

## Human Rights across the Value Chain Policy

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## 1. Introduction

Respecting Human Rights across the supply chains of all products we buy and resell are key aspects of GPA's sustainability strategy. The Policy of Human Rights across the Value Chain presents our guidelines in the strategic sustainability axis: Responsible Value Chains for a supply and consumption with raised awareness, which includes the co-construction and evolution of value chains committed to the environment, people, and animal welfare besides offering more sustainable products to our customers, encouraging the consumption of such products.

Our commitments to Human Rights and Environmental Protection are anchored in key documents of the International Labor Organization (ILO) and other UN covenants such as the Global Compact (GC), Sustainable Development Goals (SDGs), and Guiding Principles on Business and Human Rights (UNGP).

In addition, GPA has commitments and complementary guidelines in the Ethics Charter for suppliers and in other policies that are correlated with this Policy, and where specific guidelines on Diversity, Inclusion and Human Rights, Animal Welfare, Environmental Management and/or value chains and specific products are approached.

The construction of this policy considered the best market practices in responsible supply and seeks to align with the understandings of the Accountability Framework Initiative (AFi), an initiative that was developed to align and create a common global understanding of the best ethical policies for supply chains.<sup>1</sup>

In line with our purpose and values, GPA is committed to regularly reviewing our approaches in this policy. We will continue to develop our risk assessment processes, in line with the constantly evolving global scenario and our challenges, and we want, through our businesses, to contribute to generating a positive impact throughout our entire value chain.

## 2. Purpose

The Policy of Human Rights across the Value Chain sets forth general and specific guidelines regarding the respect for Human Rights and the working conditions that our suppliers and business partners in our chain must comply with. It aims to set how the existing relationships between GPA and its suppliers should be, besides presenting the compliance and integrity criteria required to maintain our commitment to a responsible and sustainable value chain.

Respecting and complying with the guidelines of this policy is mandatory for all suppliers and is a condition precedent for providing goods to GPA and maintaining long-term relationships with the Group's business units.

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<sup>1</sup>[www.accountability-framework.org](http://www.accountability-framework.org)

### 3. Scope

The Policy of Human Rights across the Value Chain applies to all players in the supply chain of all our businesses and brands, considering:

- all suppliers of goods that GPA sells in its business units with a greater focus on chain suppliers with a material risk of deforestation or human rights violations;
- direct and indirect suppliers in all of GPA's operations involved in the different links of its downstream and upstream value chain;
- business partners with which GPA maintains operational partnerships or with which GPA enters into partnerships to make social investments or carry out marketing campaigns; and
- all of our Private Label/Exclusive Brands owned by the Group

### 4. Glossary

**ABVTEX** - The Brazilian Textile Retail Association (ABVTEX), established in 1999, is the entity that brings together the most representative domestic and international fashion retail chains. It maintains the industry's largest social responsibility certification program for suppliers and subcontractors.

**Accountability Framework** - The Accountability Framework Initiative (AFi) is led by a diversified civil society coalition composed of members from global organizations and tropical countries and brings a deep understanding of environmental and human rights issues to support the construction of production chains without deforestation and with respect to Human Rights.

**Social compliance audit** - Audit performed in order to assess compliance with the guidelines shared with suppliers and subcontractors.

**BSCI** – “Business Social Compliance Initiative”. An assessment and certification method within the Social Ethics subject (labor conditions) that is accepted for conversion into ICS under certain criteria.

**FLV** – Fruits, Vegetables, and Greens. It also covers the fish chain, bulk products (mushrooms, nuts, etc.) and other perishables, such as eggs.

**GRI** – Global Reporting Initiative. The GRI Standards provide globally recognized principles for sustainability reporting.

**IBAMA** - The Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA) is a federal agency bound to the Ministry of the Environment.

**ICS** – “Initiative for Compliance and Sustainability”. A social audit method used by GPA as a parameter for assessing compliance with legal requirements for labor conditions.

**Global Compact** - Launched in 2000, the Global Compact is a call for companies to align their strategies and operations with 10 universal principles in the areas of Human Rights, Labor, Environment, and Anti-corruption.

**National Pact for the Eradication of Slave Labor in Brazil** – This Pact, managed by the National Pact for the Eradication of Slave Labor (InPACTO) aims to expand the nationwide actions to eradicate slave labor and count with the support of more than 400 companies accounting for 35% of the Brazilian GDP.

**PO** - Purchase Order, a document used to confirm the purchase of a product or service.

**RPG** - General Fishing Activity Register that governs the sustainable fishing activity, allowing the fishing of species only in certain periods.

**Upstream/downstream** – Flow of the value chain from the buyer, in which the supplier of the raw material and the product sold is located upstream, and the consumption and disposal of the product is located downstream.

## 5. Context

Sustainability and value creation are not limited to the limits of operations in our stores, distribution centers, and administrative offices. Social, environmental, governance, and conduct challenges are present throughout our value chain, where we have to structure processes to mitigate and control situations, besides encouraging best practices.

Our goal is to prevent and mitigate the impact of identified risks by implementing the corresponding appropriate measures. This includes, among others, directing management and purchasing practices with this goal, as well as actions to awareness-raising and training of employees, suppliers, and business partners. In addition, we cooperate with other stakeholders through industry initiatives or multilateral actions to strengthen best practices across the entire supply chain.

Our suppliers, for getting approval and keeping their relationship with GPA and its subsidiaries, must agree to ensure transparency, remedy deficiencies, and seek continuous improvement under the guidelines provided for in this Policy. Besides meeting certain requirements, we also seek to recognize those suppliers who make progress towards the best practices of responsible and sustainable production.

By having a rich and complex value chain, composed of thousands of suppliers, including producers, manufacturing plants, distribution companies, and other products and services, we build a relationship with business partners based on solid ethical conduct and practices that are bound to high social and environmental standards and criteria.

## 6. Commitments by GPA

We act responsibly across the entire value chain, seeking knowledge and development in all links and with all players. We are committed to traceability and monitoring, identifying and mitigating – through criteria and audits previously set – any social and environmental impacts and/or risks in the stages both of raw material extraction and manufacturing and transformation.

Our commitment is to ensure respect for and promotion of human rights throughout the value chain and promote the protection of the environment and people. We focus on four priority aspects:

- Appropriate work conditions
- Animal welfare
- Elimination of deforestation
- Responsible use of biodiversity

Our detailed expectations and goals regarding such four aspects are detailed in our Ethics Charter for Suppliers, which is an integral part of the supply agreements. Such document formalizes rules and recommendations on respect for human rights, working hours, health and safety, anti-corruption practices, the environment, and animal welfare.

Our commitments in Human Rights are set forth by joining the Global Compact and are aligned with the International Covenant on Human Rights comprising the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and International Covenant on Economic, Social and Cultural Rights and the core conventions of the International Labor Organization (ILO) on Rights at Work. We support the guidelines of the Organization for Economic Cooperation and Development (OECD) for multinational companies. Details of our commitments to Human Rights can be found in our Diversity, Inclusion, and Human Rights Policy.

As regards the environment, we base our commitments on the Accountability Framework definitions on deforestation, natural forests, conversion, and natural ecosystems, as well as on specific definitions for soy, palm oil, and cocoa, besides adhering to sectoral commitments (see section 9). We are committed to the preservation of biomes and defend the rights of traditional communities (*quilombolas*, i.e., residents of Afro-Brazilian *quilombo* settlements first established by escaped slaves in Brazil) and indigenous peoples over the use of their lands. For more details regarding our environmental commitments, please read our Environmental Management Policy.

In addition, regarding business practices or any other activity, GPA is committed to:

- Strictly comply with the laws and regulations applicable to its activities
- Avoid and not make decisions in situations of conflict of interests

- Refuse any form of corruption
- Aim for a long-term business relationship with every supplier, considering its/his/her ability to offer products and services meeting the Group's needs and respecting competition rules and company freedom.
- Maintain a constructive and open dialogue with its suppliers about its ability to continuously improve its good practices, and, if necessary, help them in the process of meeting the action plans.

As a signatory of the National Pact for the Eradication of Slave Labor in Brazil, GPA is committed to strengthening its practices in the elimination of forced labor, through practices that increase the control and knowledge of the subject in its value chain. In order to continuously improve its performance in addressing the topic, the company regularly submits itself to a self-assessment of its practices and, based on that, implements improved actions. An important part of such Pact is the registration in the public register of employers that identify any work analogous to forced labor in the approval process.

Seeking the broad and solid implementation of this policy, GPA is committed to actively engage with different stakeholders and take part in multi-sector forums to strengthen and develop such topic.

A whistle-blowing/ ombudsman channel is always open for all interested parties to report concerns, complaints, grievances and/or report policy violations. GPA provides its employees, suppliers, service providers, customers, clients, social institutions, and partners with the Ombudsman Channel. It is the official tool for receiving complaints, dissatisfactions, and reports of violations/non-compliance with the Policy of Human Rights across the Value Chain. Every complaint will be investigated in a confidential manner, even allowing for anonymity (please see section 8.5).

## **7. Guidelines**

### *7.1 Prior Requirements for all our suppliers*

We expect the highest standards of behavior from those we do business with. All of our suppliers – when signing a contract or receiving a PO from the Group – are required to comply with the prior requirements set forth in our Ethics Charter for Suppliers.

Every supplier of the Group undertakes to provide only products or services compliant with such Charter, this Policy, the Group's internal standards, as well as local laws and regulations applied to the performance of its/his/her activity and the key international standards set forth in such document. It is worth highlighting that GPA seeks not only to comply with local legislation and international standards but also expects suppliers to go beyond and seek greater performance in all these areas.



In its business practices or in any other activity, GPA strictly complies with the laws and regulations applicable to its activities, states itself barred in situations of conflicts of interest and repudiates any form or attempt of corruption by suppliers or partners.

We also emphasize that we defend - under our Diversity, Inclusion, and Human Rights Policy - equal opportunities for all, regardless of age, gender, sexual orientation, origin, race, color, physical condition, religion, marital status, nationality, gender identity and/or expression or any other identity marker, family situation or any other condition.

In our value chain, we respect the rights of traditional populations (e.g., indigenous peoples and *quilombolas*: Afro-Brazilian resident of *quilombo* settlements first established by escaped slaves in Brazil) to use their lands and we refute any undue invasion and appropriation of their productive resources.

The Ethics Charter for Suppliers complements this policy and provides details regarding the following key areas of human rights, occupational health and safety:

- Elimination of child labor
- Elimination of slave or slave-like labor
- Elimination of discrimination and abusive, harsh treatment
- Guarantee of freedom of association
- Maintenance of lawful working hours
- Payment of salaries and benefits
- Guarantee of occupational health and safety

## *7.2 Requirements for specific chains and private labels/exclusive brands*

For Private Labels/Exclusive Brands (ME) product categories, GPA adopts specific requirements that allow for better responses to the context and challenges of the related value chains, especially for those considered having greater social and environmental risk.

GPA sets forth specific policies for certain groups of suppliers and takes part in coalitions and sectorial programs or initiatives that aim to strengthen the conditions for qualification and monitoring of certain chains. The Group aims to purchase 100% of its products from such chains under such policies.

For suppliers of **domestic textile, footwear, and accessories**, GPA adopts the ABVTEX certification. Since 2011, we have been committed to purchasing our textile products, footwear, and accessories from suppliers and subcontractors certified by ABVTEX

(Brazilian Association of Textile Retail). GPA is one of the companies that make up the entity's Board of Directors and actively participates in the discussions of the Suppliers' Working Group, always seeking improvements in the Audit Program.

With the purpose of eliminating deforestation and conversion of native vegetation, as well as social conditions in the chain, GPA has specific provisions for the beef and palm oil chain (Social and Environmental Policy for the Purchase of **Beef and Palm Oil Products**).

### *7.3 Monitoring and development program*

Complementing the policy requirements, GPA developed a monitoring program for the *in natura* perishable product chains, initially applied to the **fruits, vegetables, and greens (FLV)** production chain - encouraging best practices of production to ensure the highest standard of product quality.

Under this program, our direct suppliers are monitored across the entire supply chain until arrival at the point of sale, through quality audits, analysis of agrochemicals and microbiological residues, tracking and collecting information to the field, to ensure compliance with the Brazilian legislation and sustainability practices in order to assess any impacts, apply corrective and evolutionary development actions, besides generating environmental and social value.

All indicators of such a program comprise a qualification for suppliers, used by the business area as a factor in decision-making and sales negotiation.

## **8. Qualification and monitoring**

GPA is committed to constantly evaluating and monitoring the risks in its chain to determine the means and tools applied to monitor compliance with all criteria set, thus performing continuous qualification of suppliers with both domestically and internationally recognized protocols.

The Group applies standards from two industry organizations: ABVTEX and ICS.

ICS provides protocols for determining risks. Any **non-food product or food of private label or exclusive/generic brands produced** in risk countries are subject to ICS audits<sup>2</sup>. The ABVTEX code applies to suppliers of **Fashion** products (women, men, underwear, sports, footwear, and accessories) and **Cameba** (bed, bath, and table), except for non-textile childcare and imported products, in which, this last one, ICS is used.

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<sup>2</sup> ICS social audits are not carried out for domestic suppliers that do not supply Private Labels/Exclusive Brands goods, nor food products with the supplier's brand.



### *8.1 Risk Analysis*

Risk analysis is an important step that allows us to determine the degree of effort and measures required to monitor all the impacts within the chains. To determine the degree of risk in its chains, GPA uses its own method to analyze priority chains based on four pillars: deforestation, use of biodiversity, work conditions, and animal welfare. Such a method describes the key social and environmental risks of the chains and helps to determine the corresponding risk mitigation measures.

In addition to such internal tool, GPA uses the official ICS list that categorizes countries with risks in the supply chain to guide purchasing decisions and how to carry out on-site audits. Both tools are regularly reviewed and consulted to keep pace with changes in the global or local context.

### *8.2 Approval and compliance audits*

Risk analysis is an important step that allows us to determine the degree of effort and measures required to monitor all the impacts within the chains. To determine the degree of risk in its chains, GPA uses its own method to analyze priority chains based on four pillars: deforestation, use of biodiversity, work conditions, and animal welfare. Such a method describes the key social and environmental risks of the chains and helps to determine the corresponding risk mitigation measures.

According to the audit results, the corresponding supplier undertakes to use corrective measures within a specified period with each of the parties involved. It may be necessary to end a business relationship or terminate an agreement when the supplier violates the principles set forth in the Ethics Charter or when the supplier refuses to take the required steps to remedy any non-compliances found and reported.

We carry out social compliance audits in factories located in countries with social vulnerability in order to assess not only compliance with local legislation but also with the standards of the International Labor Organization (ILO). The process is performed under the Initiative for Compliance and Sustainability (ICS) method, which is an international protocol for sharing audit results among members.

In the fashion and “Cameba” (bed, bath, and table) segment, the Group recognizes ABVTEX 'S certification as a method for checking social compliance. All suppliers and their subcontractors must have passed the ABVTEX audit and submit a valid certification to become GPA's suppliers.

Other Social Compliance methods, such as BSCI, can be accepted under certain conditions that need to be checked by GPA prior to accepting their results. If accepted, the corresponding BSCI audit must be converted into an ICS audit by the auditing company. The requirements of the audits are detailed in the next section.

We understand that social and environmental certifications for certain products such as the certification of Organics, Rainforest Alliance, Forest Stewardship Council (FSC), Fairtrade, and other industry-specific certifications such as Bonsucro, Roundtable Sustainable Palm Oil (RSPO), and Roundtable on Responsible Soy (RTRS) are important elements that strengthen the guarantee of meeting our expectations and we recognize the efforts of our suppliers to get such certifications. GPA reserves the right to require specific certifications regarding quality requirements of certain product categories

All details of the audit process implementation and the monitoring responsibilities are set forth in our [Social Ethics Procedure](#).

### *8.3 Details of audit requirements for suppliers*

Our suppliers are subject to social compliance audits, in which internationally recognized protocols are used to check compliance with the corresponding requirements set forth. Our key tools are the ABVTEX audits for the textile and footwear sectors, and the ICS method. Although such two audits have in common many requirements related to work conditions, ethics and *compliance*, and environmental protection, they differ in the audit approach and some specific requirements. In this policy, we present the elements of each audit, but we refer to the checklist and complete codes to learn the detailed requirements of each method.

The following suppliers are eligible to use the ICS method:

- All international factories supplying non-food products that are located in countries with a critical social situation, regardless of whether the product's brand belongs to the supplier itself or is a Private Label/ Exclusive Brand;
- All food and non-food factories supplying Private Label/Exclusive Brands;
- Factories producing Fruits, Vegetables, Greens, Fish, Nuts, and other bulk products, without a specific brand, located in countries with social vulnerability.

The ICS Code includes the following prior requirements for our suppliers, but **in the case of any stricter standard required under the Brazilian laws, the latter overrides these requirements**:

#### **1. The supplier must create an effective internal management system to ensure that:**

1. All employment relationships are recognized and documented (under the domestic laws, customs, and practices, and also under international employment standards) from the recruitment until the end of the employment agreement; particularly in the case of employees with special status: young employees, immigrants, domestic migrants, seasonal workers, domestic workers, temporary workers, trainees or apprentices, contract workers, temporary workers, etc.;

2. All of the supplier's sales and managerial activities are carried out transparently and correctly recorded in the supplier's records;
3. The principles set forth in this policy are consistently disseminated and applied within the supplier's organization;
4. The supplier shall detect anything that could violate the principles of this policy, determine the underlying causes of the problems identified, and implement measures to effectively tackle such situations, under the domestic laws, customs, and practices, and also under the international employment standards;
5. The persons responsible for applying this policy and the associated legal aspects related to labor legislation, safety, and the environment are informed and trained;
6. Measures are taken to prevent all forms of corruption, extortion, embezzlement, and bribery;

**2. The supplier undertakes to disseminate the principles of this policy throughout its supply chain and network of subcontractors:**

1. The supplier shall disclose to GPA, before any order is placed by a customer or client, a list of factories owned by the supplier and its subcontractors (companies allowed by the supplier to handle all or part of the final product that is supposed to be made by the supplier). ICS customers/clients do not allow their ordered products to be made in a factory that does not comply with this Policy. Once the ICS customer confirms an order, the supplier may not change the previously disclosed list of factories or subcontractors. If for any reason the list of supplier and subcontractor factories needs to be changed, a prior written consent must be got from the ICS customer.
2. The supplier must check and ensure whether the factories or subcontractors registered in the ICS customer's production chain comply with the principles of this Policy.
3. If the supplier becomes aware of violations to the principles of this Code in its chain of suppliers and subcontractors, it shall immediately report it to the ICS customer and undertake to implement a corrective action plan for the supplier/subcontractor at issue. If the supplier/subcontractor refuses to cooperate, the supplier must undertake to terminate its collaboration with the corresponding supplier/subcontractor at issue.

**Minimum age, child labor, and young workers**

1. The supplier must comply with the domestic laws on the minimum age for admission to employment or work in any job, which must not be less than the age for completion of compulsory education and, in any case, must not be less than 15 years of age. However, if the local legal minimum age is set at 14 years, under the exceptions of ILO Convention 138 for developing countries, that lower age may apply.

2. The supplier shall not recruit or exploit children in any way. If any child is found at the production site (other than in a nursery room), the supplier should seek a sensitive and satisfactory solution that puts the child's best interests first.
3. The supplier shall not employ young workers under the age of 18 at night, or in conditions that may harm their health, safety, or moral integrity, and/or which may harm their physical, mental, spiritual, moral, or social development, in compliance with ILO Convention 182.

### **Forced labor**

1. All work must be carried out voluntarily and not under threat of any penalty or sanction.
2. The use of forced, compulsory or unpaid labor in all its forms, including prison labor, when not in compliance with Convention 29, and unpaid overtime work, is prohibited.
3. Suppliers cannot require workers to make unreasonable deposits/financial guarantees and will not confiscate any worker's identification documents (such as passports, ID cards, etc.). There should be no abusive delay in the payment of salaries.
4. Slave labor is prohibited. Suppliers cannot use any form of forced labor nor allow or encourage workers to incur debt through recruitment fees or other means.
5. Slave labor is prohibited. Suppliers must respect the workers' right to terminate their employment agreement after legal notice. Suppliers shall respect the workers' right to leave the workplace and factory after their shift.

### **No discrimination**

1. Suppliers must respect equal opportunity in terms of recruitment, compensation, access to training, promotion, termination, or retirement.
2. Suppliers shall not engage in, support, or tolerate discrimination in any stage of the labor process, including recruitment, hiring, training, working conditions, assignment of employment, compensation, benefits, promotions, discipline, termination, or retirement based on sex, age, religion, status civil, race, caste, social origin, illness, disability, pregnancy, ethnic or national origin, nationality, affiliation with workers' organizations including trade unions, political affiliation, sexual orientation, or any other personal characteristics.
3. Suppliers must consider all terms and conditions of employment on an individual's ability to do the job, not on personal characteristics or beliefs.

### **Disciplinary practices, harassment, and abuse**

1. Suppliers must treat all workers with respect and dignity.
2. Suppliers must not engage in or tolerate bullying, harassment, or abuse of any kind.

3. Suppliers shall set forth written disciplinary procedures and explain them in terms that are clear and understandable to its/his/her workers. All disciplinary actions must be recorded.

#### **Freedom of association and whistle-blowing mechanisms**

1. Workers have the right to join or form unions of their own choosing and to bargain collectively without any prior authorization from the supplier's management. Suppliers shall not interfere with, obstruct, or prevent such legitimate activities.
2. In case the right to freedom of association and collective bargaining is restricted or prohibited by law, the supplier will not prevent alternative forms of independent and free representation and negotiation of workers, in compliance with ILO conventions.
3. Suppliers shall not discriminate or penalize worker representatives or union members for their affiliation or affiliation with a union, or for their legitimate union activity, in compliance with ILO conventions.
4. Suppliers shall give the workers' internal representatives access to the workplace in order to perform their representation functions, in compliance with the ILO (International Labor Organization) conventions.
5. Suppliers shall make every possible effort to maintain or take part in an effective mechanism of grievance information feedback at an operational level and in order to respond to individuals and communities.

#### **Working hours and overtime**

1. Supplier shall set working hours that comply whether with domestic laws and ILO conventions, being applicable the one that provides greater protection to ensure the health, safety, and well-being of workers.
2. Suppliers must respect the standard working hours allowed in a week of 48 hours, excluding overtime. Workers will not be required to work for more than 48 hours a week on a regular basis. The applicable legislation shall prevail in case of more restrictive measures.
3. Overtime must be voluntary and must not exceed eight (8) hours per week and must not be requested regularly. The applicable legislation shall prevail in case of more restrictive measures.
4. Suppliers shall respect all workers' right to at least one day of rest every 7 (seven) days, as well as the period of paid annual vacations and domestic and local public holidays, in compliance with local regulations.

## **Compensation and benefits**

1. Suppliers must compensate their workers by providing wages, overtime pay, benefits, and paid leave that respectively meet or exceed the legal minimum and/or industry benchmarks and/or collective agreements, whichever is higher.
2. Recognizing the fundamental nature of the compensation of workers and those who depend on them, ICS expects that suppliers not to consider the statutory minimum wage as an end in itself, but rather as a mere threshold not to be reached but to be exceeded, and suppliers' goals shall be to seek that such compensation is enough to cover basic needs while guaranteeing a discretionary income.
3. Suppliers shall at all times compensate all workers for all overtime at a premium rate as required by law and, where applicable, by contractual agreement.
4. Suppliers shall provide all legally required benefits to all workers, including paid leave.
5. Suppliers shall not make any deductions from wages that are not allowed or not provided for by local laws. Suppliers shall not make any deduction from salary as a disciplinary measure.
6. Suppliers must provide all workers with understandable written information about their employment terms and conditions, including wages, before being admitted to their jobs; and also with details of their wages for the pay period at issue every time they are paid.
7. The work performed must be based on a recognized employment relationship set forth in compliance with the local laws and ILO conventions, whichever provides greater protection.
8. Hiring, subcontracting, or home-working arrangements, apprenticeship schemes where there is no real intention to impart skills or provide a regular job, excessive use of fixed-term employment agreements, or any comparable arrangements should not be used to avoid obligations to workers under labor or social security laws and regulations arising from the regular employment relationship.

## **Health and Safety**

Health and safety provisions must be set forth to meet specific conditions and risks related to different industries, according to the relevant applicable Health and Safety principles:

1. Suppliers shall provide safe and clean conditions in all work and residential facilities and shall provide for and comply with a clear set of procedures governing occupational health and safety.
2. Suppliers must take all appropriate measures to prevent hazards and damage to health arising from, associated with, or taking place during work, and shall also minimize, as far as reasonably possible, the causes of dangers inherent in the



work environment. Appropriate and effective personal protective equipment must be provided as needed.

3. Suppliers shall provide access to appropriate medical care and facilities.
4. Suppliers shall provide all workers with access to clean toilet facilities and potable water and, if applicable, sanitary facilities to prepare and store food.
5. Suppliers shall ensure that residential facilities for workers, when provided, are clean and safe.
6. Suppliers shall assign responsibility for occupational health and safety to a senior management officer.
7. Suppliers shall provide regular and registered health and safety training to workers and management, and such training must be repeated for all new or reassigned workers and management.
8. Suppliers shall provide appropriate fire safety measures and systems and shall ensure the strength, stability, and safety of buildings and equipment, including residential facilities if provided.
9. Suppliers shall provide workers with sufficient training on waste management, handling, and disposal of chemicals and other hazardous materials.

The ICS code of conduct and factory manual are available at the following link:

<https://ics-asso.org/resources/>

The ABVTEX Program is particularly focused on tackling and eliminating informality, the precariousness of labor relations in environmental, health and safety issues across the textile and footwear supply chain. Signatories support ABVTEX's efforts to maintain responsibility in the sector's supply chain. Both the organizations that adhere to the program and their suppliers and subcontractors must comply with the following requirements:

- Promoting regular work under the law, and constantly eliminate any form of irregular work, not allowing the use of involuntary work, forced work, trafficked, bonded, contracted or slave, and child labor. These measures to tackle irregular work includes transporting, hosting, recruiting, transferring, receiving or controlling people through threat, force, coercion, abduction, or fraud for work or services.
- Not allowing workers to be required by their employer or employment agent to pay recruitment fees or other related fees. Workers should not be bound to jobs through any form of coercion, such as financial blackmail and debt retention.
- Guaranteeing the right to freedom of association, guaranteeing workers the right to choose to join or form unions of their own choice and to carry out collective

bargaining. Employers must adopt an open attitude towards the activity of unions, without discrimination against workers acting in or for them;

- Promoting actions that ensure occupational health and safety, by providing a healthy and safe work environment, with preventive measures taking precedence over corrective actions;
- Adopting measures and practices to prevent hazards and damage to health that may arise, associated with or caused by the dangers inherent in the work environment;
- Providing periodic documented health and safety training for new, regular, and transferred employees;
- Allowing access to clean toilets and potable water and, if necessary, having appropriate food storage facilities;
- Not employing children and not employing young people under the age of 18 at night jobs or work under risky conditions;
- Comply with the standards of the International Labor Organization – ILO;
- Ensuring the absence of discrimination, with equal opportunities to workers, whether by religion, philosophical or political conviction, nationality, family economic status, origin, sex, color, ethnicity, disability, age, obstetric status, sexual preference, biotype, health status or marital status;
- Providing freedom for workers to communicate openly with the management about management conditions and practices, without any fear of discrimination, retaliation, intimidation or harassment.
- Tackling and eliminating any type of harassment, including but not limited to moral and sexual harassment, involving any verbal or physical conduct of humiliation, coercion, or threat that interferes with individual and/or collective performance or affects the working conditions of employees;
- Providing salaries consistent with the applicable legal basis;
- Employment agreements must be in the workers' native language, ensuring that the nature of the work and the terms and conditions of the employment agreement are transparent and accurate before every employee is actually hired. The contracting company or agency must not engage in fraudulent behavior;
- Not deducting disciplinary measures from the salary, as well as those that are not set forth in the applicable domestic laws;
- Respecting working hours in compliance with the applicable laws that are consistent with the applicable sector or with the one that offers the greatest protection;
- Monitoring and managing the supply chain;
- Taking good care of the environment;

- Maintaining an ethical business behavior;
- Ensuring the privacy and confidentiality of information.

The complete checklist of the ABVTEX program is available at the following link:

<https://www.abvtex.org.br/checklist/>

#### *8.4 Presentation of the key progress indicators and reports*

In order to transparently report its performance as regards the adherence to the Social Ethics Policy, GPA undertakes to add to its Annual Sustainability Report updated indicators on the implementation of the monitoring process and the results achieved.

For disclosing information, the Group adopts the GRI Standards principles to ensure the robustness and comparability of data over the years. Under such GRI Standards, the company annually submits the structure and any material changes in its value chain and makes public the data that show the advances in relation to the public commitments undertaken in the four axes of the strategy to transform its value chain into a sustainable chain. The report will be published in the relevant communication channels, which can be accessed on the company's corporate website ([www.gpabr.com](http://www.gpabr.com)).

#### *8.5 Whistleblowing/ grievance mechanism*

GPA makes the Ombudsman's Channel available to all its employees, suppliers, service providers, customers, clients, social institutions, partners, and defenders of the environment and human rights. It is the official tool for receiving complaints, dissatisfactions, and reports of violations/non-compliance with GPA's Codes and Policies.

Any violations of this Policy, the company's Code of Ethics, or any provision in the Ethics Charter for Suppliers can be reported through the channels listed below.

- Ombudsman (from Monday to Saturday, from 8 am to 8 pm)
- Tel. 0800 055 57 11 - Email: [ouvidoria@gpabr.com.br](mailto:ouvidoria@gpabr.com.br)

All reports and grievances are investigated confidentially, even allowing for anonymity, and GPA takes corrective measures to respond to the facts found, besides supporting remedial measures when necessary.

## 9. Engagement

### 9.1 Policy disclosure and multi-stakeholder engagement

Ensuring good practices and compliance with legal, social and environmental requirements is a task that affects several actors in the value chain. As a result, the Group seeks to share its practices and policies with all stakeholders involved through the means of communication that are most appropriate for each audience.

Besides our company-level policies and practices, we partner with other stakeholders to increase the effectiveness of our actions and speed up progress towards achieving our commitments outlined in this Policy and related policies.

We take part in multi-stakeholder initiatives and platforms that aim to comply with advanced requirements in different chains on social issues. Our engagements that are relevant to our value chain are updated in our **Annual Sustainability Report**. They are focused on the following platforms and initiatives, among others:

- ABVTEX - Brazilian Association of Textile Retail Industry ("*Associação Brasileira do Varejo Têxtil*");
- ICS – Initiative for Compliance and Sustainability
- Global Compact
- Brazilian Pact for the Eradication of Slave Labor in Brazil

Besides these commitments, our performance is based on some guiding documents and standards of partner associations:

- Principles of the United Nations Organization (UN);
- UN Guiding Principles for Business and Human Rights;
- Universal Declaration of Human Rights (UN);
- International Covenant on Economic, Social and Cultural Rights (ICESCR);
- International Covenant on Civil and Political Rights (ICCPR);
- 17 UN Sustainable Development Goals (SDGs);
- International Convention on the Rights of the Child (UN);
- Universal Declaration of ILO (International Labor Organization);
- Yogyakarta principles;
- The fundamental ILO conventions, in particular:
  - >> C138 - ILO Convention No. 138 on the minimum age for admission to employment and work;
  - >> C182 - Convention on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor;
- OECD (Organization for Economic Co-operation and Development) Guidelines for Multinational Companies;
- Principles for Responsible Investment (PRI);

- ISO 26000 International Standard;
- Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW); • LGBT Charter for Rights Equality;
- Bangladesh Fire and Construction Safety Agreement;
- The Global Social Compliance Program (GSCP).

## *9.2 Trainings*

The effective adoption of this policy depends on the people involved in our purchasing processes. Accordingly, we perform periodic training for our sales teams responsible for imports and domestic purchases to reinforce the goals and commitments in relation to decent working conditions in the chain, reinforce processes and engage employees with a focus on responsibilities and duties within the scope of our responsible sourcing initiatives.

Training is also provided to the textile sales teams to reinforce the internal processes of compliance with the program's commitments, besides the presentation of the ABVTEX platform, which delivers transparency to the chain and enables to monitor each supplier's data in real-time, besides recommending approved suppliers.

## **10. References**

The following documents serve as a reference for this policy:

The Universal Declaration of Human Rights

International conventions relating to fundamental human rights:

- The 1966 International Covenant on Civil and Political Rights
- The 1966 International Covenant on Economic, Social and Cultural Rights
- The 1980 Convention on the Elimination of All Forms of Discrimination against Women
- The 1989 International Convention on the Rights of the Child
- The 2007 Convention on the Rights of Persons with Disabilities

The core international labor standards, as defined by the ILO Declaration in June 1998, relating to fundamental principles and rights at work, namely:

- Convention No. 29 on Forced Labor of 1930
- Convention No. 87 on Freedom of Association and the Protection of the Right to Organize, 1948
- Convention No. 98 on the Right to Organize and Collective Bargaining of 1949
- Convention No. 100 on Equal Remuneration of 1951
- Convention No. 105 on the Abolition of Forced Labor of 1957
- Convention No. 111 concerning Discrimination in Respect of Employment and Occupation of 1958
- Convention No. 138 concerning Minimum Age for Admission to Employment of 1973
- Convention No. 182 on the Worst Forms of Child Labor of 1999

Other applicable international labor standards, for example:

- The ILO's call for decent work
- Convention No. 1 on length of working hours (factories) of 1919
- Convention No. 14 on Weekly Rest (factories) of 1921
- Convention No. 95 on Wage Protection of 1949
- Convention No. 97 on Migrant Employees (Revised) of 1949
- Convention No. 131 on the establishment of the minimum wage of 1970
- Convention No. 135 on employees' representatives of 1971
- Convention No. 143 on migrant employees (Supplementary Provisions) of 1975
- Convention No. 155 on employees' occupation safety and health of 1981
- Convention No. 161 on health care services at work of 1985
- Convention No. 170 on Chemicals of 1990
- Recommendation No. 85 on wage protection of 1949
- Recommendation No. 116 on the workload reduction of 1962
- Recommendation No. 135 on the establishment of the minimum wage of 1970
- Recommendation No. 164 on the employees' occupational health and safety of 1981
- Recommendation No. 184 on homeworking, of 1996
- Recommendation No. 190 on the worst forms of child labor of 1999

## **11. Policy Updates**

This Policy was approved in July 2021 by the Sustainability and Diversity Committee that advises the Board of Directors.

GPA acknowledges that full compliance with the goals of this Policy is a continuous improvement process that includes enhancement of this Policy. GPA reserves the right to update this policy as it deems necessary. In case of revisions, the new Policy will be disclosed in the relevant communication channels for the knowledge of all stakeholders.