

Kvadrat Group

# Business Partner Code of Conduct

Version 2.0 – October 2019

**kvadrat**

The Kvadrat Group is deeply rooted in design and we are uncompromisingly focused on quality and the responsibility for our surroundings. Since our foundation in 1968 we have focused on delivering the best quality combining extraordinary design and the finest materials. For us, quality and design go hand in hand with sustainability, as we want to ensure products for many generations ahead. Since our foundation environmental and social considerations have been integrated in our business strategy and processes.

At Kvadrat we continuously seek to push the aesthetic, artistic and technological boundaries of textile design. We create high quality products that help architects to shape architectural spaces, designers and furniture manufacturers to produce and craft furniture, and consumers to bring tactility and colour into their private homes. This is our way of contributing to the creation of beautiful interiors that increase the quality of **people's** life.

This Code of Conduct describes the responsible behaviour we wish to promote throughout the supply chain of all the companies within the Kvadrat Group, as a joint responsibility to design and produce our products in the most sustainable way, to protect our surroundings for many generations ahead. This Code of Conduct is directed to all business partners of the Kvadrat Group who manufactures and/or delivers products and services to us, including their subsidiaries, affiliated companies and sub-suppliers.

In 2013 Kvadrat became a member of the UN Global Compact, which is a voluntary initiative based on company commitments to implement universal sustainability principles and to undertake partnerships in support of UN goals. Through this membership we are committed to develop ethical and sustainable business practices and support the 10 principles concerning human- and labour rights, environmental impact and anti-corruption, which are incorporated in this Code of Conduct.

We expect that you, as our business partner, will support and comply with the content of this Code of Conduct, so we can generate shared value, take joint responsibility and thereby create a strong partnership.

On behalf of the Kvadrat Group

A handwritten signature in black ink, appearing to read 'Anders Byriel'.

Anders Byriel  
CEO, Kvadrat A/S

A handwritten signature in black ink, appearing to read 'Mette Bendix'.

Mette Bendix  
Product Director, Kvadrat A/S

## I. Purpose and deployment

The purpose of this Code of Conduct is to ensure that our business partners demonstrate responsible business conduct. The Code of Conduct follows globally agreed minimum standards and asks our business partners to manage adverse impacts on:

- human rights, including labour rights,
- the environment
- anti-corruption, and
- animal welfare

The scope of minimum requirements set out herein is primarily based on the ten general principles of the UN Global Compact.

We expect the business partner to adhere to this Code of Conduct, and furthermore comply with all national laws and regulations as well as other applicable standards. If there are differences between the provisions of this Code of Conduct and national laws or other applicable standards, the business partner shall adhere to the higher or more stringent requirements. Conflicts between the provisions of this Code of Conduct and national laws or other applicable standards shall be evaluated by Kvadrat in cooperation with the business partner and relevant stakeholders, in order to establish the most appropriate course of action that will help to foster respect for fundamental human rights, labour standards, the environment, anti-corruption and animal welfare. If any conflicts are detected, please inform Kvadrat hereof by sending an email to: [compliance@kvadrat.org](mailto:compliance@kvadrat.org)

We further expect the business partner to set up their own internal policies and develop, implement, maintain and monitor appropriate management systems, to ensure that they are continuously improving and working in compliance with this Code of Conduct. We encourage the business partner to perform their own risk assessments of all its business to identify areas in need of improvement, and perform periodic self-evaluation checks on its own and all of its sub-suppliers' business to ensure they are at all times complying with this Code of Conduct.

We will continuously follow up on the business partner's ability and willingness to demonstrate continuous improvements in meeting the requirements of this Code of Conduct.

For a full list of all conventions and recommendations covered by this Code of Conduct, please send an email to: [compliance@kvadrat.org](mailto:compliance@kvadrat.org)

## II. Requirements

### Human- and Labour Principles

#### 1.0. Forced Labour and Freedom of Movement

The business partner must comply with UK Modern Slavery Act and must not participate in, or benefit from, any form of forced labour, including bonded labour, forced prison labour, slavery, servitude, or human trafficking. Employees must not be required to leave any form of deposit, or identity papers/passport with their employer, and may terminate a working contract after legal notice. Employees must have the freedom of movement during the course of their employment. A signed working contract must be available for all employees, which is provided by the supplier in a language that is understandable to the employee.

#### 2.0 Prevention of Child Labour and protection of Young Workers

The business partner shall not engage in, or benefit from, the use of child labour. The minimum age for employment shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years (or 14 years where established by national laws in accordance with the ILO developing-country exception). If the law states a higher age, the law must be followed. The work must not interfere with the **children's** education. The business partner must have sufficient management systems in place to ensure no children are employed. Young employees below the age of 18 can only undertake light work in the factory that does not jeopardize their health, safety and education, as well as all laws concerning the treatment of young employees must be followed.

#### 2.1. Light work and Apprenticeship Programmes

Where permitted by national laws, the business partner may employ children between age 12 and 15 to perform a few hours of light work per day. The work must be simple tasks of a limited nature and not interfere with the **children's** educational responsibilities. Apprenticeship programmes for children below the minimum age of employment must be remunerated and clearly aimed at training.

#### 3.0. Non-discrimination in Employment-related Decisions

The business partner shall not engage in or support discrimination on the basis of race, colour, sex, language, religion, political or other opinion, caste, national or social origin, property, birth, union affiliation, sexual orientation, health status, family responsibilities, age, and disability or other distinguishing characteristics.

Hiring, remuneration, benefits, training, advancement, discipline, termination, retirement or any other employment related decisions shall be based on relevant and objective criteria.

#### 4.0 Workplace Violence, Harassment and Threats

Employees shall not be subjected to discrimination. The business partner shall protect workers from acts of physical, verbal, sexual, or psychological harassment, abuse, or threats in the workplace, whether committed by managers or fellow workers, including when determining and implementing disciplinary measures.

#### 5.0. The Right to Freedom of Association and Collective Bargaining

The business partner will recognise ILO conventions and the Universal Declaration of Human Rights on freedom of association, freedom of opinion and expression, the right to organise and collective bargaining.

The business partner will allow these rights, will not interfere with **employees'** unions, and will not prevent employees from joining these unions. Nor shall the business partner discourage membership of unions. Employees shall not face prejudice due to union membership or active participation in **employees'** committees. The Employees representatives shall not be subject to discrimination and must have access to carry out their function in the workplace. The business partner must recognise elected **employees'** representatives and bargain in good faith with them regarding all important workplace concerns.

Where freedom of association and the right to collective bargaining is restricted or prohibited under law, the employer shall facilitate, and not hinder, alternative forms of independent and free worker representation and negotiation, in accordance with international labour standards.

#### 6.0. Health and Safety Standards

The business partner shall ensure that its employees are offered a safe and healthy working environment. The business partner must do a thorough risk assessment of all areas of the workplace, including but not limited to all production facilities in which employees carry out any work, and ensure that employees are not working in a dangerous environment. Where risks cannot be eliminated, adequate health and safety policies and procedures must be established and followed, including, but not limited to subjects such as; protection from fire, accidents and toxic substances.

##### 6.1. Training and Protective Gear

The business partner shall provide its employees with the protective equipment and training necessary to perform their tasks safely. Sufficient and well-maintained protective equipment shall be available, and all material used in the production, which is estimated to cause a risk to health and safety shall be clearly marked with a sign. Emergency exits and first aid equipment must also be clearly marked and accessible. All fire safety precautions must be taken, including adequate warning systems, escape routes, and training of employees in fire response. There must be a written and communicated emergency response procedure. All safety precautions in regards to the use, storage and handling of chemicals must be taken, and employees must be sufficiently trained in handling chemicals.

##### 6.2. Sanitary Infrastructure

The business partner must provide a suitable, clean and sanitary infrastructure, including access to toilets and potable water, which conforms to the needs of its employees and is adequate to its numbers. Accommodation, if provided by the business partner, shall conform to the same requirements, including the general provisions on health and safety listed above.

#### 7.0. Adequate Remuneration

The business partner shall always comply with legal minimum standards or industry benchmark standards concerning wages and benefits, whichever is higher. In any event, the business partner shall always provide a 'living wage', which enables employees to meet the basic needs of themselves and their dependents and to provide some discretionary income. Wages shall be paid in legal tender and on a regular basis and must not be withheld for any reason. Deductions shall be transparent and deductions from wages as a disciplinary measure, or any other deduction not required by law, must not occur.

#### 8.0. Established Working Relationship

The business partner shall not rely on part-time, short-term workers, trainees, or false apprenticeships to pay lower wages and fewer benefits. Provisions for non-permanent and seasonal workers should be no less favourable than for permanent workers.

#### 9.0. Leave

The business partner shall grant employees paid holiday and sick leave each year, as well as parental leave to employees who must care for a newborn or newly adopted child. Women who take maternity leave will not face dismissal or threat of dismissal, and shall be able to return to their former employment at the same rate and benefits.

#### 10.0. Hours of Work, Rest Periods and Breaks

The business partner shall ensure that working hours should be kept within legal limits and benchmark industry standard. Working hours should not on a regular basis exceed 48 hours per week. The business partner must provide sufficient rest days to employees, classified as at least 1 day off in a 7 day period, and shall be given reasonable breaks while working and sufficient rest periods between shifts.

#### 11.0. Employee Privacy

The business partner shall respect the privacy rights of its employees whenever it gathers or keeps private information or implements employee-monitoring practices.

### Environmental Principles

#### 12.0. Environmental Responsibility

The business partner should manage all significant potential and actual impacts on the external environment in relation to the areas of impacts addressed by the principles in the Rio Declaration on Environment and Development. All national and regional environmental laws must be followed, and the business partner must set up an environmental management plan in order to minimise the effect of business activities on the environment.

### 13.0. Requirements - Chemicals and Substances for Manufacturers

The business partner who produce or deliver textiles, rugs or other products or components to the Kvadrat Group must follow and comply with our chemical and substance requirements in force at any time.

These requirements and future upgrades hereto will be delivered separately to the business partner and must be signed by the business partner.

### 14.0. Water and waste water management

The business partner who produce textiles, rugs or other products or components for companies within the Kvadrat Group shall use water responsibly. This includes reducing water use and implementing water recycling as much as possible. The business partner must treat and dispose of wastewater according to the local law or the benchmark guideline in the industry whichever is higher.

### 15.0. Energy Efficiency and GHG Emissions

The business partner should work to reduce energy consumption and greenhouse gas footprint. All emissions that are produced during production must be monitored, controlled and treated as required by law.

### 16.0. Waste Management

The business partner shall work to improve resource efficiency e.g. reduce waste during production processes. The business partner should implement methods to reuse or recycle waste. The business partner should keep records of resource consumption as well as waste production and emissions, to ensure effective monitoring.

### 17.0 Sourcing

Traceability: The business partner should be aware of the origin of the raw material and components used. The raw material, substances or components must be sourced from manufacturers who support practices that ensure compliance with the principles mentioned in this Code of Conduct.

## Anti-corruption Principles

### 18.0. Anti-corruption policies

The highest standards of integrity are expected in all business interactions and the business partner must comply with applicable laws and regulations on bribery and corruption, such as the scope outlined by the UN Convention against Corruption, US Foreign Corrupt Practices Act and UK Bribery Act. Businesses must therefore, work against corruption in all its forms.

The business partner and its sub-suppliers must strive towards a business where corruption is eliminated – hence no bribery, improper gifts can be offered nor accepted. The business partner must never, directly or through intermediaries, accept or offer bribes. A bribe is a payment of anything of value – money, products, services, extravagant gifts or entertainment– made to a public official or an employee of a commercial partner in order to secretly influence his/hers behaviour and thereby improperly obtain or secure business.

The business partner shall also refrain from offering expensive gifts and extravagant entertainment to employees within the Kvadrat Group in an attempt to influence business decisions.

The business partner must in writing inform Kvadrat of any corruption and bribery activities that they are involved in, or becomes aware of regarding any of their sub-suppliers or subcontractors, by feeling pressured and/or in order to handle the orders to Kvadrat by sending an email to [compliance@kvadrat.org](mailto:compliance@kvadrat.org). Such information must if practical possible be submitted prior to accepting the behaviour or demand.

The highest standards of integrity are to be expected in all business interactions. In general any and all forms of corruption, extortion and embezzlement are strictly prohibited and supplier must understand that such activities may result in immediate termination of the business relationship, communication to relevant authorities and organisations as well as legal actions.

## Animal Welfare

### 19.0. Animal Welfare

The business partner who produce or deliver textiles, rugs or other products to the Kvadrat Group must manage all significant potential and actual adverse impacts on animal welfare. Materials derived from animals used in products delivered to the Kvadrat Group e.g. wool, must be from animals that are treated according to all applicable animal welfare legislation and ensure that the Five Freedoms of animal welfare are provided:

1. Freedom from hunger or thirst by ready access to fresh water and a diet to maintain full health and vigour.
2. Freedom from discomfort by providing an appropriate environment including shelter and a comfortable resting area.
3. Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment.
4. Freedom to express (most) normal behaviour by providing sufficient space, proper facilities and company of the animal's own kind.
5. Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering.

All employees at the farm connected to husbandry and the shearing procedures of the animals must undergo training within responsible handling of animals and shearing procedures. Farmers and their staff must comply with national law concerning animal welfare included but not limited to husbandry regulations, shearing practices, handling of livestock, nutrient management and transportation.

Mulesing: The business partner must not use wool from sheep that has been subject to mulesing.

#### Supplier Commitment and signature

The aim of this Code of Conduct is to form the basis for collaboration between all companies within the Kvadrat Group and its suppliers for continuous improvements in managing adverse impacts on principles for sustainable development.

In case of non-compliance, suppliers must self-correct within a fixed period. Kvadrat will, when informed, offer support through dialogue or counselling on potential development plans. If the business partner fail to self-correct or fail to demonstrate willingness to improve systems or address identified adverse impacts, Kvadrat reserves the right to end the business relationship immediately.

The business partner hereby confirms to have received, read and understood this Kvadrat Group Code of Conduct. The business partner agrees to comply with the requirements set out herein and understand the importance, that they observe the Code of Conduct. The business partner further agrees only to engage suppliers and subcontractors in the production of products to Kvadrat to the extent that such suppliers and sub-contractors also comply with the principles set out herein.

Place and date: \_\_\_\_\_

_____	_____	_____
Company Name	Name and Title of signatory	Signature