

REMA 1000/Reitan Distribution Supplier Code of Conduct

I. INTRODUCTION

At REMA 1000/Reitan Distribution, we promote decent working and environmental standards in our supply chains. We cooperate closely with our suppliers and business partners in pursuit of this aim. In order to make REMA 1000/Reitan Distribution's position clear internally and to our suppliers, we have set up this Supplier Code of Conduct (SCoC). The SCoC covers human rights, workers' rights, the environment and anticorruption.

REMA 1000/Reitan Distribution are members of DIEH (Dansk Initiativ til etisk Handel – www.dieh.dk). REMA 1000/Reitan Distribution demands honesty and integrity in all sectors of our business and expect the same from our business partners. REMA 1000/Reitan Distribution will inform the suppliers of any updates or amendments to the SCoC and provide with reasonable prior notice for the supplier's adherence to the new requirements.

II. PRINCIPLES

1. General requirements to all suppliers

REMA 1000/Reitan Distribution's suppliers are to supply goods and services that are produced in compliance with the SCoC. Meeting our SCoC standards is no less important than meeting our quality standards or delivery time.

REMA 1000/Reitan Distribution expects demonstrated improvements when non-compliances to the REMA 1000/Reitan Distribution's Supplier Code of Conduct are found during a social audit. Audits will be conducted in accordance with the methodology of international standards, such as SMETA, SA8000, ISO 26000 and ISO 14001. REMA 1000/Reitan Distribution may require the supplier to cover the cost of a single study per. year conducted by REMA 1000/Reitan Distribution.

It is expected that vendors and factories take action on audit findings and make needed corrections per the agreed upon improvement plan. If this is done, REMA 1000/Reitan Distribution is committed to working in partnership with vendors and factories to build their own capacity to better manage compliance requirements in the long term.

In the event that REMA 1000 in writing has accepted that the supplier may comply with another, comparable specific code of conduct, all references to the SCoC in this chapter II shall be read as a reference to such other approved code of conduct.

Suppliers are to communicate the SCoC to sub-suppliers, and to monitor implementation. The supplier must make the SCoC known in all relevant parts of its organisation. The supplier shall maintain appropriate records to demonstrate compliance and work towards compliance with the requirements of this SCoC, and shall be able to provide reasonable information when requested by REMA 1000, including information on control and inspection measures and routines.

Each product and its ingredients shall be traceable through each link in the manufacturing and distribution chain including the ultimate manufacturing location.

2. Specific requirements for suppliers of REMA private label products and similar products

This section imposes additional requirements on suppliers which produces and/or supply products to be sold under a REMA 1000 trade mark or otherwise pursuant to REMA 1000's specifications ("REMA PL Products"). REMA 1000 may in its discretion determine whether a product shall be regarded as a REMA PL Product in relation to this SCoC.

REMA 1000

Meget mere discount!



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- 2.1 Suppliers of REMA PL Products shall prior to the entering into of a supply contract, and thereafter once a year, complete a supplier portfolio form and obtain a “1 page profile” filled out by all factories in which the supplier makes or buys REMA 1000 PL Products. The form and profile shall be returned to the relevant REMA 1000 entity within one (1) month after receipt of such forms from REMA 1000. Consult the leaflet ‘REMA 1000 Responsible Supply Chain Partnership’ for further information about these forms.
- 2.2 REMA 1000 or our representatives shall, to the fullest extent permitted by law, be entitled to inspect and audit the REMA PL Products supplier’s facilities on announced and unannounced visits and to inspect the supplier's supply and production chain, including sub-contractors. The supplier shall proactively and loyally facilitate REMA 1000 in this respect, inter alia by providing information and allocate sufficient resources, and by including such inspection rights in the supplier's agreements with its sub-contractors.
- 2.3 On average REMA 1000 or its representative will, at the supplier's cost, conduct one yearly social audit of each facility and site of production for suppliers that produces and/or supply REMA PL Products or parts or ingredients thereto.
- 2.4 REMA 1000 or its representative may, additionally and prior to the commencement of the relationship, conduct a pre-qualification audit of the supplier's business related to production and/or supply of REMA 1000 PL Products. Costs related to such a pre-qualification audit shall be reimbursed by the supplier to REMA 1000 upon the entering into of the purchase agreement, as a condition for its binding effect. Further details on social audits, including efforts to reduce excessive auditing and “Beyond Audit” tools, are set out in the leaflet ‘REMA 1000 Responsible Supply Chain Partnership’.
- 2.5 The costs to be carried by the supplier in relation to the said (yearly) inspections/audits (section 2.3) and pre-qualification audits (section 2.4) may vary depending e.g. on the size of the facility, ranging from approximately 1200 USD to 2500 USD (2013 amounts). Costs incurred in relation to additional audits are to be carried by REMA 1000, except if REMA 1000 on the basis of the audit or otherwise finds that the supplier has not complied with the SCoC. Examples of such non-compliance may be (i) discrepancies or incompleteness in the information provided to REMA 1000, e.g. in records of workers’ wages and hours or declaration of full or partial sub-contracting or outsourcing; (ii) REMA 1000's (or its representative's) audits are hindered or restricted, e.g. by being denied access to production sites or documents, or not being offered to conduct confidential interviews with workers, and (iii) where the suppliers shows insufficient efforts to improve on earlier non-compliance.
- 2.6 The supplier shall obtain REMA 1000’s consent prior to out-sourcing the production of REMA 1000 PL Products, or parts of such production, to a sub-supplier/contractor, unless otherwise agreed in writing in advance. Each product and its ingredients shall be traceable through each link in the manufacturing and distribution chain including the ultimate manufacturing location. If requested by REMA 1000, the supplier shall inform REMA 1000 about all sub-suppliers and manufacturing locations in question and provide relevant contact information.

III. REQUIREMENTS RELATING TO OWN PRACTICE

When we appoint new suppliers, emphasis will be placed upon social and environmental standards, as well as commercial aspects. Neither REMA 1000/Reitan Distribution nor any of its employees shall ever offer or accept illegal or unlawful monetary gifts or other forms of remuneration in order to secure business-related or private benefit, or benefit for customers, agents or suppliers. REMA 1000/Reitan Distribution and the suppliers shall avoid partners that operate in countries subject to international boycott by the United Nations and/or Danish Authorities.

IV. REQUIREMENTS TO SUPPLY CHAIN CONDITIONS

REMA 1000/Reitan Distribution's Supplier Code of Conduct is founded on key United Nations and International Labour Organization conventions and documents. National laws shall be respected. Where provisions of law and this SCoC address the same subject, the most stringent shall apply.

1. Forced and compulsory labour (ILO Conventions Nos. 29 and 105)

- 1.1 There shall be no forced, bonded or involuntary labour. Workers shall be free to leave the workplace premises at the end of the day.
- 1.2 Workers shall not be required to lodge deposits or identity papers with the suppliers' company (their employer), and shall be free to leave their employer after reasonable notice.

2. Freedom of Association and the Right to Collective Bargaining (ILO Conventions Nos. 87, 98, 135 and 154)

- 2.1 Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively. The supplier shall not interfere with, obstruct, the formation of unions or collective bargaining.
- 2.2 Workers representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.
- 2.3 Where the right to freedom of association and/or collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of alternative forms of independent and free workers representation and negotiations.

3. Child Labour (UN Convention on the Rights of the Child, ILO Conventions Nos. 138, 182 and 79, and ILO Recommendation No. 146)

- 3.1 The minimum age for workers shall not be less than 15 and comply with
 - i) the national minimum age for employment, or;
 - ii) the age of completion of compulsory education,whichever of these is higher. If local minimum is set at 14 years in accordance with developing country exceptions under ILO Convention 138, this lower age may apply.
- 3.2 There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified above.
- 3.3 No person under the age of 18 shall be engaged in labour that is hazardous to their health, safety or morals, including night work.
- 3.4 Policies and procedures for remediation of child labour prohibited by ILO conventions no. 138 and 182, shall be established, documented, and communicated to personnel and other interested parties. Adequate support shall be provided to enable such children to attend and complete compulsory education. All such cases must be brought to the attention of REMA 1000/Reitan distribution for discussion.
- 3.5 The supplier shall have a certified copy of an official document which shows the worker's date of birth. In countries where this is not possible, the supplier shall implement an appropriate method for evaluating the age of its workers.



4. Discrimination (ILO Conventions Nos. 100 and 111 and the UN Convention on Discrimination Against Women)

4.1 There shall be no discrimination at the workplace in hiring, compensation, promotion, termination or retirement based on ethnic background, nationality, language, religion, caste, age, disability, gender, marital status, sexual orientation, union membership or social or political affiliation or other opinion.

4.2 Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behaviour, and from discrimination or termination of employment on unjustifiable grounds, e.g. marriage, pregnancy, parenthood or HIV status.

5. Harsh or Inhumane Treatment

5.1 Physical abuse or punishment, or threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, is prohibited.

6. Health and Safety (ILO Convention No. 155 and ILO Recommendation No. 164)

6.1 The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Hazardous chemicals and other substances shall be carefully managed. Adequate steps shall be taken to prevent accidents, fires and injury to health arising out of, associated with, or occurring in, the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

6.2 Workers shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers. Recurring training should be provided to workers in hazardous areas.

6.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

6.4 Accommodation, where provided, shall be clean, safe and adequately ventilated, and shall have access to clean toilet facilities and potable water.

7. Wages (ILO Convention No. 131)

7.1 Wages and benefits paid for a standard working week shall as minimum meet national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs, including some discretionary income.

7.2 All workers shall be provided with a written and comprehensible contract outlining their wage conditions and method of payments before entering employment.

7.3 Deductions from wages as a disciplinary measure shall not be permitted.

8. Working Hours (ILO Convention No. 1 and 14)

8.1 Working hours shall comply with national laws and benchmark industry standards, and not more than prevailing international standards. Weekly working hours should not on a regular basis be more than 48 hours.

8.2 Workers shall be provided with at least one day off for every 7 day period

8.3 Overtime shall be voluntary and limited. Recommended maximum overtime is 12 hours per week, i.e. that the total working week including overtime shall not exceed 60 hours. Exceptions to this are accepted when regulated by a collective bargaining agreement.

8.4 Workers shall always receive overtime pay for all hours worked over and above the normal working hours (see 8.1 above), minimum in accordance with relevant legislation.

9. Regular Employment

9.1 Obligations to employees under international conventions, national law and regulations concerning regular employment shall not be avoided through the use of short term contracting (such as contract labour, casual labour or day labour), sub-contractors or other labour relationships.



9.2. All workers are entitled to a contract of employment in a language they understand, outlining their wage conditions and method of payment, before entering into employment.

9.3. The duration and content of apprenticeship programmes shall be clearly defined.

10. Marginalized Population

10.1. Production and the use of natural resources shall not contribute to the destruction of the resources and income base for marginalized populations, such as in claiming large land areas, use of water or other natural resources on which these populations are dependent.

11. Environment

11.1. Measures to minimize adverse impacts on human health and the environment shall be taken throughout the value chain. This includes minimizing pollution, promoting an efficient and sustainable use of resources, including energy and water, and minimizing greenhouse gas emissions in production and transport. The local environment at the production site shall not be exploited or degraded.

11.2. National and international environmental legislation and regulations shall be respected and relevant discharge permits obtained.

12. Corruption

12.1. The supplier shall comply with applicable laws concerning bribery, corruption, fraud and any other prohibited business practices. The supplier shall not offer, promise or give any improper benefit, favour or incentive to any public official, international organisation or other third party.

12.2. The supplier shall not, directly or indirectly, offer gifts to REMA 1000/Reitan Distribution employees or persons representing REMA 1000/Reitan Distribution 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 REMA 1000/Reitan Distribution shall be paid by REMA 1000/Reitan Distribution. Hospitality, expenses or gifts shall not be offered or received in situations of contract bidding, negotiations or awards.

13. Competition law

13.1 The supplier shall under no circumstance cause or be part of any breach of general or special competition regulations or laws, such as illegal pricing cooperation or illegal market sharing.

14. Animal welfare

13.1. For products based on animals, due consideration for the animals' welfare shall be ensured through the whole value chain. As a minimum, the supplier shall comply with local legislation.

V. Contract and remedies

When this SCoC has been communicated to a specific supplier, it shall be regarded as a contract document and an integral part of any contract entered into between the relevant REMA 1000/Reitan Distribution entity and the supplier.

In the event of a breach of the SCoC, REMA 1000/Reitan Distribution and the supplier will jointly prepare a plan for remedying the breach. The supplier shall do its utmost to implement corrective actions within agreed timeframe, and inform REMA 1000/Reitan Distribution about any such actions. REMA 1000/Reitan Distribution is entitled to terminate the business relationship and any contract(s) with the supplier. Such termination shall be effective from the time stated in a written termination notice from REMA 1000/Reitan Distribution. This provision is without prejudice to any additional rights and obligations REMA 1000/Reitan Distribution or the supplier may have pursuant to other contract documents.