

# The Coop Group's Code of Conduct

The Coop Group<sup>1</sup> is committed to social, environmental and ethical responsibility when sourcing products.

Our social responsibility concerns the rights, health and safety of workers and local societies involved in our supply chains. Our environmental responsibility concerns measures to preserve natural resources, including sustainable use of natural resources in our supply chain. Our ethical responsibility concerns honest and fair business conduct throughout the supply chain.

Our Code of Conduct principles are adopted from the Business Social Compliance Initiative (BSCI) and the BSCI Code of Conduct as adopted and presented on page 3-6 of this document. The essence of international conventions, declarations and guidelines for companies operating in global supply chains are embedded in these principles.

The Coop Group can only ensure responsible sourcing if we work closely with our suppliers and impose ethical requirements on them, which they in turn impose on their suppliers. In this manner, our requirements will have a cascade effect and thereby influence suppliers further down in our supply chain.

## Code of Conduct Requirements

The following requirements apply to a supplier of the Coop Group:

### 1. Ethical Procurement and Production

The supplier must ensure that the procurement of raw materials and services and the production of products comply with the ethical principles stated in this Code of Conduct.

The supplier must act diligently in assessing the impact of its business activities against the values and principles of the BSCI Code of Conduct. The supplier must identify the most significant risks for an adverse impact in its supply chain and act upon such risks in line with the BSCI Code of Conduct and its principles for developing a remediation plan.

### 2. Compliance in the Supply Chain

The supplier must ensure that its suppliers and sub-suppliers comply with the ethical principles stated in this Code of Conduct or similar.

The supplier must gather and assess reliable information about its suppliers' and sub-suppliers' behavior and keep the necessary documentary evidence concerning such behavior.

Contract workers, day laborers, casual workers and migrant workers must be informed of and trained in ethical principles corresponding to this Code of Conduct.

The Coop Group acknowledges that some supply chains and products are highly complex and can have low transparency. For such supply chains and products not to compromise the ethical principles, we expect that suppliers strive for continuous improvement and act responsibly in accordance with identified risks and adverse impacts.

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<sup>1</sup> The Coop Group consists of Kooperativa Förbundet, ekonomisk förening ("KF"), Coop amba, Coop Norge SA, and Suomen Osuuskauppojen Keskuskunta ("SOK") and their respective subsidiaries, affiliated co-operative societies, franchisees and other partners, including Coop Trading A/S.

### 3. Auditing

For a supplier situated in or delivering a product that undergoes processing<sup>2</sup> in a BSCI defined risk country<sup>3</sup> it is required that the processing site has a valid BSCI audit certificate. If no such certificate exists, an audit must be arranged within six months of receipt of this Code of Conduct.

This requirement does not apply to a product processed in a BSCI defined risk country if the processing site complies with or chooses to submit itself to one of the following third-party audit systems and the supplier provides the Coop Group with documentation hereof within six months of signing this Code of Conduct:

- Social Accountability International (SAI) Member companies (SA8000)
- Global G.A.P. Risk Assessment on Social Practice (Global G.A.P. GRASP)
- Sedex Members Ethical Trade Audit (SMETA), 4 pillar and annual audits
- Sustainability Initiative of South Africa (SIZA)
- Fairtrade (by FLOCERT)
- Rainforest Alliance
- UTZ

The Coop Group only accepts audits conducted by an accredited audit company.

Notwithstanding the above, the Coop Group reserves the right to require that a supplier's processing sites undergo a BSCI audit if media, NGOs or other sources raise serious reason for concern regarding the conditions in the specific product sector in the area of the processing sites.

The supplier must cover all costs related to audits, memberships and certification processes.

### 4. Documentation of Compliance and Inspection

The supplier must provide documentation for compliance with this Code of Conduct upon request by the Coop Group. This includes documentation for how the supplier acts to ensure compliance with the Code of Conduct and the audit requirement in (a) its own business, and (b) its supply chain, including primary production in accordance with supplier's own risk assessment.

The supplier must allow the Coop Group or those authorised by a Coop Group member access to its facilities and to all relevant records for inspection and verification.

### 5. Continuous Improvement

If the supplier, or its supplier or subsupplier, violates this Code of Conduct or fails to provide sufficient documentation for compliance with the Code of Conduct, the Coop Group will require the supplier to develop and implement a plan to deliver and sustain improvements, including a timeframe for the improvement process.

We aim for joint solutions and continuous improvement of ethical conditions in our supply chains, however severe violation or ongoing failure to improve conditions sufficiently is likely to have consequences for future collaboration.

The Supplier, and its suppliers and their subsuppliers, must follow their respective national laws. When a relevant national law and one of the Code of Conduct principles as defined in this document address the same issue, the more stringent of the two applies.

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<sup>2</sup> The Coop Group defines processing as production of the main ingredients and components in the final product.

<sup>3</sup> The Coop Group adheres to the BSCI Country Risk Classification that provides a general risk assessment of countries.

## Code of Conduct Principles

This Code of Conduct reflects our support of the UN Sustainable Development Goals and our commitment to international conventions and principles embodied in the United Nations Universal Declaration of Human Rights, the United Nations Guiding Principles on Business & Human Rights, the United Nations Convention on the Rights of the Child, the United Nations Global Compact, the International Labour Organisation (ILO) Conventions and Recommendations, and the Guidelines for Multinational Enterprises by the Organisation for Economic Co-operation and Development (OECD).

Through this Code of Conduct, the Coop Group has adopted the principles and methodology promoted by the Business Social Compliance Initiative (BSCI).<sup>4</sup>

### 1. The rights of Freedom of Association and Collective Bargaining

The supplier shall (a) respect the right of workers to form unions in a free and democratic way; (b) not discriminate against workers because of trade union membership; and (c) respect workers' right to bargain collectively.

The supplier shall not prevent workers' representatives from having access to workers in the workplace or from interacting with them.

When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, the supplier shall respect this principle by allowing workers to freely elect their own representatives with whom the employer can enter into dialogue about workplace issues.

### 2. No Discrimination

The supplier shall not discriminate, exclude or have a certain preference for persons on the basis of gender, age, religion, race, caste, birth, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination. In particular, workers shall not be harassed or disciplined on any of the grounds listed above.

### 3. Fair Remuneration

The supplier observes this principle when it respects the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder.

The supplier shall comply, as a minimum, with wages mandated by governments' minimum wage legislation, or industry standards approved on the basis of collective bargaining, whichever is higher.

Wages must be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages must reflect the skills and education of workers and shall refer to regular working hours.

Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement.

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<sup>4</sup> Amfori BSCI reference [document](#)

#### **4. Decent Working Hours**

The supplier observes this principle when it ensures that workers are not required to work more than 48 regular hours per week, without prejudice to the specific expectations set out hereunder. However, the Coop Group recognises the exceptions specified by the ILO.

Applicable national laws, industry benchmark standards or collective agreements are to be interpreted within the international framework set out by the ILO.

In exceptional cases defined by the ILO, the limit of hours of work prescribed above may be exceeded.

The use of overtime is meant to be exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate and shall not represent a significantly higher likelihood of occupational hazards. Furthermore, the supplier shall grant its workers the right to resting breaks in every working day and the right to at least one day off in every seven days, unless exceptions defined by collective agreements apply.

#### **5. Occupational Health and Safety**

The supplier observes this principle when it respects the right to healthy working and living conditions of workers and local communities, without prejudice to the specific expectations set out hereunder. Vulnerable individuals such as - but not limited to - young workers, new and expecting mothers and persons with disabilities, shall receive special protection.

The supplier shall comply with occupational health and safety regulations or with international standards where domestic legislation is weak or poorly enforced.

The active co-operation between management and workers, and/or their representatives is essential in order to develop and implement systems towards ensuring a safe and healthy work environment. This may be achieved through the establishment of Occupational Health and Safety Committees.

The supplier shall ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of workers. The supplier shall take effective measures to prevent workers from having accidents, injuries or illnesses, arising from, associated with, or occurring during work. These measures should aim at minimising so far as is reasonable the causes of hazards inherent within the workplace.

The supplier shall seek to improve workers' protection in case of accidents. This includes compulsory insurance schemes.

The supplier shall take all appropriate measures within its sphere of influence to see to the stability and safety of the equipment and buildings it uses, including residential facilities to workers when these are provided by the employer, as well as to protect against any foreseeable emergency. The supplier shall respect the workers' right to exit the premises from imminent danger without seeking permission.

The supplier shall ensure adequate occupational medical assistance and medical facilities.

The supplier shall ensure access to drinking water, safe and clean eating and resting areas as well as clean and safe cooking and food storage areas. Furthermore, the supplier shall always provide effective Personal Protective Equipment (PPE) to all workers free of charge.

#### **6. No Child Labour**

The supplier observes this principle when it does not employ, directly or indirectly, children below the minimum age of completion of compulsory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognised by the ILO apply.

The supplier must establish robust age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to the worker. This principle aims to protect children from any form of exploitation. Special care is to be taken on the occasion of the dismissal of children, as they can move into more hazardous employment, such as prostitution or drug trafficking. In removing children from the workplace, the suppliers should identify, in a proactive manner, measures to ensure the protection of affected children. When appropriate, the supplier shall pursue the possibility to provide decent work for adult household members of the affected children's family.

#### **7. Special Protection for Young Workers**

The supplier observes this principle when it ensures that young persons do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, morals and development, without prejudice to the specific expectations set out in this principle.

Where young workers are employed, the supplier should ensure that:

- (a) the kind of work is not likely to be harmful to their health or development and
- (b) their working hours do not prejudice their attendance at school, their participation in vocational orientation approved by the competent authority or their capacity to benefit from training or instruction programs.

The supplier shall set the necessary mechanisms to prevent, identify and mitigate harm to young workers; with special attention to the access young workers shall have to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programmes.

#### **8. No Precarious Employment**

The supplier observes this principle when, without prejudice to the specific expectations set out in these principles:

- (a) they ensure that their employment relationships do not cause insecurity and social or economic vulnerability for their workers and
- (b) work is performed on the basis of a recognised and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection.

Before entering into employment, the supplier is to provide workers with understandable information about their rights, responsibilities and employment conditions, including working hours, remuneration and terms of payment.

The supplier should aim at providing decent working conditions that also support workers, both women and men, in their roles as parents or caregivers, especially with regard to migrant and seasonal workers whose children may be left in the migrants' hometowns.

The supplier shall not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes - but is not limited to:

- (a) apprenticeship schemes where there is no intent to impart skills or provide regular employment,
- (b) seasonality or contingency work when used to undermine workers' protection and
- (c) labour-only contracting.

Furthermore, the use of sub-contracting may not serve to undermine the rights of workers.

#### **9. No Bonded Labour and Harsh or Inhumane Treatment**

The supplier shall not engage in any form of servitude, forced, bonded, indentured, trafficked or non-voluntary labour. The supplier will risk allegations of complicity if it benefits from the use of such forms of labour by its suppliers.

The supplier shall act with special diligence when engaging and recruiting migrant workers both directly and indirectly.

The supplier shall allow its workers the right to leave work and freely terminate their employment provided that workers give reasonable notice to the employer. This entails that employees shall not be required to make deposits to or store original versions of identification papers with their employer.

The supplier shall ensure that workers are not subject to inhumane or degrading treatment, corporal punishment, mental or physical coercion and/or verbal abuse.

All disciplinary procedures must be established in writing and must be explained verbally to workers in clear and understandable terms.

## 10. Protection of the Environment

The supplier observes this principle when it takes the necessary measures to avoid environmental degradation, without prejudice to the specific expectations set out in these principles.

The supplier shall assess significant environmental impact of operations and establish effective policies and procedures that reflect its environmental responsibility. The supplier will see to implement adequate measures to prevent or minimise adverse effects on the community, natural resources and the overall environment, including the contribution to climate change.

## 11. Marginalized Populations

Production and extraction of raw materials for production should not contribute to and destroy the resource and income base for marginalized population groups, for example by claiming large areas of land or other natural resources on which these populations depend.

## 12. Ethical Business Behaviour

The supplier observes this principle when, and without prejudice to the goals and expectations set out in these principles, they are not involved in any act of corruption, extortion or embezzlement, nor in any form of bribery - including but not limited to - the promising, offering, giving or accepting of any improper monetary or other incentive.

The supplier is expected to keep accurate information regarding its activities, structure and performance, and should disclose these in accordance with applicable regulations and industry benchmark practices. The supplier shall neither participate in falsifying such information nor in any act of misrepresentation in the supply chain.

Furthermore, the supplier shall collect, use and otherwise process personal information (including that from workers, suppliers, customers and consumers in their sphere of influence) with reasonable care. The collection, the use and other processing of personal information must comply with privacy and information security laws and regulatory requirement.

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