SUPPLIER CODE OF CONDUCT

About Søstrene Grene

Søstrene Grenes Import (hereafter 'SGI') is an international retail chain with headquarter in Aarhus, Denmark, selling our products in an increasing number of concept stores throughout countries in Europe and Asia. Our products are designed by our own team of designers as well as by various collaboration partners. The products are manufactured by our suppliers in many different parts of the world.

As a family owned company, values and ethics have always been key priorities for SGI. 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.

In addition to this, we observe an increasing demand from our market and stakeholders with regard to our suppliers' business ethics and social and environmental compliance. Therefore, social and environmental compliance are just as important to SGI 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.

Foundation of the code of conduct

This Code of Conduct (hereafter 'code') outlines the ethical values and principles, which SGI expect our suppliers to adhere to, in order do business with us. The values and principles derive from internationally agreed conventions, guidelines 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, UN Convention on the Rights of the Child and relevant ILO Conventions and Recommendations.

Approach

As a condition for collaboration between SGI and our suppliers, we expect our suppliers to be fully transparent about their standards and practices pertaining to this code, and we expect our suppliers to be genuinely committed to comply with the code. On our side, SGI seek to exercise our purchasing practices, so they support our suppliers in their endeavors to comply with our code, and we seek to understand and respect local culture, values and norms in the countries where our suppliers are located. We will always seek an open and constructive dialogue with our suppliers about any non-compliances. We intend to work together with our suppliers on potential improvements, and we welcome any feedback our suppliers may have in relation to our code and responsible supply chain management practices.

Consequences of non-compliance

We believe in long term partnerships with our suppliers. If non-compliances are identified we will always seek to solve the issue through open and honest dialogue with the supplier, and through the supplier's willingness to implement corrective measures. Wherever possible, we will assist our suppliers in the process towards compliance. Termination of the business relation with a supplier is a very last resort, and a step we will only go to if the supplier does not show commitment to work towards compliance with our code.

In case of zero tolerance violations, however, all existing and future orders with the supplier will be cancelled. We may take up business with the supplier again at a later stage, if a re-assessment of the factory documents that the non-compliance is rectified. Zero tolerance violations are defined later in the code.

Scope

The code applies to all suppliers of SGI. By signing the code our suppliers also agree to manage their supply chains actively, subjecting their suppliers to the same values and principles as this code is based on. Suppliers such as home based manufacturing units must adhere to the values and principles of the code, as appropriate to the nature and scale of their operations.

General provisions

SGI will not do business with any supplier engaging in or benefitting from human rights violations. Suppliers must have appropriate management systems, policies and processes to identify, prevent and mitigate any adverse impacts on human rights, including labor rights, health & safety, anti-corruption and environmental issues. This includes appropriate risk assessment and follow-up procedures, and suitable mechanisms for dialogue between workers and management,

so workers may freely address any workplace issue or grievance that may arise. It also includes sufficient training, drills and relevant education required of workers and management to embed the principles and values of this code in daily routines and procedures.

Specific Provisions

1. Ethical Business Standards
All legal requirements must be adhered to and the highest standards of business ethics must be upheld. This includes maintaining fair and transparent standards of business, refraining from corruption, bribery and kickbacks, and having in place adequate due diligence and remediation procedures to manage risk of adverse impacts on human rights, labor rights, anti-corruption, local communities and the environment.

2. Healthy & Safe Working Conditions
The workplace, procedures and buildings must be healthy and safe. Adequate health & safety risk assessments must be carried out, and appropriate preventive measures must be taken to eliminate risk of injury or harm to workers. If elimination is not possible, sufficient measures to minimize risks must be taken, such as proper machines guards, safe standard operation procedures, health and safety training and appropriate Personal Protective Equipment.

3. No Forced Labor
No worker shall be subjected to any kind of forced labor, including labor that is demanded as repayment of debt or enforced upon workers by retaining salaries, identity documents or other personal belongings. All overtime work must be voluntary. Workers must be free to leave the factory premises when their workday ends and have contracts that comply with all legal requirements.

4. No Child Labor
No person of less than 15 years of age may be admitted to work (in countries where the legal minimum age is defined as 14 years, in accordance with ILO convention 138, this age shall apply). In countries where the national legal working age is higher than 15 years, the national working age shall apply.

5. Protection of Young Workers
Young workers, defined as workers between the prevailing minimum age and 18, may only be engaged in light and easy work. Night shifts, overtime and potentially hazardous tasks such as handling of toxic chemicals or operation of potentially hazardous machinery are not allowed.

6. Freedom of Association & the Right to Collective Bargaining
The workers' right to join – or not join - labor unions of their own choice, to associate freely and to bargain collectively with the management must be respected. Workers' representatives must be free to carry out their functions in the workplace. In countries where freedom of association and the right to collective bargaining is restricted under law, parallel means for open and free dialogue between workers and management must be ensured, e.g. through workers' welfare committees or similar forums.

7. Protection of Workers Integrity
Workers must be treated with dignity and be protected from any kind of physical, mental and sexual harassment from management and fellow workers. Disciplinary practices must be fair and clearly defined and communicated. Employment practices, including promotions, rewards, and access to training etc. must be free from any form of discrimination, e.g. based on race, cast, tribe, ethnicity, religion, gender, sexual orientation, union membership, political affiliation etc.

8. Fair Compensation & Benefits
Wages must comply with all applicable laws, including those related to minimum wage, overtime premium and benefits such as social insurance, pension fund, medical and accident insurance etc. Wages must be paid directly to workers at regular intervals, at least monthly. Pay-slips with all legally required information must be provided.

9. No Excessive Working hours
The regular workweek must not exceed 48 hours and overtime shall not exceed 12 hours per week. All workers must have at least one full day off per week. Holiday and leave, including paid leave, must be provided in accordance with legal requirements.

10. Protection of the Environment
All legally required environmental permits and licenses must be maintained. Toxic or harmful substances must be handled, stored and disposed according to legal standards and with care for protection of the environment. No dangerous bi-products must be released into air, water or soil.

11. Protection of Animals in Production
Animals in production must be protected from any form of cruel or harmful treatment, and be kept according to their ethological and physiological needs. Mulesing, plucking of feather from live birds and skinning of live animals etc., is strictly not allowed.

Zero Tolerance

The following non-compliances are defined as zero tolerance violations.

- **Health and safety:** Working conditions posing a serious threat to workers' life or health. Risk of severe injury or physical harm.
- **Forced Labor:** Factory engaging in forced labor or human trafficking in any form, way or manner.
- **Child Labor:** Factory engaging in child labor in any form, way or manner.
- **Workers integrity:** Inhumane treatment of workers in any form, way or manner, including corporal punishment, physical and sexual abuse.
- **Environment:** Severe and deliberate pollution the environment, e.g. release of untreated toxic substances to air, water or soil.
- **Animal welfare:** Cruel or harmful treatment of animals in any form, way or manner, including practices such as mulesing, plucking of feather from live birds and skinning of live animals.
- **Denial of access at factory inspections:** Factory assessment team being denied access to any production areas at factory visits.

Violation of zero tolerance principles will result in immediate cancelation of existing and future orders.

Sub-contractor information

Our ethical standards require that we are informed accordingly if any part of the production processes are outsourced.

Please provide the required information on sub-contracors below. SGI will not contact subcontractors directly. In case further information about production at sub-suppliers is required, we will enquire through our direct suppliers.

Subcontractor 1 Information, N/A ☐							
Describe outsourced products / processes							
Has factory management communicated Code of Conduct of Søstrene Grene to the subcontractor	Yes ☐	No ☐	**Has subcontractor been subjected to social audits**	Yes ☐	No ☐	**Date of last audit**	
The sub-contracted process is undertaken by homeworkers	Yes ☐	No ☐	**If yes, terms of work are clearly defined in a contract between the factory and the homeworkers**			Yes ☐	No ☐
Factory name							
Factory address							
Factory email							
Contact person	**Name**						
	Title						
	E-mail						

Subcontractor 2 Information, N/A ☐							
Describe outsourced products / processes							
Has factory management communicated Code of Conduct of Søstrene Grene to the subcontractor	Yes ☐	No ☐	Has subcontractor been subjected to social audits	Yes ☐	No ☐	Date of last audit	
The sub-contracted process is undertaken by homeworkers	Yes ☐	No ☐	If yes, terms of work are clearly defined in a contract between the factory and the homeworkers			Yes ☐	No ☐
Factory name							
Factory address							
Factory email							
Contact person	Name						
	Title						

Signature

Signatories to this code of conduct

- ✓ Agree to have read and fully understood the provisions and principles of the code.
- ✓ Agree to comply with – or work toward compliance with – the code.
- ✓ Agree to be willing to be open and transparent, and openly disclose any information and documentation related to the provisions and principles of the code.
- ✓ Accept that violating any zero tolerance principles will lead to immediate cancelation of existing and future orders.
- ✓ Accept that lack of commitment to work towards compliance with the code may result in termination of the business relationship and cancelation of orders.
- ✓ Entitle SGI – or a third party representing SGI – access to all production areas and sites at either announced or unannounced business partner visits, in order to monitor performance against the code and to discuss relevant improvements.

Date
Company name
Name and title
Signature