed to pain. Taking the lives of animals should be conducted using the quickest and the least painful and non-traumatic methods available. Carhartt may request specific information on the Supplier’s supply chain related to the conditions imposed on animals used for certain materials (e.g. down, leather, wool).

19. Source of Cotton Fiber – Due to ongoing concerns of forced labor and child labor in growing and harvesting cotton, Carhartt has joined with many other brands in pledging to not knowingly use cotton or cotton based products sourced from specific regions. Suppliers are required to comply with Carhartt’s Cotton Source Policy.

20. Customs Compliance – Carhartt suppliers will comply with applicable customs law and will establish and maintain programs to comply with customs laws regarding illegal transshipment of apparel products.

21. Facility Security – Carhartt suppliers will maintain facility security procedures to guard against the introduction of non-manifested cargo into outbound shipments (e.g. drugs, explosives, biohazards, and/or other contraband). Suppliers are further expected to cooperate with Carhartt and Carhartt Licensees (if appropriate) in meeting C-TPAT and other supply chain security requirements established by U.S. Customs and Border Protection or other governmental security requirements as requested.

22. Right to Audit – Carhartt reserves the right to visit any facility where Carhartt product is produced or handled at any time. These visits may be conducted by Carhartt employees or by third-party auditors retained by Carhartt. Visits may be announced, semi-announced or unannounced. Any denied access to a facility, workers at the facility, or to information needed to conduct the assessment will be considered a Zero Tolerance violation.

23. Visibility of Carhartt Code of Conduct – A copy of Carhartt’s Supplier Workplace Code of Conduct must be posted in strategic locations at the supplier’s place of business so that each member of the supplier’s organization has access to the information (i.e. lobby, near time clocks, bulletin board, etc.). Suppliers are responsible for translating this Code into the native languages of all workers. Supplier is to provide Carhartt with a copy of any translation. If the supplier has a different Code of Conduct posted that is substantially the same as Carhartt’s, then the supplier is not required to post the Carhartt Code of Conduct. The alternate Code of Conduct must include all relevant sections from Carhartt’s Code and contain requirements that are equal or more stringent. A copy of the alternate code must be provided to Carhartt for approval.

Any questions or concerns about Carhartt’s Code of Conduct or any alleged violations should be emailed to factorycompliance@carhartt.com.

* * * * *

This page must be signed by an authorized executive leader or officer of the supplier (e.g. owner, president, or senior executive) engaged in a business relationship with Carhartt. In other words, each facility or service provider that participates in the development, manufacturing, processing or delivery of Carhartt products, must read, understand and sign this document prior to being awarded business. By signing you are attesting that:

1. You have received and understand the principles in Carhartt’s Supplier Workplace Code of Conduct outlined in this document.
2. You are certifying operations in your company are fully compliant with the standards outlined in this Code.
3. You will initiate steps to establish aligned expectations for your subcontractors and raw material suppliers, and that to the best of your knowledge, operations at your factories and within your supply network are compliant with this Code.

Supplier Name _____

(Name of legal entity that is counterparty in the commercial relationship with Carhartt -- Supplier’s Corporate Parent Co., Agent, or other counterparty)

Executive or Officer of Company Name (print) _____

Signature _____ Date _____

Title _____

Factory Name _____

(Legal entity name of factory producing goods for Carhartt)

Executive or Officer of Company Name (print) _____

Signature _____ Date _____

Title _____



3.1 Suppliers in Monitoring Scope

Supplier: As used herein, the term supplier is defined broadly to cover a wide range of Carhartt’s supply chain partners. All suppliers are expected to comply with Carhartt’s Code of Conduct. The following suppliers are within scope of Carhartt’s Global Social Responsibility Monitoring program and must be approved to do business with Carhartt:

- All factories that make finished products for Carhartt or with the Carhartt brand / logo, including:
 - all full package factories making finished goods for Carhartt
 - this includes any sub-factory involved in cutting, sewing, packing or storing the goods that are under the control or direction of the primary supplier
 - all finished goods factories working with Carhartt licensees producing finished goods with the Carhartt brand or logo
 - this includes any sub-factory involved in cutting, sewing, packing or storing the goods that are under the control or direction of the primary supplier
 - any factories producing marketing goods or products for Carhartt with the Carhartt logo applied that are sold or given away to consumers
- All laundry facilities used to further process finished products made at the above factory locations.
- All printing and embroidery facilities, regardless if those processes are done on finished goods or component parts that are sewn into the product at another facility. Facilities printing or embroidering other branded logos on Carhartt products are also included (e.g. United Airlines logos).
- Raw material factories that supply materials directly to Carhartt owned US or Mexico factories that go into making a final product (packaging materials are excluded). This includes all textile and trim suppliers, regardless of whether the material or component is branded uniquely for Carhartt. This does not include suppliers to CMT factories at this time.
- Co-branded suppliers, where products are manufactured by another company using both the Carhartt and another Brand (e.g. Hurley, Stanley) are included in the scope as a supplier.
- Any offsite warehouse spaces where Carhartt product is stored apart from suppliers’ main facility if the workers of the warehouse are employed by the supplier or supplier’s parent company.
- Rework facilities that are contracted by Carhartt to conduct secondary operations on products after initial production is completed (e.g. rework facilities for replacing labels, laundries for additional cleaning/processing, etc.).
- Additional factories, including raw material suppliers of Carhartt’s full package suppliers and licensees, may be considered under this program at a future time.
- Packaging suppliers are not considered in scope of Carhartt’s program unless the packaging is considered a part of the product or is useful to the consumer once the product is removed from it.
- Carhartt prohibits the practice of “Home Work” as a means of producing its product. Home Work is when products are made, in part or in full, by workers outside of a factory setting, typically at a home. This practice creates risks of child labor, excessive working hours and improper wages among other issues.

Any subcontracted facilities must comply with Carhartt’s Subcontracting Policy (Section 5.3)

3.2 Suppliers Out of Monitoring Scope

- Suppliers making business to business (B2B) products that are not sold or given away to consumers (e.g. store fixtures, employee gifts, office furnishings, etc.)
- Electroplating process for metal products is not in current monitoring scope unless process is located in primary facility;
- All nominated raw material suppliers not supplying to Carhartt owned factories and raw material suppliers' subcontractors, such as coating / dyeing / drying / bleaching / laminating and other process subcontractor;
- Packaging suppliers for any and all packaging, regardless of whether the packaging is branded uniquely for Carhartt, unless the packaging is a useful part of the product or has significant value to the consumer once the product is removed.
- Rented warehouses that are not being operated by workers of the supplier or supplier's parent company (e.g. 3PLs, shipping companies, etc.)
- Factory campuses that have multiple suppliers making products under different business licensees will only have the Carhartt supplier building monitored so long as the buildings are not connected (e.g. multi-tenant). However, any common facilities will be in scope.

If there is a question about whether or not a facility is in scope of Carhartt's program, please contact Carhartt's Global Social Responsibility staff for clarification.

3.3 Carhartt's Supplier Approval and Certification Program

Carhartt has implemented a Two-Pillar approach for approving new suppliers and for ensuring compliance of existing suppliers. This approach increases the ability to assess the supplier's compliance to the Code of Conduct, but more importantly, allows Carhartt to know where to work with suppliers to make improvements. The goal is to work closely with suppliers to make necessary improvements, either immediately or over time depending on the issue.

New suppliers must be approved prior to any bulk purchase of Carhartt branded raw materials and/or before the production of salesman samples (production level samples made with actual fabric, trim and accessories as the final production garments).

3.3.1 First Pillar:

Carhartt's first pillar involves the supplier maintaining a certification under an approved auditing program based on third-party certification of workplace conditions. Carhartt recognizes that some suppliers are audited for other customers under many different audit programs. As such, Carhartt is willing to accept specific auditing programs that meet the requirements outlined in Carhartt's Code of Conduct to reduce the number of audits being conducted and to allow factories to reduce expenses on audit programs. Carhartt only requires one first pillar program. Current approved programs for certification include:

- Worldwide Responsible Accredited Production (WRAP)
- Social Accountability International SA8000 Standard
- Better Work
 - Suppliers must share their most updated BWP report in PDF format for review.
- amfori BSCI
 - Carhartt accepts a C rating or above
 - Supplier must download and provide the "summary report with rating", The CAP report and photo report should also be provided if available.
- Fair Labor Association (FLA)
- Sedex Members Ethical Trade Audit (SMETA) - (Two pillar or four pillar is acceptable)
- Social & Labor Convergence Program (SLCP) Audit

- Supplier must download the report and send to Carhartt for review in PDF format
- Alternatively, the supplier can set the 'receiver' information in SLCP portal to Carhartt so that SLCP will send the report automatically to Carhartt for review
- Specific Brand programs
 - Factories that work with a few specific brands with robust social compliance programs will be considered as meeting first pillar requirements so long as evidence is provided of being an active supplier. Carhartt's Global Social Responsibility team can provide what programs are considered upon request.
- Other programs may be considered but require specific approval from Carhartt's Global Social Responsibility team.

Factories making finished goods are required to have a First Pillar certification in place to do business with Carhartt. Factories that do not make finished goods (e.g. laundries, printers, embroiders, raw materials, etc.) are recommended to have First Pillar certifications, but if the facility does not have one Carhartt will conduct an assessment to determine if one is required. To approve a first pillar report, all reported findings must be closed or compliant to Carhartt's Code of Conduct. If the raised findings require a 3rd party follow up audit to close, supplier should arrange follow up audit to close the finding and send follow up audit report to Carhartt for review. If findings do not require a follow up audit, it is acceptable for the supplier to send closing evidences to Carhartt for review while waiting for the updated report. If the closing evidences are sufficient to close the raised findings, Carhartt will accept the first pillar program.

Suppliers must maintain and keep track of their approved first pillar expiration dates and provide updated documents to Carhartt (current reports, certificates, other proof). It is also the responsibility of Carhartt's licensees to hold their suppliers accountable for maintaining their first pillar certifications and to track the first pillar status of their factories. Carhartt must be notified if the supplier is changing to a different first pillar program or if a first pillar certification is expired and cannot be renewed immediately due to special reasons (COVID – 19 impact or other reasonable reasons). It is the supplier's responsibility to pay the cost to ensure Carhartt has full access to review the reports (online or other). If WRAP certified, supplier agrees to complete WRAP Transparency agreement in order to provide Carhartt with full online visibility to the supplier's audit application process and results. The supplier is expected to renew the first pillar timely so as not to let it expire. If a first pillar is expired and no efforts were made to renew it, all production may be stopped and orders cancelled until the certification is renewed.

Additional First Pillar Considerations:

Suppliers located in Bangladesh - In addition to a first pillar report, suppliers located in Bangladesh must have a recent certification from Accord, Alliance or comparable agency certifying that their buildings are structurally sound and meet fire safety requirements. If agencies no longer exist to provide this certification, the supplier is required to hire an approved and certified 3rd party company that specializes in structural design to certify the facility. Carhartt will work with the supplier to identify an approved 3rd party company if needed.

Building Construction and Changes - Suppliers must notify Carhartt prior to making any substantial changes to their buildings (e.g. adding additional floors, removing exterior walls to expand facility, adding heavy machinery or other heavy structures to an existing building). All work must be done with appropriate engineering plans to ensure the safety of the building and its occupants during the work. The building must be recertified by the appropriate government agencies and/or safety agencies once the work is completed. Depending on the changes, first pillar recertification may be required.

Collaborations and Non-Apparel Factories - Factories producing for collaboration projects (where both Carhartt and another brand are used), non-apparel factories, and some very small factories have unique considerations for First Pillar approaches. Carhartt will work with alternative assessment methods if deemed appropriate by Carhartt.

3.3.2 Second Pillar:

Prior to production, and on an ongoing basis, an Onsite Verification Assessment must be conducted by Carhartt's Global Social Responsibility team. This assessment should be conducted prior to any bulk purchase of Carhartt branded raw materials and/or before the production of salesman samples. The assessment involves a visit by a member of the Global Social Responsibility team, or an authorized agent, to verify the condition of the factory and to validate the results of the certification program used in the First Pillar. This assessment provides an opportunity for Carhartt to identify any opportunities in which Carhartt can partner with the supplier to make necessary improvements for sustainable compliance to the Code of Conduct.

During this assessment, it is critical to understand the requirements outlined in the Code of Conduct around Falsified Information and Bribery. Failure to abide by these requirements could lead to the immediate disqualification of future business with Carhartt.

Carhartt recognizes that in some cases full compliance with the Code of Conduct may require operational changes that may take time to implement. Carhartt is committed to the Continuous Improvement of factory conditions and to working with its suppliers as remediation actions are implemented so long as the issues involved do not involve Zero Tolerance findings.

Suppliers are expected to notify Carhartt of any difficulty experienced or anticipated in meeting the requirements outlined in Carhartt's Code of Conduct. Suppliers are also encouraged to report to Carhartt any inquiries regarding labor, environmental or security practices that may be raised by media or other third parties per Carhartt's Reporting Policy.

In very special situation (e.g. COVID -19 pandemic period), Carhartt will conduct Desktop Global Social Responsibility Review in place of an onsite visit.

3.3.3 Onboarding New Supplier and Continued Monitoring

Prior to production, potential new suppliers within Carhartt's monitoring scope are required to complete the Global Social Responsibility onboarding process. The detailed process flow of the onboarding process is outlined in Section 4.1. The four documents that are required to onboard a new supplier are the factory profile, a signed copy of the Code of Conduct, approved first pillar documents (including full report and certificate), and onboarding questionnaire.

The factory profile is used internally by the Global Social Responsibility department to get a better understanding of the factory details. This includes the location, contact information, number of employees, building/lot size, etc. This profile should be completed directly by the supplier by someone of authority to do so (e.g. general manager, HR, owner, etc.). The Code of Conduct must be signed by an authorized executive leader or officer from the factory, supplier and/or Licensee where applicable. The first pillar documentation provided to Carhartt must include a full assessment report and any applicable certificates as outlined in section 3.3.1. The onboarding questionnaire is to be completed by Carhartt licensees or Carhartt's internal sourcing team in order to gain a better understanding of who has properly vetted the factory to ensure it is compliant with Carhartt's Code of Conduct. Once the documents are reviewed and accepted by the Global Social Responsibility team, the second pillar assessment can then take place.

Active suppliers will be monitored at intervals defined by Carhartt's Global Social Responsibility department based on several risk factors. Suppliers selected for monitoring will be contacted by Carhartt and visited according to the detailed process flow in section 4.2. The goal of ongoing monitoring is to ensure there have been no significant changes at the supplier's facility and to provide input on how to maintain compliance to Carhartt's Code of Conduct if needed.

3.3.4 Second Pillar On-Site Assessment Guidance

The Onsite Verification Assessment will typically follow the below process but can vary at the discretion of the assessor.

- Opening Meeting:
 - Carhartt requires the supplier's key decision maker, top management, and social compliance department to attend the meeting.
 - Carhartt assessor will explain the purpose, the process and estimated timeframe of the 2nd pillar assessment.
 - Carhartt assessor will introduce Carhartt's Brands' history and Carhartt's Workplace Code of Conduct in detail to the participants, as well as introduce Carhartt's policy on Falsified Information, Multi-Tenant, Migrant Labor, Subcontracting, Continuous Improving Program, and others as needed.
 - The assessor will also spend time to understand the supplier's history, background and the management team.
 - The assessor will require cooperation and support from the supplier during the assessment, including document review, supplier walk through and workers interview. Only the necessary supplier staff is required to accompany the assessment. Other staff members can go back to work to minimize work disruption.
- Supplier Walk Through:
 - Carhartt assessor will walk through each floor of every building (including accessible roofs), check on-site fire safety, chemical safety, machine safety, building safety, employees' working environment, hygiene situation and other health and safety related issues.
 - Carhartt assessor will take general photos of the supplier's building, workshop, health and safety related areas. All photos will be maintained confidentially and only be used for Carhartt's internal team reference. The assessor will not take photos of special processes, materials or anything related to high technology, copyright or privacy if requested by the factory.
- Document review:
 - Carhartt assessor will review the documents listed in the 'Visit Plan and Document Checklist'. Carhartt assessor will decide which documents should be reviewed based on each supplier's situation and with the limited time on-site.
 - For Building and Fire Safety Approval Document or any other major documents, if written in local language and assessor is unable to understand, supplier is required to translate it to English version for review.
 - Carhartt assessor will take photos of major documents. All photos will be maintained confidentially and only be used for Carhartt's internal team reference.
- Employee Interview:
 - Carhartt assessor will decide the interview sample size, interview location and interview time based on each supplier's situation and the limited time on-site.
 - Interview location will be on-site (workshop, dormitory room, canteen, warehouse or other inside places) or off-site (outside of the supplier) if there is a need.
 - Interviews might be conducted individually or in a group.
 - If there is a need of translator for the communication with interviewees, assessor can require the supplier to arrange translator or find outside 3rd party translator.
 - Carhartt requires cooperation and support from supplier to provide suitable interview environment to protect interviewees' privacy.
- Closing Meeting:
 - Before the closing meeting, Carhartt assessor will discuss all the findings and possible solutions, as well as possible closing timelines with the supplier top management.
 - Any findings and possible solutions, closing timelines, and disagreement points will be discussed with the supplier's top management.

- If there is any disagreement with the raised findings, supplier is encouraged to explain the details to Carhartt assessor. All supplier's comments are welcome and will be discussed internally with Carhartt's Global Social Responsibility team. The final decision will be shared and discussed with the supplier.
- If the supplier needs to join Carhartt's Continuous Improvement Program (Section 3.5), assessor will train the supplier's top management and key responsible staff how to collect data and fill out the form.
- Carhartt assessor will explain the next steps clearly to the supplier, such as: a formal report will be sent to them or through their business partner; supplier should send back filled CAP and closing evidences within set timelines; approval or not approval decision.
- All findings will be shared verbally to the supplier's top management; no official report will be left.

3.3.5 Corrective Action Plan (CAP) Guidance

After completion of the onsite assessment for second pillar, a Corrective Action Plan is developed for the factory to complete. The CAP will provide all general information about the factory and the visit as well as any findings that were found. All findings must be corrected in order to maintain compliance with Carhartt's Workplace Code of Conduct. The below guidance is to help navigate the process of completing a CAP correctly:

- CAP Filling Guidance
 - After receiving Carhartt's official Global Social Responsibility assessment report, supplier should fill in the corrective action plan first with proposed closing day(s), detailed root cause evaluation, corrective action plan, preventive action plan and responsible person (please refer to below Corrective Action Plan Example for details) and provide to Carhartt assessor for review.
 - Carhartt assessor will review the filled CAP and send back guidance to supplier for next step. Carhartt assessor will work with the supplier to suggest remedial actions, tools, or other resources to effectively address issues.
 - Supplier is expected to make progress in correction of all identified issues and should prioritize the raised findings and address the most serious and major issues first.
 - Supplier should send improving/closing evidences to Carhartt assessor for review within the set timeframe.
 - Supplier should ensure the provided improving/closing evidences such as document or photos are clear and sufficient enough to close the findings.
- Supplier should follow below Timeframe requirement of Corrective Action Plan to send back filled CAP and closing/improving evidences on-time.
- CAP Filling Example

NON-COMPLIANCE ISSUE	PROPOSED CLOSING DAY	FACTORY PROPOSED ACTION (ROOT CAUSE/CORRECTIVE/PREVENTIVE)	PERSON RESPONSIBLE
<p>Non-conformity:</p> <ul style="list-style-type: none"> - Two exit doors are blocked outside; No evacuation passage mark on the ground to avoid blocking; - Lots of evacuation passages in the workshops are partially blocked by goods; - No evacuation passage marks on the ground for the main passage between buildings. <p>Recommendation for improvement: Supplier should analyze the root cause and ensure all evacuation passages and exit doors are not blocked, and mark clear evacuation passage on the ground to avoid blocking.</p>	<p>Improve completely within one week</p>	<p>ROOT CAUSE:</p> <ol style="list-style-type: none"> 1. The electrician had randomly placed his workbench station outside the exit door hence blocking its access passage; OSH personnel had forgotten to draw evacuation passage mark at the external area of the exit door. 2. Unable to delegate jobs to related workers to return materials/goods to their proper storage area or to keep areas clean and organized in a timely manner. 3. Negligence from OSH personnel did not know the main passageway between buildings also need evacuation passage marks. <p>IMMEDIATE CORRECTIVE ACTION PLAN:</p> <ol style="list-style-type: none"> 1. Relevant departments were instructed immediately to remove all obstructions and ensure all evacuation passages and exit doors are unblocked. 2. All missing and/or unclear evacuation passage marks are drawn and/or redrawn. <p>PERMANENT PREVENTATIVE ACTION PLAN:</p> <ol style="list-style-type: none"> 1. Add additional OSH personnel and report to the highest level of management to conduct daily inspections on the implementations of OSH procedures in each department to ensure they are in accordance with factory standard operating procedures. Corrective actions shall be carried out accordingly. 2. Add OSH implementations as one of the annual work performance evaluation criteria, such criteria shall be included as part of the work performance evaluation score of factory management, CSR personnel, and OSH personnel. 3. Increase OSH related educational trainings for all department supervisors. 	<p>Factory manager, OSH personnel and General Affairs staff</p>

- Timeframe Requirement of CAP
 - Supplier should follow below timeframe to provide completed CAP and closing/improving evidences to Carhartt assessor for review on-time:

Finding	Timeframe to send back filled CAP	Timeframe to send back closing evidences
Zero Tolerance	Immediately; Or within 2 working days; Or within the required timeframe	Immediately; Or within 2 working days; Or within the required timeframe
Major	Within 7 working days; Or within 14 working days; Or within the required timeframe	within 30 working days; Or within the required timeframe
Minor	Within 14 working days; Or within the required timeframe	within 30 working days; Or within the required timeframe
CI Program related findings	Within 14 working days; Or within the required timeframe	within 30 working days; Or within the required timeframe

** The required timeframe is determined during the closing meeting of the assessment.

- Next Steps of CAP
 - For most findings, the completion of the corrective actions can be closed through a desktop review. For some other findings, the completion of the corrective actions has to be verified with a follow up assessment and/or through regular communication/contact with the factory.
 - Carhartt assessor will approve final CAP once any and all issues have been resolved or provide next step guidance to supplier.

3.4 Zero Tolerance

A Zero Tolerance Violation (ZTV) is a serious breach of Carhartt’s Workplace Code of Conduct that Carhartt believes could result in severe impact to individual rights, life safety, and/or Carhartt’s corporate reputation. The protocol for identifying these violations may include in-depth visits, worker and management interviews and a detailed review of facility records, including, but not limited to, personnel records, financial deposits and pay schedules.

Some examples of zero tolerance violations include but are not limited to:

- Failing to cooperate with assessments by denying assessors access to factory areas, workers or documents, including falsification of records or other attempts to mislead the assessment process and not provide honest and accurate information in the process
- Employing child labor
- Employing forced labor, forced labor tactics or human trafficking
- Discrimination of any form
- Harassment or abuse (mental or physical, including corporal punishment)
- Attempting to bribe Carhartt assessors or other Carhartt staff
- Giving falsified information, including closing CAPs using false information
- Using unauthorized subcontractors
- Structural, fire or other critical safety issues in the facilities creating immediate life-threatening conditions
- Failure to complete corrective actions within the agreed-upon timeframe (both zero tolerance and normal corrective actions)

Carhartt aspires to partner with companies that share Carhartt’s corporate values and the desired approach is to work with suppliers to remediate zero tolerance violations immediately when able in an effort to address the issue. However, to manage the risk to the brand, new production will not be placed in suppliers with zero tolerance violations. For existing suppliers, Carhartt reserves the right to hold production/shipment when there is a zero-tolerance finding or terminate the business relationship if a supplier is unwilling to remediate promptly.

3.5 Continuous Improvement

Carhartt recognizes that concerns related to excess overtime hours, consecutive working days without rest, and reduced social insurance participation (for China) cannot be resolved within a short time period. Full compliance to the requirements may require operational changes at suppliers that may take time to implement. Carhartt is committed to the continuous improvement of supplier conditions and to working with its suppliers as necessary remediation actions are implemented, provided that the issues do not involve Zero Tolerance findings and that all overtime is voluntary and properly compensated.

The Continuous Improvement (CI) Program is a risk-based program that encourages the factory to set up a three years strategic plan to reduce the overtime hours, improve the consecutive days of work without rest, and/or increase social insurance participation over time. The factory establishes realistic goals and then shares CI data with Carhartt's Global Social Responsibility team for review on a quarterly basis to monitor improvement against the goals.

Honesty and transparency is the key to a successful business partnership between Carhartt and its supplier partners. Carhartt encourages all suppliers to communicate all results, even if they are not compliant to Carhartt's Code of Conduct requirements. The use of falsified records, double books or similar documents is a breach of the business partnership. Carhartt wants all the relationships to be truly transparent and honest. In return, suppliers can expect Carhartt's support and assistance in working through any challenges together.

Suppliers eligible for the CI program will be notified by Carhartt's Global Social Responsibility staff and will be provided detailed training and documents to complete as part of the program. The overall process is summarized below. Suppliers entering the program will receive more detailed instructions.

Step one: Determine if the supplier needs to join CI program:

During supplier's 2nd pillar assessment, the supplier's overtime hours, consecutive days without rest and social insurance participation rate will be analyzed and compared against Carhartt's Continuous Improvement Program Risk Matrices. Carhartt's assessor will determine whether the supplier needs to join CI program or not after detailed discussions with the supplier.

Carhartt's Continuous Improvement Program Risk Matrix – Working Hours

% Employees	< 10%				10 - 25%				25 - 50%				> 50%				
	# of Months	1	2 - 3	4 - 6	7-12	1	2 - 3	4 - 6	7-12	1	2 - 3	4 - 6	7-12	1	2 - 3	4 - 6	7-12
Weekly Hours																	
≤ 60 Hours	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
61-66 Hours	1	1	1	2	1	1	2	2	1	2	2	2	2	2	2	2	3
67-72 Hours	2	2	3	3	2	3	3	3	3	3	3	4	3	3	4	4	4
73 - 85 Hours	3	3	4	4	3	4	4	5	4	4	4	5	5	4	5	5	5
> 85 Hours	4	4	5	5	4	5	5	5	5	5	5	5	5	5	5	5	5

Levels	Status	Actions
1	Complies	No need for CI program.
2	Lower risk	CAP is required from factory. If still recurring during second visit (> 12 months) factory must enter into CI program.
3	Moderate risk	Must enter into CI program.
4	High risk	Must enter into CI program. Social Compliance team to check in with factory at 3 month mark for progress check and assistance as needed.
5	Very high risk	Must enter into CI program. Social Compliance team to check in with factory at 3 month mark for progress check and assistance as needed.

Carhartt's Continuous Improvement Program Risk Matrix – Consecutive Working Days

% Employees	< 10%				10 - 25%				25 - 50%				> 50%			
	1	2 - 3	4 - 6	7-12	1	2 - 3	4 - 6	7-12	1	2 - 3	4 - 6	7-12	1	2 - 3	4 - 6	7-12
Consecutive Days																
< 7 Days	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
7 - 10 Days	1	1	1	2	1	1	2	2	1	2	2	2	2	2	2	3
11 - 14 Days	2	2	3	3	2	3	3	3	3	3	3	4	3	3	4	4
15 - 21 Days	3	3	4	4	3	4	4	5	4	4	5	5	4	5	5	5
> 21 Days	4	4	5	5	4	5	5	5	5	5	5	5	5	5	5	5

Levels	Status	Actions
1	Complies	No need for CI program.
2	Lower risk	CAP is required from factory. If still recurring during second visit (>12 months) factory must enter into CI program.
3	Moderate risk	Must enter into CI program.
4	High risk	Must enter into CI program. Social Compliance team to check in with factory at 3 month mark for progress check and assistance as needed.
5	Very high risk	Must enter into CI program. Social Compliance team to check in with factory at 3 month mark for progress check and assistance as needed.

Carhartt's Continuous Improvement Program Risk Matrix – Social Insurance and Daily Working Hours

% Employees	< 25%			25 - 50%			> 50%			Social Insurance	
	1-5 Days	6-30 Days	> 30 days	1-5 Days	6-30 Days	> 30 days	1-5 Days	6-30 Days	> 30 days	% Employees Insured	Level
Total Occurrences per Employee											
Daily Work Hours											
≤ 10 Hours	1	1	1	1	1	1	1	1	1	> 95%	1
11 - 14 Hours	1	1	2	1	1	2	1	2	2	75-94%	2
15 - 18 Hours	1	2	4	1	3	4	1	4	5	25-74%	3
> 18 Hours	2	4	5	2	4	5	2	5	5	< 25%	4

Levels	Status	Actions
1	Complies	No need for CI program.
2	Lower risk	CAP is required from factory. If still recurring during second visit (> 12 months) factory must enter into CI program.
3	Moderate risk	Must enter into CI program.
4	High risk	Must enter into CI program. Social Compliance team to check in with factory at 3 month mark for progress check and assistance as needed.
5	Very high risk	Must enter into CI program. Social Compliance team to check in with factory at 3 month mark for progress check and assistance as needed.

Step two: Complete the CI Form

Carhartt's assessor will arrange meeting with supplier's top management team or key decision makers to introduce CI program and guide the supplier how to complete the CI form. The goal of this meeting is to work with the supplier to establish realistic goals for improvement that the supplier can commit to achieving. Without realistic goals, no improvement is likely to be achieved.

Step three: Monitor progress

For newly joined CI program suppliers, Carhartt will schedule a review within 1 month after joining to ensure the form is completed accurately and to answer any questions. Carhartt will review supplier's monthly data and self-assessment details on a quarterly and annual basis to determine whether the original commitment targets are being followed.

Step Four: Follow Up Actions

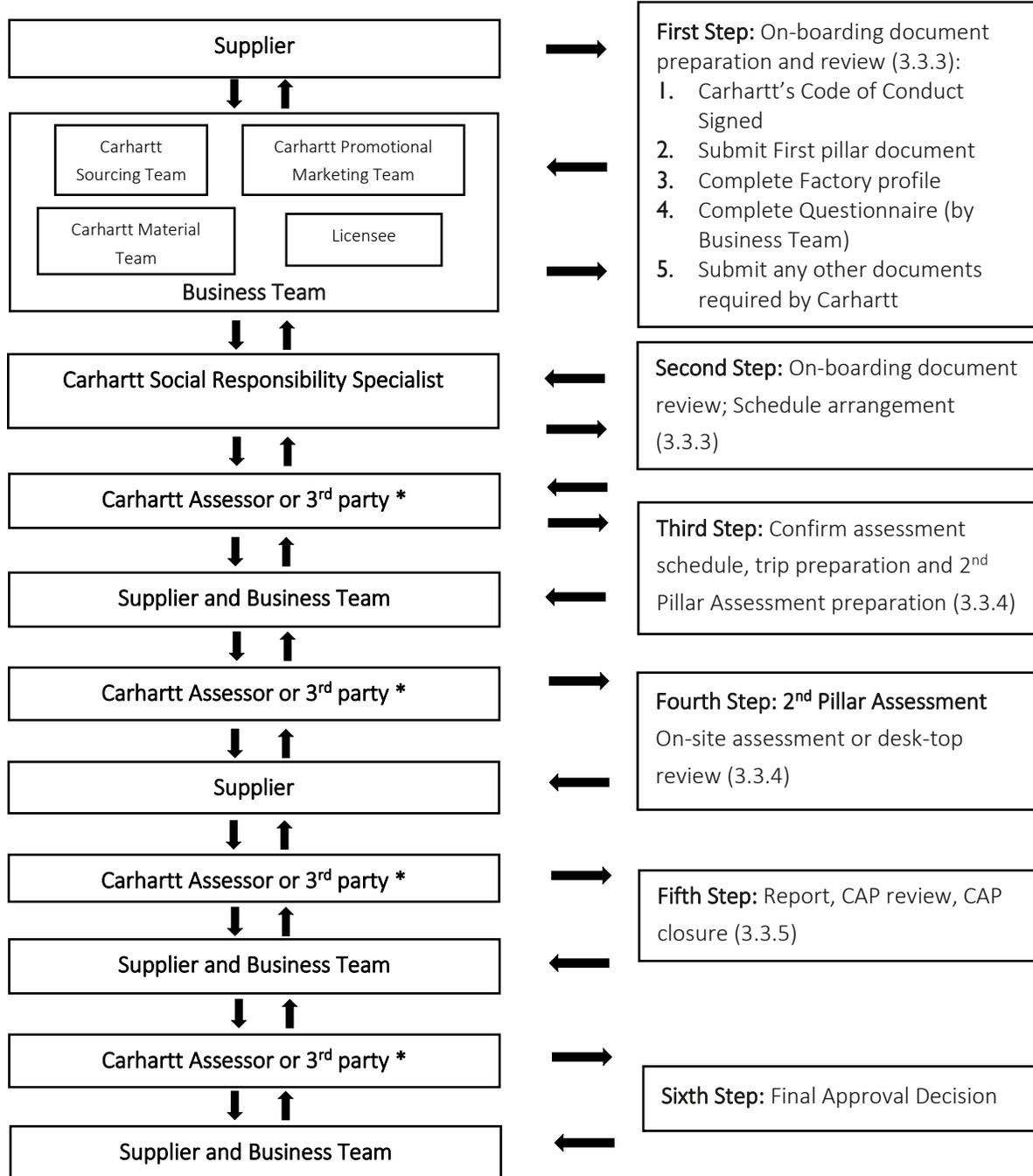
Suppliers not meeting goals will be worked with to determine why goals are not being achieved. Additional training or assistance will be provided to help the supplier meet the established goals. Suppliers that consistently fail to meet goals will be reported to their relevant business partner at Carhartt to discuss reasons for not adhering to the program. Continued failure to meet goals or providing falsified data while in the program will be considered a Zero Tolerance finding.

Step Five: Exiting from program

Once a supplier has become fully compliant or has reached Level 2 risk status for a continuous period of 6 months, they can exit from the CI program. Future verification assessments will focus on these aspects to ensure the supplier remains compliant.

CARHARTT'S GLOBAL SOCIAL RESPONSIBILITY APPROVAL AND MONITORING PROCESS

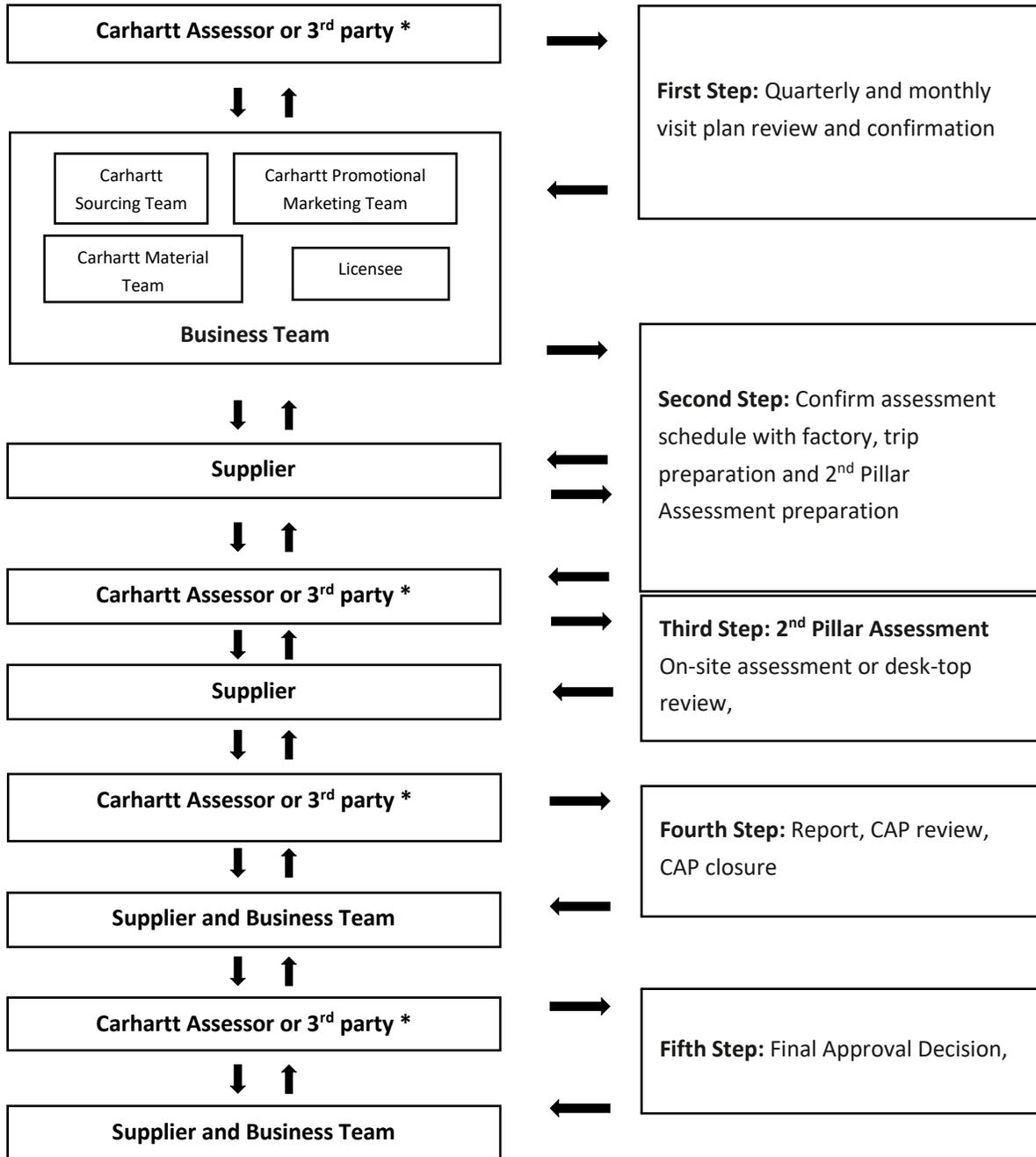
4.1 Potential New Factory Approval Process Flowchart



* 3rd party refers to Sustainable Alliance or Elevate if used for 2nd pillar assessment

4.2 Active Factory Monitoring Process Flowchart

Similar to the onboarding of a new factory, the below flowchart shows the process in which Carhartt maintains the active factory base.



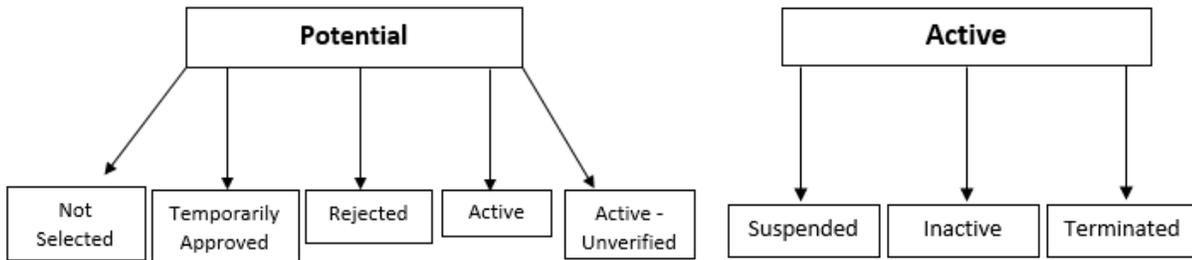
* 3rd party refers to Sustainable Alliance or Elevate if used for 2nd pillar assessment

4.3 Factory Status Process

Each factory is assigned a status during the onboarding and monitoring process based on the following definitions:

- **Potential:** A new factory that is under review that was requested to be on boarded by a business partner
 - o **Not Selected:** Business partner decided not to continue with the potential factory
 - o **Temporarily Approved:** A factory that may still require additional follow up to be fully approved but is being given approval based on set criteria managed by Global Social Responsibility Department while any open issues are being resolved
 - o **Rejected:** A non-compliant potential factory that is unable or unwilling to the address the findings
- **Active:** A factory that has been approved through the onboarding process after all CAP items have been resolved
 - o **Active – Unverified:** A factory that has been approved using other approved methods other than an onsite 2nd pillar assessment
 - o **Suspended:** A factory that is put on production hold due to Zero Tolerance Issues or for other reasons
 - o **Inactive:** A previously Active factory that is no longer being used for production. Active factories must not have any open CAP items in order to be made Inactive to ensure any open issues while Carhartt product was in the factory have been resolved.
 - o **Terminated:** An active factory that has non-compliances and is unwilling or unable to comply with Carhartt’s Global Social Responsibility program

Factory Status can be changed at any time throughout the process for both potential and active factories.





5.1 Anti-Bribery Policy

Carhartt suppliers and their authorized sub-suppliers will not directly or indirectly give or offer any bribe, kickback or other improper 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. Carhartt employees and authorized agents, including Carhartt Global Social Responsibility team members and all authorized third-party Assessors, are held to an unconditional code of professional conduct, which means they cannot, directly or indirectly, seek or accept monetary kickbacks or any other benefit (e.g. gifts, free products, favors, promises of future work) in connection with any assessment or other related work.

If a bribe or suggestion of a bribe is made by a supplier to either a Carhartt employee, a third-party assessor, or any agent working on behalf of Carhartt, regardless of the reason, it will result in immediate notification to Carhartt's Senior Leadership Team. An attempted bribe will lead to the termination of the business relationship. Any person working for the supplier that will have contact with Carhartt employees or agents should be notified of this requirement and trained not to conduct themselves in this manner.

If a bribe is asked for by a Carhartt employee or any third-party assessor / agent working on behalf of Carhartt, the supplier has a responsibility to report it immediately to Don Moffett, Director of Social Responsibility at dmoffett@carhartt.com or Anna Inch, Vice President and General Counsel at ainch@carhartt.com.

5.2 Falsified Information Policy

Honesty and transparency are critical for a successful and long-term relationship with Carhartt. Carhartt expects business partners, whether they are factories, suppliers, licensees or agents, to be completely honest with Carhartt on their ability to adhere to Carhartt policies, processes and standards in relation to the Code of Conduct, assessments or supplier investigations.

Carhartt expects business partners to fulfill the following requirements:

- Suppliers are expected to provide Carhartt Assessors complete and accurate business records as mandated by law or for at least 12 months (including but not limited to wages, working hours, personnel, production, permits, registrations, etc.) on site or through email.
- Suppliers must provide complete access to all records and documentation relevant to the assessment.
- Suppliers must be truthful in all communications with Carhartt staff.
- Suppliers must provide full access to factory workshops, and to all employees including management and directly and indirectly employed workers.
- Suppliers must provide access to all CCTV records and other video footage for any time period requested within the factory's video retention policy.
- Suppliers must not coach, intimidate or retaliate against any workers or staff who are interviewed or provide information to Carhartt assessors.

Denial of Access to document review, factory tour and employees' interview or providing any false information to Carhartt assessors is a zero-tolerance violation. The use of concealed, falsified or altered records, providing knowingly false answers to questions, or the coaching or instructing of employees for interviews prior to or during an assessment or investigation, is a breach of the business partnership that can and will result in the disqualification of the supplier from future business relationships with Carhartt. Carhartt wants all relationships to be transparent and honest. In return, suppliers can expect Carhartt's support and assistance in working through any challenges together.

5.3 Subcontracting Policy

Subcontracting is when a Carhartt supplier outsources all or part of the Carhartt products processing to another company, factory, or facility, including but not limited to sewing, cutting, embroidery, screen-printing, washing, ironing, packing or other processes.

Carhartt must be notified if subcontractors are going to be used and those facilities must be approved by the Global Social Responsibility team. Subcontractors will be required to meet the same Code of Conduct requirements as primary Carhartt suppliers and be on-boarded like a regular supplier.

Any use of unapproved facilities will be considered unauthorized Subcontracting, which is a Zero Tolerance finding. Unauthorized subcontracting may result in the destruction of the products manufactured at the unauthorized facility as well as the immediate cancellation of all open orders or other business relationships between the primary supplier and Carhartt. Suppliers should work closely with Carhartt's Global Social Responsibility team to determine if a specific facility requires approval under Carhartt's program to avoid unauthorized subcontracting findings.

5.4 Multi-Tenant Policy

Scope: In any building with multiple tenants, the ability of workers to evacuate the structure is dependent upon the fire-safety practices of ALL building tenants. The risks are particularly high in multi-floor buildings, where industry experience has shown too many cases where workers on upper floors are unable to evacuate because production operations of other factories on lower floors did not maintain a clear path for egress (e.g., blocked stairwells). In addition, unaddressed fire safety issues in another tenant's area can put the lives of workers in other areas in danger if the right safety measures are not in place.

Purpose: Instead of banning multi-tenant facilities, Carhartt's intent is to provide a guideline for suppliers to adhere to based on the recommended best practices regarding the use of multi-tenant buildings.

Multi-tenant buildings can consist of the following:

- Multi-story buildings in which different businesses are located on different floors,
- Single story buildings that have shared walls or structures with other business, where a fire or other issues could easily spread from one building to the next.
- Workshops or buildings that are shared with multiple businesses in one building, separated by walls or other dividers.

Multi-Tenant Policy:

In general, Carhartt encourages suppliers not to have multi-tenant buildings in their supply chain. When this is not possible, the following conditions must be met in full to be allowed.

- A documented management system must be in place for fire safety covering ALL tenants in a building or complex of buildings, including assigned responsibilities for on-going internal assessments.
 - o The management system must be signed and approved by the owners of all businesses.
 - o The management system must include requirements for maintaining fire safety equipment, alarms, and processes for ensuring clear exit passages.
- Joint fire drills must be conducted.
- Interconnected fire alarms must exist throughout the building, where an alarm triggered in one part of the building or on one floor will activate all alarms in the building.
- All tenants must allow access to their facilities during factory assessments for fire safety inspections upon request.

5.5 Migrant Labor Policy

Any Carhartt supplier using Migrant Labor is required to have adopted the Carhartt Migrant Labor Policy as outlined below, or drafted their own policy that includes the Carhartt policy requirements as a minimum. Any violations found related to migrant workers will require the supplier to reimburse all inappropriate fees charged to the migrant worker. Any new supplier found to be in violation of Carhartt's Migrant Labor Policy will need to work with Carhartt to implement corrective actions before they are approved.

All applicable legal requirements for both the country of origin and country of employment must be followed. The Carhartt Migrant Labor Policy will supersede any legal requirements if the Carhartt Policy is stricter.

Background

Migrant workers have become a source of labor in some countries where it has become too expensive or too difficult to find workers willing to perform specific jobs. Carhartt supports the right for factories to employ migrant workers, as well as the right of migrant workers to find work in other countries. However, Carhartt also believes in the minimum basic principles that workers should not be required to pay for the ability to work, and that all workers should be treated fairly per Carhartt's Code of Conduct.

There have been unique issues found in the industry related to the hiring practices of some migrant workers that violate the principles in the Code of Conduct. The issues can include being charged very high recruitment fees (both locally and in home country), being charged excessive fees for training or travel, being taken advantage of with low pay and benefits, or other abuses not tolerated under the Code of Conduct (passport withholding, poor living conditions, etc.).

In many cases, the factories are not aware of what happens during the recruitment process of the migrant workers. Since Carhartt has no involvement in the process and is not employing the migrant workers directly, supply chain partners are in the best position to stop these practices. As such, suppliers are expected to research these issues and put in place more robust hiring practices before employing migrant workers in an effort to hold recruiting agencies (and the factory itself) to higher standards to ensure the migrant workers are treated fairly. This policy is meant to provide guidance to factory partners to help them investigate some of the known issues with recruitment agencies, and outlines a policy that will prevent many of the known unfair practices. A questionnaire is provided in Section 6.7 to help factories conduct worker interviews to understand if they are compliant with Carhartt's policy.

Migrant Labor Policy

All Carhartt Suppliers, and/or their subcontractors, that employ foreign migrant workers are expected to take on the following responsibilities for ensuring that Migrant Workers are treated with due respect to their basic human rights and in compliance with the Code of Conduct and local law.

5.5.1 Fair Treatment

Migrant workers must be treated fairly and be provided the same terms and conditions of employment as national employees including wages, holidays and leaves of absence, and any employer provided housing. Equal wages can include consideration of "in-kind" benefits such as food, housing and other services that are offered to migrant workers but not to local workers so long as those benefits are fairly valued.

5.5.2 Pre-Departure /Pre-Hire Requirements

5.5.2.1 Fees/Costs – Migrant workers shall not be responsible for any fees paid to agencies or the supplier in exchange for employment. These include medical examination fees (if they are mandatory), inbound or outbound travel costs and any associated visa fees. **The supplier is responsible for understanding if any recruitment fees were paid to home country agencies or recruiters prior to employing the migrant worker.** This involves interviewing the local recruitment agencies and holding them accountable to interview each migrant worker before being hired to understand the fees that may have been charged the worker, including any fees paid to home agencies or home recruiters. Any fees paid by the migrant worker must be repaid by the agency or the recruiter before the migrant workers is employed. If not, and it is found that these fees were

paid by the migrant worker, the supplier will be responsible for reimbursing the migrant worker for all fees paid, including any interest payments. It is the supplier's responsibility to ensure the recruiters and agencies being used are compliant with these policies.

Local agency fees may be allowed if the fees are specifically allowed by local law and so long as they do not exceed a combined total of 1 month's salary on an annual basis. If the fees charged exceed the local law or exceed the 1-month salary requirement, the supplier will be required to repay the fees charged to the worker. Carhartt will take into consideration if the fees have a direct benefit to the workers and are only provided to migrant workers and not local workers (e.g. lodging, food, cultural activities, other specific services etc.).

5.5.2.2 Passport Requirement – Each migrant worker must be informed that neither the agency nor factory is allowed to retain a worker's passport for any reason other than processing work visas. All migrant workers must be given a secure place to store their personal documents (i.e. passports, working papers, contracts) that allows them to have access at all times without approval by anyone. Offsite safes, safes accessible to only a single individual or other similar situations are not acceptable.

5.5.2.3 Employee Contract – Written contracts must be used with signatures of the worker, agency and/or supplier agreeing to all terms. All contracts involving the workers must be written in the workers' native language. If contracts are also written in local language, the contract must be identical to the one written in the native language. All contracts must include the following at a minimum:

- Wages (regular, overtime, and holiday)
- Working hours (regular, overtime, and holiday)
- Living conditions to expect
- Benefits and insurance that will be provided by the factory or agency
- Job description and required job skills
- Contract duration, including start and end dates
- Termination policies (including terms for being sent back to the home country)
- Any fees allowed by local law, with an explanation of the amount and purpose of the fees (fees are not to exceed 1 month's salary on an annual basis regardless of local law requirements).

5.5.2.4 Agency Contract – At a minimum, the contract between the agency and the factory must include:

- Fees the factory will pay the agency (if any fees apply)
- Wages (regular, overtime, and holiday)
- Working hours (regular, overtime, and holiday)
- Benefits and insurance that will be provided by the factory or agency
- Job description and required job skills
- Contract term, including start and end dates
- Termination policies (including terms for being sent back to the home country)

5.5.3 Post-Arrival / Post-Hire Requirements

5.5.3.1 Employee Contract – All contracts or copies of the contracts must be readily available at the factory at all times.

5.5.3.2 Factory Contract – The contract between the factory and worker must be consistent with (or better than) the contract between the agency and worker. At a minimum, the contract must meet the same requirements required in the contract between the agency and worker.

5.5.3.3 Agency Contract – The contract between the agency and the factory must be readily available at the factory at all times.

5.5.3.4 Orientation – Factories are required to provide migrant workers an orientation at the factory to review the following points (written in workers' native language):

- Job training

- Health and safety
- Factory policies and rules
- Grievance systems and process
- Termination policies (including terms for being sent back to the home country)

5.5.3.5 Ongoing Requirements for Duration of Employment – The factory is responsible for ensuring migrant workers receive proper medical care during their employment, which includes the following:

- Results of any occupational health examination reports that are related to the migrant worker’s employment must be shared with the workers in their native language.
- An annual medical examination must be provided to the worker.
 - The factory is required to pay for this examination, unless local law dictates otherwise.
 - The factory must provide access to a doctor who speaks the worker’s native language, or provide an interpreter, based on the employee’s preference for privacy.
 - The results of the examination are to be kept confidential between the doctor and the worker, except for employment related findings where the factory is obligated to be informed. The workers are not to be coerced or otherwise forced by the factory to provide private results of the examination that are not related to their employment.
 - The worker has the right to refuse the medical examination or have one done at a doctor of his/her choosing. If refused, the factory should make an effort to understand why the examination is being refused and encourage the worker to have the exam by explaining the benefits, but the worker is not to be forced to get an examination.

5.5.4 Repatriation Requirements

In addition to any legal requirements of the host country and country of origin regarding repatriation of foreign workers, the supplier must provide return air or land transport tickets to any foreign worker hired or recruited by the supplier from another country at the completion of the employment relationship, or earlier upon termination of employment. The supplier must comply with this requirement regardless of the terms of the employee’s employment contract.

The requirement to pay for repatriation does not apply where the employee:

- Is terminated for illegal conduct
 - Obtains other legal employment within the country; or
 - Voluntarily terminates his or her employment prior to the conclusion of the term of the employment contract.
- However, the supplier must still pay for repatriation if the employee terminates the employment prior to conclusion of the employment contract due to the following:
- The supplier breaches a material term of the employment contract, or
 - The employee is subject to harassment or abuse that is not resolved in a timely manner.

5.6 Body Check Policy

Carhartt recognizes the risks associated with security and employee theft and supports the right of factories to implement policies to protect against theft and security issues. Carhartt does not allow intrusive or inappropriate body searches. Carhartt also does not allow physical body checks (or pat downs) unless there is a legitimate and documented reason to do so, and only after other approaches have been tried. Physical body checks are only allowed if specific guidelines are followed.

Recommended Methods

Carhartt encourages the following alternate approaches to be used in place of physical body checks. Carhartt is willing to offer additional support or guidance on how to implement any of these alternate approaches or how to combine several together to help reduce theft or improve security.

- Implement a robust Material Control Policy. Using batch processes and tracking material usage per production line is one of the most effective ways to stop theft.
- Utilize CCTVs to monitor premises and production work floor. CCTVs can be placed in specific areas that have a higher risk of theft or be used in conjunction with other approaches (e.g. focusing CCTV on production lines with where missing material was identified in batch control).
- Implement an anonymous employee reporting system where other employees witnessing theft by coworkers can bring it to the attention of HR/ Management without any fear or threat. Reports can then be used to conduct a focused investigation or to monitor a specific area.
- Searching of bags and other personal items to prevent theft is acceptable.
- Random biweekly/monthly body checks may be conducted by trained security personnel in addition to other approaches, while protecting the dignity of employees and following the guidelines below.
- For security/safety issues, the use of metal detecting wands, walk through metal detectors or other non-intrusive checks are preferable to physical pat downs.

Physical Body Check Guidelines

If the recommended methods have not worked, or have been studied and determined not feasible, Carhartt expects the following guidelines to be used if a supplier conducts Body Checks:

5.6.1 Documented Policy

Suppliers must have a detailed and a well-documented policy that has been approved by senior management. The policy must clearly indicate the following:

- The purpose of the body checks and what is specifically being checked for.
- Clear instructions that all employees are to be treated with respect and dignity at all times.
- Clear instructions on how the body check is to be conducted.
- Instructions for how employees being checked can report violations of the policy (inappropriate touching, harassment, or any other abuses)
- Clear understanding of the disciplinary procedures for any findings.
- The policy must be written in employee's local language(s) and displayed in prominent areas.
- All employees and security guards must be trained on the policy at least annually, with security guards being trained more frequently. All new hire orientation should include this training.

5.6.2 Location of body checks

General body checks for theft should be conducted in a location preferably inside the factory gate and out of view of the street or other public areas. The location of the body check should also have CCTV cameras positioned to record the body checks being conducted to allow investigation of reported abuse or violations.

5.6.3 Procedures for body checks

Body check policies and procedures must include the following procedures:

- Body checks must be performed by someone of the same gender (e.g. a male security guard is not allowed to touch a female employee).
- Body checks are restricted to outside the person's clothing. Under no circumstance should a body check involving touching the employee's skin underneath clothing.
- Body checks are restricted to only certain parts of the body such as arms, shoulders, back, stomach and legs. Under no circumstance should body checks involve touching an employee's private areas (e.g. pelvic area, breasts, buttocks)
- Body checks must be applied equally and consistently to all employees regardless of position or gender.

In case of suspected theft, the policy must clearly define the escalation process, which should include the following procedures:

- The employee should be moved to a private area or room inside the facility.
- Any further questioning or investigation must be done in the presence of a minimum of three people, which could include human resources, security, employee's representative/union representative, worker's committee member, the employee's immediate supervisor or a member of management. At least one investigator should be management level and at least one investigator must be the same gender as the employee.
- Carhartt does not permit direct strip searches under any circumstances. If the investigation requires an employee to partially or fully disrobe, they must be provided a private dressing room with a gown or other clothing that fully covers them once they undress.
- Adequate precaution must be exercised to ensure that there is no abuse (physical, sexual or verbal) during this process.
- The entire process must be well documented including:
 - The time and date of the search
 - The reason for the search
 - Names of those present
 - The outcome of the search, including documented evidence (photos, etc.)
 - A description of the disciplinary actions to be taken
 - The signature of each person present confirming the findings once the investigation is completed
- In case of presence of labor unions, the supplier must engage and constructively involve them in all such proceedings

5.7 Cotton Source Policy

Carhartt has joined with many other brands in pledging to not knowingly use cotton or cotton based products that use forced or child labor in any part of the supply chain. There is sufficient evidence that cotton grown in certain regions of the world uses child labor or forced labor in the growing or harvesting of the cotton. Based on this evidence and due to legal requirements, Carhartt has made a decision that no cotton sourced from these regions is to be used in Carhartt products in any form (cotton, yarn, fabrics).

Suppliers are expected to disclose the cotton origin in all materials supplied into Carhartt's supply chain (cotton fiber, yarn, fabric, trim materials, etc.). Carhartt's Product Development and Sourcing teams maintain the current list of restricted cotton producing regions and will work with each supplier to ensure the cotton region is not on Carhartt's restricted list. Carhartt's Licensees are also provided the most current list of restricted cotton producing regions and will work with their supply chain to ensure compliance to these requirements.

In cases where the supplier is responsible for sourcing the cotton material, the supplier must investigate their entire supply chain to determine the source of the cotton fiber and provide this information to confirm compliance. In cases where this information is unknown, suppliers are expected to disclose to Carhartt the names of the cotton brokers, mills, spinners, sewing factories and other supply chain partners and work with Carhartt to investigate their supply chain to ensure cotton is not present from the restricted regions.

Carhartt may require suppliers to sign a Declaration of Cotton / Cotton Based Products to certify compliance with specific requirements on an as-needed basis.

5.8 Reporting Policy

Suppliers must report to Carhartt if any of the below major issues occur with their facility or any facility involved with the production of Carhartt products or materials.

- any labor strike or other unrest at the facility.
- any serious safety accident, such as significant fire accident, chemical accident, food poisoning, serious employee injury (loss of life- or life-threatening injury), etc.
- any major construction or substantial changes to buildings (e.g. adding additional floors, removing exterior walls to expand facility, adding heavy machinery or other heavy structures to an existing building)
- any adverse media report / NGO reports claiming negative findings.
- any changes to factory's name, address, owner, top management.
- any substantial change to the total number of employees in a short period of time (+/- 25% of workforce within a month).
- other unpredictable important circumstances.

For unforeseen issues, Carhartt should be notified within 48 hours of the issue occurring even if the full details are not available. For known or planned issues, Carhartt should be notified as soon as plans are known but prior to implementation (e.g. construction, workforce reduction, etc.). The notification should be sent to a Carhartt Sourcing Manager, to Social Responsibility through email at FactoryCompliance@carhartt.com, or a call can be placed to the local Carhartt Global Social Responsibility leader. Any additional details or a full report can be provided at a later time if more information needs to be collected or researched.



6.1 Global Social Responsibility Introduction Letter

Letter is provided to potential new suppliers at the beginning of the 2nd pillar assessment opening meeting to explain the key principles of Carhartt’s Global Social Responsibility program.



Introduction Letter
Global Social Respo

6.2 Transparency and Anti-Bribery Letter

Letter is provided to suppliers at the beginning of the 2nd pillar assessment opening meeting as a reminder of the Falsified Information Policy (5.2).



Transparency and
Bribery letter 2.9.202

6.3 C-TPAT Limited Scope Audit Introduction Letter

C-TPAT: Customs-Trade Partnership Against Terrorism

Letter is provided to suppliers at the beginning of the 2nd pillar assessment opening meeting if a CTPAT audit is required. Carhartt only requires C-TPAT audits for direct sourcing full package suppliers.



CTPAT Limit Scope
Audit Introduction L

6.4 Visit Plan and Document Checklist

Document provided to suppliers before the 2nd pillar assessment to ensure the factory is prepared for the upcoming onsite assessment.



Visit Plan &
Document Checklist

6.5 Factory Profile Document

This document is to be completed by the factory during the onboarding process. Refer to section 3.3.3 for more details.



Factory Profile
Document V4.pdf

6.6 Onboarding Questionnaire

This document is only to be completed by the Licensee or Sourcing partner at the start of the onboarding process. Refer to section 3.3.3 for more details.



On Boarding
Questionnaire V4.pc

6.7 Migrant Labor Interview Sheet

This document is used during a migrant labor employee interview as outlined in the Migrant Labor Policy in section 5.5.



Migrant Workers'
Internal Interview Q

6.8 Continuous Improvement Form

This document is to be used by suppliers that are enrolled into the Continuous Improvement program. Refer to section 3.5 for more details.



CI Form V3

6.9 Supplier Self-Assessment Report

In situations where Carhartt needs to conduct a desktop review instead of an onsite 2nd pillar, the supplier will be required to complete a self-assessment for review.



Supplier CSR Self
Assessment Report \