

## Ground Policy on Responsible Procurement

### Due Dilligence in Salling Group

As the biggest retailer in Denmark Salling Group offers a wide assortment of products within the categories food, nearfood, nonfood and textiles. In connection with all our activities we affect the lives of many workers, both negatively and positively. Therefore it is essential that we take responsibility and we are committed to respect human rights across countries in our supply chains.

Our due diligence procedures concern identification of adverse risks across our supply chains, further analysis, search for best emerging practices, and implementation of necessary actions to mitigate the found risks. Additionally we strive to actively use capacity building in order to strengthen our business partners. Knowledge and practical tools are important means to create a strong and healthy foundation for proper working conditions and respect of human rights in general.

As offset for our work we apply amfori BSCI code of Conduct, and we build our setup on the following international Conventions:

- The Universal Declaration of Human Rights
- The UN Guiding Principles for Business and Human Rights
- OECD Guidelines
- UN Global Compact
- International Labour Organization
- The Children's Rights and Business Principles

### Our Code of Conduct

As a supplier to Salling Group our Code of Conduct must be read and accepted (*which is an integrated part of our Trading Agreement. The documents can also be found on our webpage [sallinggroup.com](https://sallinggroup.com)*), meaning that the requirements stated must be followed. If one or several non-compliances are identified the supplier is obliged to cooperate regarding the necessary remediation - hereunder create a proper and realistic corrective action plan, and ensure that the actions actually are implemented to prevent the particular irregularity, or irregularities in practise.

Reluctance to cooperate regarding compliance with our Code of Conduct and Responsible Procurement Policies could result in ending business relationship.

### Our Ground Policy

When supplying products within one of the following brand type categories the supplier is obligated to fill in a profile in Salling Group's Responsible Procurement System (<https://salling-group.credit360.com/>).

The following list of brand types are classified as in-scope for our monitoring and follow-up:

- 100% corporate brands (covers all Private Label, No Name<sup>1</sup>)
- Nonfood SPOT<sup>2</sup> products
- Tertiary brands<sup>3</sup>
- Products directly sourced by Salling Group

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<sup>1</sup> No Name product will outline 'Produced for Salling Group, or... for Netto' on the label; or the product contains no name at all

<sup>2</sup> Nonfood SPOT products are considered high risk due to rapid and short term sourcing patterns

<sup>3</sup> Tertiary brands are defined as smaller brands that are not categorized as registered A-brands

For all product types within scope, Salling Group requires to be informed about **applied tier 1 production sites**. A tier 1 production site is defined as the site where the main production and finalization of the product takes place.

Documentation on social compliance is required based on a country risk assessment:

All producers located in a **high risk country according to amforis latest version of the document 'Country Risk Classification'** must present documentation for a valid social standard according to Salling Group's Basket of Standards

Once a profile has been completed by the supplier in our Responsible Procurement System, our Responsible Procurement Team will review the available data and documentation, verify and accept – or ask for additional input if something should be missing.

The supplier is expected to keep their profile updated at all times. Every 6<sup>th</sup> month the Responsible Procurement System will require an active update, and renewed documentation will be requested in alignment with the individual standard's audit cycle.

It is mandatory for the supplier to also ensure upload of a corrective action plan within our system on the individual producer's site, despite which standard the producer follows. It is expected that non-compliances are reacted on and that the same finding doesn't appear over and over again.

For BSCI in particular it will be sufficient to ensure that the continuous improvement plan is available in the amfori Sustainability Platform.

### Salling Group's Basket of Standards on social compliance



### Extended requirements

Based on internal risk assessments Salling Group has developed a variety of commodity policies, where requirements are extended in regard to the degree of supply chain transparency and documentation level on social and environmental compliance. In connection with extended requirements we do accept a list of additional social and environmental standards that are not mentioned in this document. Further details on these policies can be found in our Responsible Procurement System or requested by contacting our Responsible Procurement Team via [responsible@sallinggroup.com](mailto:responsible@sallinggroup.com)