

Søstrene Grene Supplier Code of Conduct

Values and Scope

Background

The first Søstrene Grene shop was established by two sisters (the Grene sisters) in a hard-to-access 1st floor space in a closed down bakery in the Danish town of Aarhus in 1973. The fact that the shop was difficult to access required Søstrene Grene to be innovative in order to attract customers. Aesthetics and an inspiring maze-like shop layout were the answer, making customers curious to explore our many colourful, decorative and practical products. Today, Søstrene Grene's Import A/S operates an increasing number of shops in Europe and we are growing continuously. The majority of our customers return regularly to discover new products and we benefit greatly from the unique, positive and historical image we share with people in the countries we operate in.

Values and ethics have always been key priorities for Søstrene Grene's Import A/S. We wish to conduct our business in a decent manner, with the deepest respect for human rights and great concern for the social and environmental impact we have on society. This means that we care for our employees, franchisees and customers, and it means that we care about the social and environmental conditions under which our products are produced.

In addition to this, we observe an increasing demand from our market and stakeholders (such as customers, franchise partners, investors, the media and employees) with regard to our suppliers' business ethics and social and environmental compliance. Therefore, social and environmental compliance are just as important to Søstrene Grene's Import A/S as product quality, design, delivery times and other traditional business parameters.

Taking all this into consideration, we have defined this Code of Conduct that explains how we expect our suppliers to comply with our ethical standards.

Universal principles

The provisions and principles in this Code of Conduct derive from international standards and frameworks such as the International Bill of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, UN Global Compact, the International Labour Organisation's Conventions and Recommendations and United Nations Convention against Corruption.



Scope

The provisions of the Code of Conduct extend to all of Søstrene Grenes Import A/S suppliers and employees of our suppliers' including seasonal, temporary and contract workers, workers employed on short-term contracts and on a part-time basis. Suppliers are also responsible for ensuring sub-suppliers', including sub-suppliers categorised as home-based workers, are subjected to the terms, conditions and provisions in the Code of Conduct as appropriate to the nature and scale of their operations.

Implementation

Due diligence and management systems

Signatories to this Code of Conduct commit to strive for high ethical standards along the lines of the international standards that lay the foundation of the code. This means that signatories must meet the responsibility to manage any adverse impacts on human rights (including labour rights, the environment and anti-corruption) that may occur from their business operations. This responsibility is not limited to the business unit and supplier's employees alone, but relates to all groups, individuals and entities that the supplier's activities may have an impact on - including impact on the local community and society, and the environment at large.

Suppliers must have appropriate management systems and due diligence procedures in place, to effectively meet this responsibility. This entails formulation and implementation of relevant policies and procedures to detect, prevent and mitigate any adverse human rights impacts and failure to respect the provisions of this Code of Conduct.

The supplier must also ensure relevant procedures to provide remedy to any victims, if the supplier should fail to meet the provisions of this Code of Conduct and the responsibility to protect against adverse impacts on human rights.

The provisions and principles of this Code of Conduct are minimum standards only. We encourage our suppliers to work on continuous improvements and go beyond the minimum standards of the Code of Conduct.

Consequences of compliance and non-compliance

We emphasise that we wish compliance to our Code of Conduct to be mutually beneficial – for us and for our suppliers. Søstrene Grenes Import A/S greatly prioritises selecting suppliers that are able to document appropriate management systems and compliance to our Code of Conduct. It is a key part of our strategy to increase business with suppliers that are in compliance.



We also understand that working with such issues is an ongoing process. We are willing to enter into dialogue and assist our suppliers in complying with our Code of Conduct. We do not terminate business with suppliers that do not initially show 100% compliance, as long as they demonstrate sincere commitment by gradually implementing activities that improve compliance. But, we demand full openness and transparency in the mutual cooperation concerning the provisions of the Code of Conduct.

However, if a supplier does not show the necessary commitment to comply with our Code of Conduct, we will not hesitate to terminate the business relationship.

Zero-tolerance principles

With our Code of Conduct, we have defined a set of zero-tolerance principles. Non-compliance with these principles is absolutely unacceptable to Søstrene Grenes Import A/S. Business with suppliers that violate our zero-tolerance principles will be terminated immediately, unless instant corrective action is taken.

Ethical Principles

Legal compliance

1. Compliance with national and international law

Compliance with relevant laws, regulations and industry standards forms the foundation of ethical and responsible business practice. Søstrene Grenes Import A/S therefore expects suppliers to comply with such standards. Where local law differs from international law and principles stated in this Code of Conduct, the highest standard of the two shall apply.

1.1. The supplier shall – as an absolute minimum – be updated on and in compliance with all relevant international, national and regional laws, regulations and industry minimum standards.

Business ethics

2. Ethical business conduct

Søstrene Grenes Import A/S expects suppliers to conduct their business along ethical lines and with respect for human rights throughout all activities. This relates to collaboration with other business partners and public authorities, to employees of the supplier, as well as the local community, society and the environment at large. It also includes adequate due



diligence and remediation procedures in relation to the risk of adverse impacts on human rights, including labour rights, protection of the environment and anti-corruption.

- 2.1. The supplier shall not engage in any form of corruption, extortion or bribery.
- 2.2. The supplier must act with due diligence to identify, prevent and mitigate risks of adverse human rights impacts*.
- 2.3. The supplier must be prepared to appropriately remedy any victims of adverse human rights impacts, should the supplier cause, contribute to or be linked to such impacts.

* See appendix for list of Human Rights

Based on: UN Guiding Principles on Business and Human Rights and United Nations Convention against Corruption

Labour standards

3. No forced labour or harsh, inhumane practices

The objective is to ensure that workers are not working against their own free will and that all workers are treated with dignity and respect and not subjected to any harsh or inhumane practices.

- 3.1. All labour shall be freely chosen and workers shall not be subjected to any form of forced labour, including work that is demanded as repayment of debt or work that is enforced upon workers by retaining workers' property, salaries, benefits, original identity papers or other personal documents.
- 3.2. All workers must have fair and transparent contracts or employment letters signed by both the worker and management.
- 3.3. Workers shall be free to leave the factory premises at the end of a standard workday.
- 3.4. Workers shall be free to terminate their employment after providing the employer with reasonable notice.
- 3.5. The supplier must protect all workers from any form of physical, psychological, verbal or sexual harassment, abuse or threats from the management or fellow workers.

Based on: ILO Conventions, No. 29 and 105

Zero-tolerance principle: Søstrene Grenes Import A/S will not under any circumstances accept any form of forced labour or harsh, inhumane treatment of workers.

4. Freedom of association and the right to collective bargaining



The objective is to ensure ongoing open communication and dialogue between workers and management with the aim of solving employment and work related issues of importance to workers and the management. Supporting open and free dialogue between workers and management – e.g. through workers committees and meetings – is also a key prerequisite for optimising production processes, improving workflows and identifying important areas of potential quality improvement.

- 4.1. All workers shall have the right to form and join trade unions of their own choice and to bargain collectively with the company.
- 4.2. The supplier shall support the establishment and application of workers' organisations and collective bargaining.
- 4.3. The supplier shall ensure that workers' representatives are not discriminated against and are provided access to carry out their representative functions in the workplace.
- 4.4. In countries where freedom of association and the right to collective bargaining is restricted under law, the supplier shall ensure parallel means for open and free dialogue between workers and management, e.g. through workers' welfare committees or similar forums.

Based on: ILO Conventions, No. 11, 87, 98, 135 and 154

5. No discrimination

The objective is to ensure a workplace that respects workers' personal integrity and where all work related decisions on issues such as employment, access to training, promotion and salary are taken solely on the basis of the workers professional qualifications and job performance.

- 5.1. Workers shall not be subjected to any form of discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on gender, age, race, caste, social background, ethnic and national origin, religion, disability, union membership, political affiliation or sexual orientation.

Based on: ILO Conventions, No. 100, 111, 143, 158, 159, 169 and 183

6. No child labour

The objective is to prevent exploitation of children and young people and to prevent employment from hindering their education and development.

- 6.1. The supplier shall not engage in or support any form of child labour or exploitation of children.



- 6.2. If child labour is discovered, the supplier must remedy the situation in the best interest of the child's future livelihood, education and development.
- 6.3. Special consideration shall be taken to the health and safety of young workers. Young workers must not work overtime or night shifts and shall not be subjected to any hazardous work such as work that involves sharp and fast rotating machinery or work that is physically demanding. They shall not be exposed to dust and chemicals, carry heavy burdens or undertake tasks that demand extreme eye precision of long duration.

Child labour is defined as work undertaken by workers under the age of 15. If national laws or industry standards prescribe a higher minimum age, the higher age shall apply. If the local minimum age is defined as 14 in accordance with developing country exceptions in ILO regulations, the lower age shall apply. Young workers are defined as workers between the prevailing minimum age and 18.

Based on: ILO Conventions, No. 10, 79, 138, 142, 182 and Recommendation 146

Zero-tolerance principle: Søstrene Grenes Import A/S will not under any circumstances accept any form of child labour.

7. No excessive working hours

The objective is to ensure the well-being of workers and protect them from excessive physical and psychological stress, which will negatively affect their health and safety and accordingly the quality and efficiency of their working performance.

- 7.1. The supplier shall ensure that working hours do not exceed 48 hours on a regular basis.
- 7.2. Workers shall be provided with at least one day off following 6 consecutive working days.
- 7.3. Overtime shall be worked solely on a voluntary basis and shall not exceed 12 hours per week on a regular basis.
- 7.4. Workers shall be provided with leave and have time off from their jobs according to applicable laws and local traditions. Leave includes – but is not limited to – sick/medical leave, annual/earned leave, maternity leave and public holidays.

Based on: ILO Conventions, No. 1, 14 and Recommendation 116

8. Fair compensation and benefits



The objective is to ensure that wages and benefits are sufficient for the workers to maintain a decent standard of living. Wages should always be sufficient to meet basic needs – such as food, rent, children’s education and medical expenses – and provide some discretionary income.

- 8.1. The supplier must always be up to date with developments regarding legal and industry minimum wages.
- 8.2. The supplier shall ensure that wages paid for a regular working week meet the legal minimum wage at the very least. In cases where industry minimum wages apply, these are to be paid if higher than the legal minimum wage.
- 8.3. If workers are paid piece-rate wages, the supplier must ensure that the piece-rate is adjusted so that working an 8-hour shift at a normal pace, will give the worker what at least equals a minimum day-wage.
- 8.4. All overtime – including piece-rate work – shall be reimbursed at the premium rate according to the prevailing legal requirements.
- 8.5. All workers must receive their salaries at regular intervals – at least monthly.
- 8.6. All workers must receive a pay-slip with information regarding the number of hours worked, overtime and any deductions made.
- 8.7. All wage deductions must be agreed on between the worker and the employer and deduction from wages, as a disciplinary practice is not allowed.
- 8.8. The supplier shall maintain payroll and attendance records for all employees, including piece-rate and temporary workers.
- 8.9. The supplier shall provide its employees with all legally mandated benefits to which they are entitled. Benefits include – but are not limited to – medical insurance, social insurance and pension fund.

Based on: ILO Conventions, No. 12, 26, 101, 131

Occupational health & safety

9. Safe and hygienic working conditions

The objective is to ensure a safe and hygienic working environment by having a structured approach to identifying and eliminating or minimising risks and hazards in the workplace. This can for instance include substituting toxic chemicals in paints, glues or solvents with less toxic alternatives, ensuring correct use of adequate personal protective equipment (PPE) and that machine safeguards are in place and functioning. Ensuring safe working conditions also entails training workers in safe use and handling of chemicals and machinery as well as having adequate systems and procedures in place for fire fighting, first aid and emergency evacuation. A safe and hygienic workplace will not only protect workers, but also enhances performance within the unit, as it protects important business



factors such as the workforce, machinery, buildings and raw material stocks and output products.

- 9.1. The supplier shall take adequate and effective steps to protect workers health and prevent potential accidents and injuries connected to the course of work by eliminating or – when elimination is not possible – minimising the causes of risks and hazards in the working environment.
- 9.2. The supplier shall train relevant workers in the safe use and handling of any hazardous machinery and toxic chemicals used in the course of work.
- 9.3. Adequate steps must be taken to minimise workers exposure to dust and toxic fumes.
- 9.4. The supplier shall allocate responsibility for the health and safety management of the business unit to a senior management representative.
- 9.5. Workers shall receive regular and recorded training in health and safety, first aid, fire fighting and emergency evacuation.
- 9.6. The supplier shall ensure adequate access to clean restrooms, drinking water and – if appropriate – provide sanitary facilities for preparation and storage of food.
- 9.7. If accommodation is provided, the facilities must be clean, safe and meet the workers' basic needs.

Based on: ILO Conventions, No. 155, 184 and Recommendations 164 and 190

Zero-tolerance principle: Søstrene Grenes Import A/S will not under any circumstances accept working conditions that compromise the health and safety of workers by not taking adequate protective precautions or by not informing workers of the possible health and safety risks, and precautionary measures related to hazardous production processes.

Environment

10. Protection of the environment

The objective is to protect the external environment by minimising resource usage (e.g. by saving electricity or optimising efficient utilisation of raw materials), minimising toxic releases to the air, soil and waterways and by correct and safe handling, storage and disposal of liquid and solid toxic substances. Taking adequate steps to protect the environment also holds great potential for enhancing business performance, as saving of raw materials and energy and recycling waste may result in large financial savings.

- 10.1. The supplier shall as a minimum comply with all applicable local, regional and national environmental laws and regulations.



- 10.2. The supplier must obtain and maintain all legally required environmental licenses, permits and registrations.
- 10.3. The supplier shall ensure careful and correct handling, storage and disposal of all solid and liquid toxic substances.
- 10.4. Dangerous by-products must not be released into the external environment.
- 10.5. The supplier shall take steps to minimise – and as far as possible – recycle production waste.

Based on: The Rio Declaration on Sustainable Development

Zero-tolerance principle: Søstrene Grenes Import A/S will not under any circumstances accept severe environmental pollution from our supplier's production processes.

Animal welfare

11. Protection of animals during production

The objective is that animals used during the production of our products are treated respectfully and protected from harmful and cruel practices.

- 11.1. When animals are part of production processes, they must be housed and treated appropriately according to their physiological and ethological needs, bearing in mind their adaptation and domestication and in accordance with established experience and scientific knowledge.
- 11.2. When animals are part of production processes, the supplier may not practice mulesing and must ensure and be able to document that mulesing is not practiced among sub-suppliers.
- 11.3. When animals are part of production processes, the supplier must ensure that feathers, down or fur are not plucked from live animals.

Based on: the European Convention for the Protection of Animals Kept for Farming Purposes

Zero-tolerance principle: Søstrene Grenes Import A/S will not under any circumstances accept cruel or harmful treatment of animals.



Appendix

Short version of Human Rights that businesses may potentially risk having an adverse impact on:

1. Right to self-determination (indigenous peoples rights)
2. Right to non-discrimination
3. Right to work (training, contract and termination)
4. Right to enjoy just and favourable conditions of work (including equal pay for equal work, a living wage (minimum wage), safe and healthy working conditions, equal opportunity for everyone to be promoted and rest, leisure and paid holidays)
5. Right to form and join trade unions and the right to strike
6. Right to social security, including social insurance
7. Right to family life (including protection of mothers before and after childbirth and children's and young people's protection from exploitation (no child labour))
8. Right to adequate standard of living (including adequate food and its fair distribution, adequate clothing, adequate housing and water and sanitation)
9. Right to health
10. Right to education
11. Right to take part in cultural life, to benefit from scientific progress, to material gain from inventions and moral rights of authors (including protection of copyrights)
12. Right to life
13. Right not to be subjected to torture, cruel, inhuman and/or degrading treatment or punishment (including free consent to medical or scientific experimentation)
14. Right not to be subjected to slavery, servitude or forced labour
15. Right to liberty and security of person
16. Right of detained persons to humane treatment
17. Right not to be subjected to imprisonment for an inability to fulfil a contract
18. Right to freedom of movement
19. Right of aliens to due process when facing expulsion (seeking asylum)
20. Right to a fair trial
21. Right to be free from retroactive criminal law
22. Right to recognition as a person before the law
23. Right to privacy
24. Right to freedom of thought, conscience and religion
25. Right to freedom of opinion and expression (including freedom of information)
26. Right to freedom from war propaganda and freedom from incitement of racial, religious or national hatred
27. Right to freedom of peaceful assembly
28. Right to freedom of association
29. Right to protection of the family and the right to marry



30. Right to protection of the child and right to nationality
31. Right to participate in public affairs
32. Right to equality before the law, equal protection of the law and rights of non-discrimination
33. Rights of minorities (culture, religious practice and language)



Commitment

Signatories to this Code of Conduct:

- agree to have read and understood the provision and principles of the Code of Conduct and comply – or work actively towards compliance – with the Code of Conduct
- agree to cooperate and communicate openly with Søstrene Grenes Import A/S – and upon request provide all relevant information – on issues relevant to the provisions of the Code of Conduct
- agree to – upon request – fill out a self-assessment questionnaire related to the performance of the company in relation to the principles in the Code of Conduct
- entitle Søstrene Grenes Import A/S to monitor and assess compliance with the Code of Conduct by announced or unannounced social and environmental audits conducted by either employees or management from Søstrene Grene or by 3rd party auditors at all relevant production sites
- are aware that Søstrene Grenes Import A/S may halt current production, cancel corresponding or future contracts and/or terminate business with suppliers that do not comply with, collaborate on or work towards compliance with the Code of Conduct

Company name _____

Factory name (if different) _____

Adress _____

Adress _____

Adress _____

Website _____

E-mail _____

Place _____ Date _____ Year _____



Name and
signature _____

