



DLG Group Supplier Code of Conduct

At the DLG Group, we are committed to sustainability in our supply chains. We joined the UN initiativeⁱ, Global Compact in 2012, and ethical, social and environmental responsibility is an integrated part of our long-term business strategy. We cooperate closely with our suppliers and business partners in pursuit of this aim. In order to make DLG Group's position clear internally and externally to our suppliers, we have set up this Supplier Code of Conduct.

The Supplier Code of Conduct has been drawn up in accordance with the UN Global Compact principles and other international conventions and guidelines.ⁱⁱ

1. SCOPE, FOLLOW-UP, ENFORCEMENT AND EVALUATION

Enforcement of this Supplier Code of Conduct is important to the DLG Group's business. It is the suppliers' responsibility to ensure that this Supplier Code of Conduct is implemented and sustained.

Our company recognises that establishing the required processes outlined in the Supplier Code of Conduct requires both time and resources, especially in the initial phases. The Supplier Code of Conduct should therefore be understood as a tool for cooperation and dialogue with our supply chain partners about improving systems to manage adverse impacts on human rights including labour rights, the environment, and anti-corruption.

This Supplier Code of Conduct applies to all suppliers of the DLG Group. We also encourage you to use this Code of Conduct as a basis for your co-operation with your suppliers. The Supplier Code of Conduct establishes a minimum requirement and the DLG Group urges its suppliers to strive for continued improvement within all areas covered by this Supplier Code of Conduct.

In case of non-compliance with requirements in our Code of Conduct, we will focus on suppliers' ability and willingness to demonstrate continuous improvements. We feel confident that cooperation and dialogue will result in a more efficient partnership, which both parties will benefit from.

The DLG Group reserves the right to make inspections to ensure that the Supplier Code of Conduct is being enforced. These inspections may be performed by an independent third party and may be unannounced.

2. LEGAL COMPLIANCE

The suppliers are aware of the applicable laws and that applicable laws are being complied within the responsibilities of their business activities. The DLG Group encourages its suppliers to comply with ILOⁱⁱⁱ and UN Conventions.

The DLG Group places great emphasis on the DLG Group and its suppliers complying with the competition rules in the jurisdictions in which they operate. We request all suppliers to comply with all relevant competition rules and antitrust legislation.

3. HUMAN RIGHTS AND SOCIAL CONDITIONS^{iv}

- The suppliers are not engaged in or supporting child labour, forced labour or discrimination and harassment
- No forced, compulsory, bonded, trafficked or otherwise involuntary labour is used in any stage of production
- Children under 15 (or a higher age as established in national law) do not carry out productive work. Young workers (15-18) must not undertake hazardous work that jeopardizes their health and welfare
- There is no engagement in, support for, or tolerance of any form of discrimination
- Workers are not subject to corporal punishment, mental or physical oppression or coercion, verbal or physical abuse, sexual harassment or any kind of intimidation
- No workers of any type are required to lodge their identity papers with anyone, unless required by law
- The work week shall be set according to local and national laws and shall be consistent with local industry standards
- Overtime is always voluntary and should be paid in accordance to local and national laws or sector agreements
- All workers receive equal remuneration for work of equal value, equal access to training and benefits and equal opportunities for promotion and for filling all available positions
- The suppliers shall ensure freedom of association and the right of collective bargaining for all workers
- There is the right for all workers to establish and / or join an organization of choice
- The suppliers shall ensure remuneration at least equal to national legislation, and sector agreements are received by all workers directly or indirectly employed
- Gross wages comply with national legislation and sector agreements

4. WORKING ENVIRONMENT AND HEALTH

The suppliers shall provide a safe and healthy workplace for all workers. This includes at least:

- Access to safe drinking water, basic sanitary facilities and protective equipment
- Potentially hazardous tasks are only carried out by capable and competent people, who received training about performing those tasks safely
- Adequate and appropriate protective equipment and clothing is provided and used in all potentially hazardous operations
- Medical treatment / first aid shall be provided without delay and first aid kits are present at all permanent sites and in the vicinity of fieldwork

5. ENVIRONMENTAL RESPONSIBILITY^v

The suppliers must strive to minimise the adverse environmental impacts of their activities, products and services through a proactive approach and responsible management of its environmental aspects (including, but not limited to):

- Use of scarce natural resources, energy and water
- Emissions to air, water and soil

- Handling of hazardous substances and wastes in general
- Product issues (design, packaging, transport, use and recycling/disposal)

The suppliers shall maintain awareness of current national and international environmental legislative requirements, relevant to the environmental impacts of its activities, products and services and ensure legal compliance through training, awareness, operational control and monitoring.

6. ANTICORRUPTION^{vi}

All forms of corruption, bribery, money laundering and unlawful restrictive trade practices are strictly prohibited. The suppliers shall comply with applicable laws concerning bribery, corruption, fraud and any other prohibited business practices. The suppliers shall not offer, promise or give any improper benefit, favour or incentive to any public official, international organisation or other third party.

The suppliers shall not, directly or indirectly, offer gifts to DLG Group employees or persons representing the DLG Group or anyone closely related to these, unless the gift is of insignificant value. Hospitality, such as social events, meals or entertainment may be offered if there is a legitimate business purpose involved, and the cost is kept within reasonable limits. Travel expenses for the individual representing the DLG Group shall be paid by the DLG Group. Hospitality, expenses or gifts shall not be offered or received in situations of contract bidding, negotiations or awards.

7. SANCTIONS

“Sanctions” means sanctions of the UN Security Council, the Office of Foreign Assets Control (OFAC) of the US Department of the Treasury, the Bureau of Industry and Security of the US Department of Commerce, the US Department of State, the European Union, the United Kingdom or any other country or organization resolutions or acts of which are legally binding.

The Supplier undertakes to ensure that no products sold to the DLG Group directly or indirectly may originate from, be provided by or be transported on a vessel or by a carrier owned, flagged, chartered, managed or controlled, directly or indirectly, by any country, person, entity, or body, or for the purpose of any commercial activity, that would cause the DLG Group or its agents, contractors or representatives to be in violation of or be penalized by applicable Sanctions. If required, the Supplier shall be able to provide appropriate documentation (incl. Sanctions search documentation and/or permits from relevant authorities) for the purposes of verifying the origin of the products and/or compliance with any applicable Sanctions.



SUPPLIER CODE OF CONDUCT (INCL. APPENDICES) ACCEPTED

Date: _____

Company: _____

Signature: _____

ⁱ References to relevant conventions and guidelines are found below (incl. link)
[UN Global Compact](#)
[OECD Guidelines for multinational enterprises](#)

ⁱⁱ [ISO 26000 Social Responsibility](#)

ⁱⁱⁱ [The International Labour Organisation \(ILO\)](#)

^{iv} [The Universal Declaration of Human Rights](#)
[The Danish Institute for Human Rights](#)
[The Intern. Progr. on the Eliminat. of Child Labour \(IPEC\)](#)
[Social Accountability International \(SAI\)](#)
[The Ethical Trading Initiative](#)

^v [ISO 14000 SERIES Environmental Management Systems](#)

^{vi} [United Nations Convention Against Corruption](#)
[OECD Convention on Combatting Bribery of Foreign Public Officials in Intern. Business Transacti](#)

Appendices for the DLG Group SCoC

The appendices for the DLG Group Supplier Code of Conduct (SCoC) are developed to support management and local decision makers when entering into contracts with suppliers. We recommend that the listed issues are considered and discussed with the suppliers in all cases. Whether a signature on the specific appendices is obtained from suppliers is up to the management of the specific business area.

Overview of appendices:

- Appendix 1: Trademarks and intellectual property
- Appendix 2: Clothing
- Appendix 3: Agricultural products

GENERAL MATTERS WHEN ENTERING INTO CONTRACTS WITH SUPPLIERS

In addition to the matters listed in the SCoC and appendices, we recommend that management and local decision makers considers and discuss/examine the following matters when entering into contracts with suppliers:

- Who are the overall owners of the business - are these someone we want to do business with
- The suppliers' financial situation and insurance conditions - to make sure that we will not suffer losses due to a close down and lack of supplies

Appendix 1: Trademarks and intellectual property

TRADEMARKS

All businesses involved at any stage in the production, must follow the below set of rules when manufacturing for the DLG Group.

- Raw material or marketing material such as labels and packaging material, must be ordered from nominated suppliers, if informed by the DLG Group. Ordered or produced marketing material must only be in the same amount as the product order quantity. Any overrun or irregular marketing material that is not used for DLG Group orders, must be destroyed
- Manufacturers are not allowed to dispose any of the DLG Group products to other than the DLG Group
- Manufacturers cannot sell or dispose any irregulars production or overrun production quantity
- If overrun or irregular production is not accepted by/disposed to the DLG Group, overruns and irregulars must be destroyed
- Manufacturers are not allowed to register any Trademarks used by the DLG Group

CONFIDENTIALITY AND INTELLECTUAL PROPERTY

The suppliers must treat confidential information in accordance with relevant rules and legislation. The suppliers are not allowed to share information about the DLG Group strategies or business activities with third parties. The suppliers must respect the intellectual property right of individuals and businesses.

Appendix 2: Clothing

BSCI

The DLG Group supports the BSCI system and requests that all factories and subfactories used to produce goods to the DLG Group, are audited and progressively commit to the CAP related improvements of the Business Social Compliance Initiative. The system comprises of a common CoC, management tool and a monitoring system with external auditing. The audit statuses are shared in a database and are acknowledged by all BSCI members, creating synergy effect for both retailers and producers.

For more information about BSCI please refer to the official website at:

<http://www.bsci-intl.org/>

ACCORD OF BUILDING & FIRE SAFETY IN BANGLADESH

The DLG Group supports the Accord of Building & Fire Safety in Bangladesh, and requests that all factories and sub factories used to produce goods to the DLG Group in Bangladesh, are audited and progressively commit to the CAP related improvements.

The Accord of Building & Fire Safety consist of six key components:

1. A five year legally binding agreement between brands and trade unions to ensure a safe working environment in the Bangladeshi RMG industry
2. An independent inspection program supported by brands in which workers and trade unions are involved
3. Public disclosure of all factories, inspection reports and corrective action plans (CAP)
4. A commitment by signatory brands to ensure sufficient funds are available for remediation and to maintain sourcing relationships
5. Democratically elected health and safety committees in all factories to identify and act on health and safety risks
6. Worker empowerment through an extensive training program, complaints mechanism and right to refuse unsafe work

For more information about the Accord, please refer to the official website at:

<http://bangladeshaccord.org/>

ANIMAL WELFARE POLICY

At the DLG Group we do not accept that animals under any circumstances are harmed for the manufacturing of our products.

WE DO NOT USE:

- Real fur of any type in our products
- Leather that is not a by-product from animals that have been bred for the food industry
- Leather obtained from live-skinning or live-boiling
- Feather or down from birds that have not been bred and raised for the food industry
- Feather or down from greylag geese due to the risk that they have been force-fed for the production of foie gras
- Feather or down from birds that have been live-plucked
- Wool from sheep that have been exposed to mulesing
- Angora wool (from 2016 and onwards)
- Materials derived from species that appear on the CITES (the Convention on International Trade in Endangered Species of Wild Fauna and Flora)

The DLG Group requires that any materials derived from animals used in our products are from animals that are treated humanely and according to animal welfare laws and recommendations.

Appendix 3: Agricultural products

RESPECT FOR LEGAL USE OF LAND / LAND RIGHTS

- Legal use rights to the land are clearly defined and demonstrable
- There is documented evidence of rights to use the land (e.g. ownership document, rental agreement, court order etc.)
- In areas with traditional land users, conflicting land uses are avoided or resolved

Where rights have been relinquished by traditional land users there is documented evidence that the affected communities are compensated subject to their free, prior, informed and documented consent:

- There is no conversion of land where there is an unresolved land use claim by traditional land users under litigation, without the agreement of both parties
- In the case of disputed use rights, a comprehensive, participatory and documented community rights assessment is carried out

THE EXPANSION OF CULTIVATION AREA IS RESPONSIBLE

- The farmer complies with the legislation relevant for the expansion of any crop production (such as land ownership, biodiversity legislation, forest legislation, land management policies)
- Areas that are assigned as legal reserve, conservation area or otherwise secured by law have to be protected. These areas must be restored to its former state if any alteration has taken place or legally approved compensating actions should be eliminated
- No crops are produced on land that was illegally deforested after a cut-off date mentioned in national legislation

PRODUCTION WASTE IS MANAGED RESPONSIBLY

The farmer complies with the legislation relevant.

- There is adequate storage and disposal of fuel, batteries, tyres, lubricants, sewage and other waste in accordance with national legislation
- There is no burning on any part of the property of crop residues, waste, or as part of vegetation clearance, unless allowed under national or local legislation
- Measures are taken to reduce or recycle waste as much as possible
- Efforts are made to reduce emissions and increase sequestration of Green House Gases

GOOD AGRICULTURAL PRACTICES

The quality and supply of surface and ground water is maintained or improved.

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- Good agricultural practices are implemented to minimize diffuse and localized impacts on surface and ground water quality from chemical residues, fertilizers and erosion or other sources
 - When irrigation is used, best practices are implemented and relevant legislation is complied with.
 - Practices to protect and maintain ground water quality should be continuously improved

SOIL QUALITY IS MAINTAINED OR IMPROVED AND MEASURES ARE TAKEN TO AVOID EROSION

- The farmer has knowledge of techniques to maintain and control soil quality (physical, chemical and biological) and the relevant techniques are implemented
- The farmer has knowledge of techniques to prevent soil erosion and the relevant techniques are implemented
- There is monitoring, appropriate to scale, to demonstrate that the practices to protect soil quality and prevent soil erosion are in place

AGROCHEMICALS LISTED IN THE STOCKHOLM AND ROTTERDAM CONVENTION ARE NOT USED AND ALL APPLICATION OF AGROCHEMICALS IS IN ACCORDANCE WITH BEST PRACTICES

- There is no use of agrochemicals listed in the Stockholm and Rotterdam Conventions
- The application of agrochemicals (crop protection and fertilizers) is documented. All handling, storage, collection and disposal of agrochemical waste and empty agrochemical containers, is monitored. Use, storage and waste disposal of agrochemicals is in line with the professional recommendations and applicable legislation
- All application of pesticides must be conducted according to national legislation, and all necessary precautions are taken to avoid people entering into recently sprayed areas
- Agrochemicals shall be applied using methods that minimize harm to human health, wildlife, plant biodiversity, and water and air quality
- Aerial application of pesticides is carried out in such a way that it does not have an impact on populated areas

NEGATIVE ENVIRONMENTAL AND HEALTH IMPACTS OF PHYTOSANITARY PRODUCTS ARE REDUCED BY IMPLEMENTATION OF SYSTEMATIC, RECOGNIZED INTEGRATED CROP MANAGEMENT TECHNIQUES

- Use of phytosanitary products follows legal requirements (or professional recommendations) in the country of origin and measures to prevent resistance should be taken