

## REMA 1000's Supplier Code of Conduct (SCoC)

### I. INTRODUCTION

At REMA 1000, 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'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 anti- corruption. The document must be signed and returned to REMA 1000.

REMA 1000 demands honesty and integrity in all sectors of our business and expect the same from our business partners. REMA 1000 requires a firm commitment and hard work from its suppliers aimed at achieving decent practices through continuous improvement, transparency and honesty about any non-compliance challenges.

REMA 1000 is a member of Ethical Trading Initiative Norway (IEH). IEH is a member organization for organizations, private and public entities, and is a driving force and resource center for ethical trading. REMA 1000 reports to IEH on the progression of our work with ethical trade, and this report is open to the public.

REMA 1000 continuously evaluates and, when required, improves our own policies and purchasing practices in order to support our suppliers' and sub-suppliers' compliance with the SCoC. REMA 1000 will inform the suppliers of any such updates or amendments to the SCoC and provide with reasonable prior notice for the supplier's adherence to the new requirements.

### II. PRINCIPLES

#### 1. Basic principles

REMA 1000's suppliers shall supply goods and services that are produced in compliance with the REMA 1000 SCoC. Meeting our SCoC standards is no less important than meeting our quality standards or delivery time. The suppliers must also convey the SCoC to their own suppliers and sub-suppliers, and see to their compliance with the SCoC.

REMA 1000 expects demonstrated improvements when non-compliances to the SCoC are found during a social audit. 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 is committed to working in partnership with vendors and factories to build their own capacity to better manage compliance requirements in the long term.

The supplier commits to full transparency towards REMA 1000 and shall provide any reasonably requested information and access to REMA 1000, inter alia regarding product ingredients/parts and the manufacturing process, working conditions, health and safety, subcontractors, and environmental impact of the manufacturing

## 2. Implementation and documentation

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.

Any supplier producing products to be sold under a REMA 1000 brand or otherwise made pursuant to REMA 1000 specifications, shall once a year complete a supplier portfolio form and obtain a "1 page profile" filled out by all factories or sites in which the supplier makes or buys products for REMA 1000, and return it 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. Such information may upon reasonable notice also be required for other suppliers and products.

## 3. Audits

Upon the request of REMA 1000, the supplier must document that the SCoC is complied with. The supplier may evaluate their own business (either internally via REMA 1000 or via external systems as the Sedex-platform, [www.sedex.org.uk/](http://www.sedex.org.uk/)) and/or there may be conducted a local audit of suppliers and their production sites by REMA 1000 or third party inspectors.

Audits will be conducted in accordance with the methodology of international standards, as SMETA, SA8000 and ISO14001. REMA 1000 and the supplier shall, if possible, agree upon the types of audits to be conducted in advance.

REMA 1000 or our representatives shall, to the fullest extent permitted by law, be entitled to inspect and audit the 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. 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.

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. 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'.

The costs to be carried by the supplier in relation to the said yearly and pre-qualification audits may vary depending e.g. on the size of the facility, ranging from approximately USD 1500 USD to USD 3000 (2015 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; declaration of resting time, 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 supplier shows insufficient efforts to improve on earlier non-compliance.

#### 4. Outsourcing and traceability

The supplier shall obtain REMA 1000's consent prior to out-sourcing production or parts of production to a sub-supplier/contractor, if this has not been agreed upon 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 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 and REMA 1000's suppliers shall avoid partners that operate in countries subject to international boycott by the United Nations and/or Norwegian Authorities.

### IV. REQUIREMENTS TO SUPPLY CHAIN CONDITIONS

REMA 1000's Supplier Code of Conduct is founded on key United Nations and International Labour Organization conventions and documents\*, and describe minimum requirements, not maximum requirements. 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 by 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 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, access to training, 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 exceed 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 employees or persons representing REMA 1000 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 shall be paid by REMA 1000. Hospitality, expenses or gifts shall not be offered or received in situations of contract bidding, negotiations or awards.

12.3. 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.

## **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**

14.1. 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.

## **15. Management systems of suppliers**

The management system is central for the implementation of the SCoC. REMA 1000 emphasizes the importance of suppliers having systems that support such implementation. The expectations in this regard are summed up in the following measures:

- The supplier should make a centrally placed employee responsible for the implementation of the SCoC in the supplier's business.

- The supplier must make the SCoC known in all relevant parts of its organization.
- The supplier shall file enough material to document the compliance of the SCoC, and be able to present reasonable information on REMA 1000's request. An investigator appointed by REMA 1000 shall, if REMA 1000 requests so, be given access to archives and other documentation to verify such compliance.
- The supplier shall obtain REMA 1000's consent prior to out-sourcing production or parts of production to a sub-supplier/contractor, if this has not been agreed upon in advance.
- When the supplier engages sub-suppliers for the delivery of products to REMA 1000, each product and their ingredients must be traceable through each part of the production - and distribution chain, including the final production place. On REMA 1000's request, the supplier shall inform REMA 1000 about all the relevant sub-suppliers and production places, and present relevant contact information.

## 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 entity and the supplier.

In the event of a breach of the SCoC, REMA 1000 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 about any such actions. If it is established that (i) a supplier is unwilling or unable to carry out corrective actions which REMA 1000 finds necessary in order to comply with this SCoC, or (ii) the supplier or any of its sub-suppliers has committed a substantial breach or repeated breaches of the requirements in this SCoC, REMA 1000 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. This provision is without prejudice to any additional rights and obligations REMA 1000 or the supplier may have pursuant to other contract documents.

\*In the event that the references to the legislation are not in accordance with the current legislation in force, the latter shall apply

# **REMA 1000**

**23.09.2015**

Place, date:

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REMA 1000

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