

COMMITMENT TO EXCELLENCE

INTEGRITY IS EVERYTHING

DESIGN LEADS INNOVATION - WE DESIGN TO CREATE IMPACTS


AWARENESS CREATES CHANGE

IT IS NOT THE ABILITIES THAT PROVES WHO WE ARE; IT IS THE CHOICES WE MAKE



# CODE OF CONDUCT

*This Code of Conduct is Sport Group Denmark's set of ethical guidelines for human rights, labor rights, environment, and anti-corruption. We express our belief and requirements for ethics and environmental behavior in business. The Code of Conduct is based on the ILO Conventions and the 10 principles of UN Global*



“With small steps, we can  
together create a better  
and greener tomorrow.”

“Sustainable transformation is a long  
journey. It’s not a race; it’s about  
staying focused and work hard.  
Then you will reach the goal”

*To whom it may concern*

Our company is committed to avoiding and addressing adverse impacts on the basic principles for social, environmental, and economic development that we cause, contribute, or are linked to via our business relationships.

Therefore, we seek to ensure that our own company as well as our suppliers operate under the requirements of the enclosed Code of Conduct and thereby work towards alignment with the internationally recognized principles for sustainable development.

We recognize that establishing the required processes outlined in this Code of Conduct requires both time and resources; especially in the initial phases. And we are implementing and maintaining similar processes in our operations. This Code of Conduct should, therefore, be understood as a tool for cooperation and dialogue about improving systems to manage adverse impacts on human rights, labor, the environment, and anti-corruption.

We focus on our suppliers' ability and willingness to demonstrate continuous improvements in meeting the requirements of this Code of Conduct. We feel confident that cooperation and dialogue can result in a more efficient partnership, from which both parties will benefit.


Please refer to the enclosed Code of Conduct for more information about the specific requirements. If you have any questions regarding this letter, our Code of Conduct, or our responsible supply chain management program in general, please do not hesitate to contact our offices.

*Kind regards,*

*Sports Group Denmark*

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“Being conscious about energy consumption and using our resources wisely is a small step towards a greener future.”

“Everybody matters”

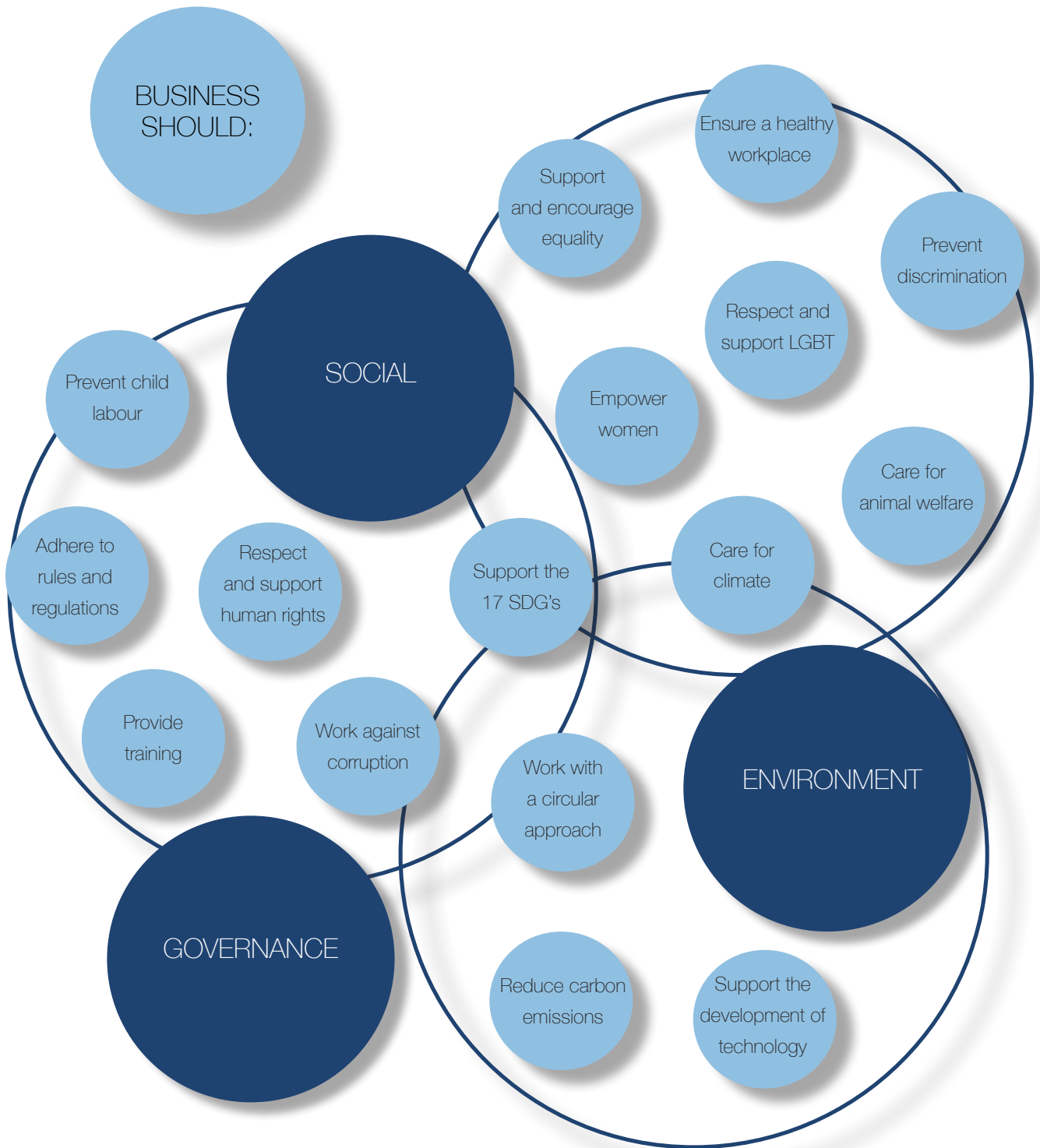
# INTRODUCTION

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

- Human rights
- Labour
- Environment
- Occupational Health and Safety
- Anti-corruption
- Animal welfare (despite the lack of internationally endorsed principles on animal welfare)

The scope of minimum requirements is based on the ten general principles of the UN Global Compact. The required management of potential and actual adverse impacts on the scope is aligned with the UN Guiding Principles on Business and Human Rights (the UNGPs). Managing adverse impacts is distinct from legal compliance. As a precondition, suppliers are expected to comply with national law. SGD reserves the right to put forward additional or more specific requirements and conditions related to sustainable development; e.g. on use of chemicals.





# PROCESS REQUIREMENTS

Sports Group Denmark expects all suppliers to develop and implement the following:

## 1. ADOPT POLICY STATEMENT

Which must:

Be approved by the most senior level of the supplier.

Be informed by experts on human rights including labour rights, environmental, and anti-corruption principles.

Stipulate the supplier's expectations of employees and business relations on human rights, including labour rights, environment, anti-corruption and animal welfare.

Be publicly available and must be communicated both internally and externally.

Be reflected in other operational policies and procedures necessary to embed the policy statement throughout the supplier's operations.

## 2. CARRY THROUGH DUE DILIGENCE

That – as a minimum – includes the following elements:

Identification: Regularly, the supplier must identify potential and actual adverse impacts on human rights including labour rights, environmental, and anti-corruption principles.

Prevention and mitigation: When potential or actual adverse impacts are identified, suppliers must take action to prevent or mitigate such adverse impacts.

Accounting: Actions to prevent or mitigate identified adverse impacts, must be closely tracked to ensure effectiveness. Suppliers are expected to communicate their findings, actions, and tracking to relevant stakeholders including SGD

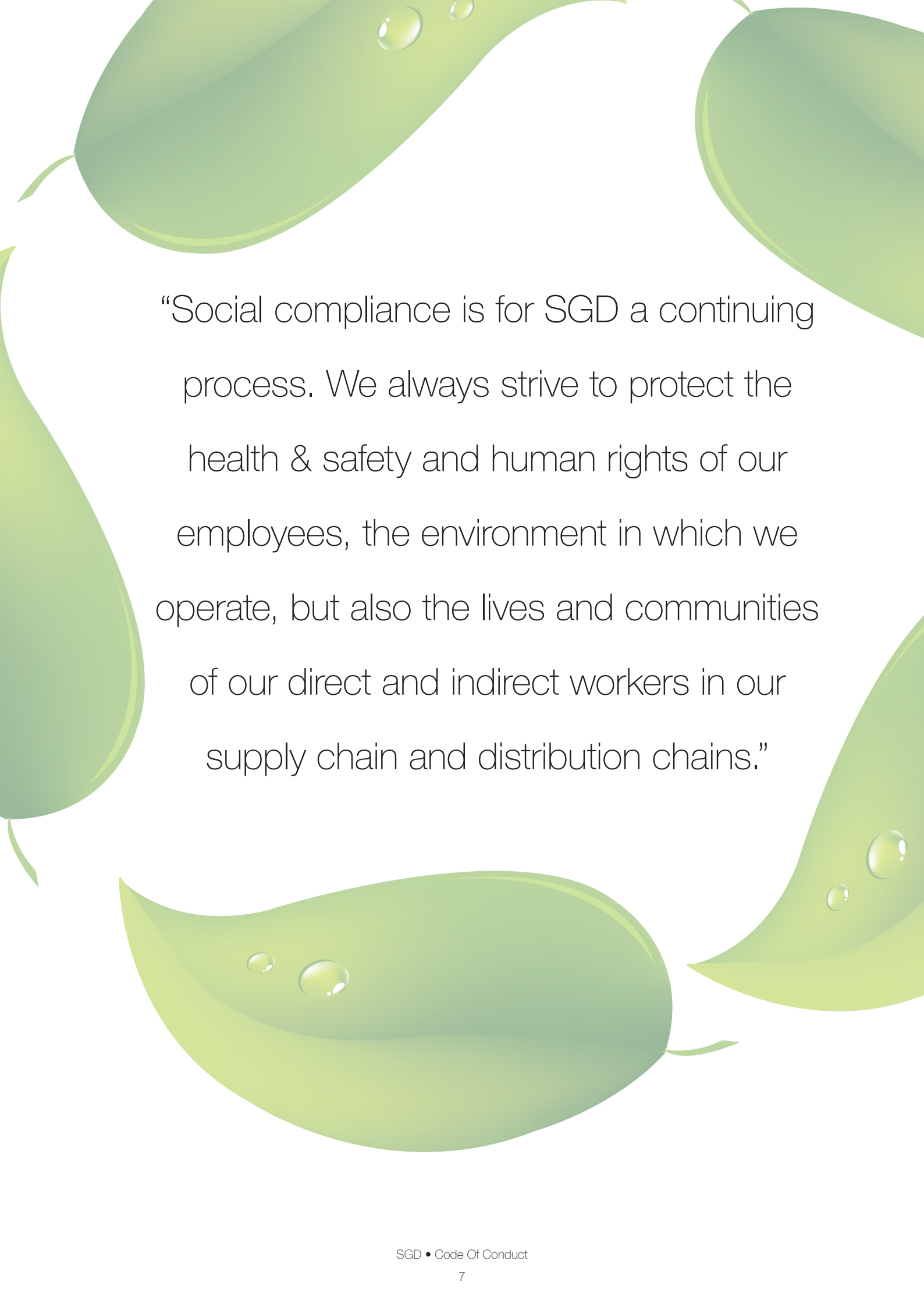
## 3. PROVIDE ACCESS TO REMEDY

Where the supplier identifies that it causes or contributes to actual adverse impacts on human rights including labour rights, environmental, and anti-corruption principles, the supplier must enable access to remedy for those affected and/or inform relevant authorities.

The supplier must provide access to remedy through legitimate processes (grievance mechanisms) to victims of actual adverse human rights impacts that the supplier causes or contributes to.

If the supplier is merely linked to actual adverse impacts, the supplier must use its leverage to make the causing or contributing entity address the impacts.





“Social compliance is for SGD a continuing process. We always strive to protect the health & safety and human rights of our employees, the environment in which we operate, but also the lives and communities of our direct and indirect workers in our supply chain and distribution chains.”

# SUSTAINABLE REQUIREMENTS

Through the establishment of the processes outlined above, the principles that Sports Group Denmark expects suppliers to manage adverse impacts upon the described sustainable principles in the 6 (six) following subsections:

## 1. HUMAN RIGHTS

Suppliers shall as a minimum manage their adverse impacts on the human rights stated in the International Bill of Human Rights that includes the core labour rights from the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

SGD is committed to respect and support human rights and will abstain from any activity or entering any business relations, which supports, solicits or encourages others to abuse human rights and we expect our suppliers to do the same. Human rights shall be recognized as the dignity, freedom, and equality of all human beings and shall be applied as a workplace standard in the daily work environment.

The business must not violate human rights ethics and should act responsibly with regard to human rights issues. SGD suppliers shall not engage in or support punishment, violence or any other forms of mental or physical abuse. And the supplier shall not make use of any public warnings, reprimands or punishments.

The suppliers shall not engage, support or allow any form of harassment or abuse in the workplace. Harassment can be any offensive act, comment or display that humiliates, insults or causes embarrassment, or any act of intimidation or threat. Harassment includes, but not limited to:

- Serious, rude, degrading or offensive remarks.
- Displaying sexist, racist or any other offensive pictures/posters
- Threats or retaliation



“Everybody matters”

## 2. LABOUR

Freedom of association and collective bargaining. Suppliers and business partners shall recognize and respect the rights of employees to freely participate and organize association and bargain collectively - in accordance with local rules and regulations. Suppliers and business partners shall support and promote mechanisms for resolving industrial disputes, including employee grievance, and ensure effective communication with employees and their representatives.

### **Forced labour**

No human shall be required to perform any kind of slavery or forced labour.

No employee shall be subjected to torture, to inhuman, degrading treatment or punishment in any form; or as a mean of political force, or as punishment for having or expressing political views.

### **Child labour**

Child labour is strictly prohibited. The minimum age of employment must not be less than the age of completion of compulsory schooling, which is normally not lower than 15 years. If the local minimum age at lower in accordance with exceptions for developing countries, the lower age will apply.

Young employees between the age of 15-18 years are not allowed to perform hard or hazardous work - the work is determined to be simple tasks of a limited category. All young employees must be protected from performing work during late hours/night. And no work activities must interfere with the young person's education - or have a negative effect on the health, physical, mental, social or moral development.

### **Discrimination**

The SGD supplier shall not discriminate any employees on the basis of personal aspects, such as ethnicity, religion, beliefs, gender, marital or maternal status, age, political affiliation, national origin, disability, sexual orientation or any other basis of which can be subject to discrimination.

Suppliers and business partners shall support and promote effective measures to protect migrant employees against any form of discrimination and must provide appropriate support services that reflect their special status.

### **Wages, benefits and compensation**

Suppliers shall comply with requirements, laws and/or regulations for prevailing the industry (where it is higher) concerning wages and benefits. All workers shall be compensated for overtime hours according to the rate legally required in the country, and in those countries where such laws do not exist, at a rate exceeding the regular hourly compensation rate.

### **Working hours**

Suppliers and business partners shall not require their employees to work more than sixty (60) hours per week including over time, or where the local legal requirement is less. A regular work week must not exceed forty-eight (48) hours, all overtime work must not be with the employee's consent and not requested on a regular basis. Employees shall have one (1) day off/ twenty-four (24) hours rest within every seven-day period.

### **Break and Leaves**

Suppliers and business partner shall provide their workers with appropriate time off for meals and breaks - and at least one break per day and shift shall be 30 minutes or more.

Workers shall have time off/holiday from their job according to applicable legislation, local traditions, and standards.

## **3. ENVIRONMENT**

Suppliers and business partners shall support a precautionary approach to environmental challenges, continuously seek ways to improve their environmental performance and encourage to develop environmentally-friendly technologies and products.

This includes: Integrate principles of sustainability into business decisions, adapt to cleaner production and prevention of pollution, responsible use of natural resources and develop products and use methods or technology according to sustainable principles.

As a minimum our suppliers shall comply with all applicable environmental laws, regulations, and standards, and the suppliers shall make sure to maintain all necessary permits and approvals, this includes, but not limited to:

- Business license
- Construction and building permits.
- Surface and groundwater abstraction license.
- Necessary permission and test reports for the discharge of wastewater and groundwater, disposal of hazardous and non-hazardous waste and operating license for treatment plants, processes and the operators.
- Effluent treatment plants (ETP) shall be operated and maintained with respect and care. And the staff operating the ETP must have the right skills and knowledge.
- Obtain necessary permission and test reports for (outside) air and noise pollution.
- Operating permission for boilers, mechanical, electrical and chemical processes, where required.
- Licenses for storage and handling of hazardous chemicals or flammable substances.

### **Chemicals and hazardous materials**

The supplier shall as a minimum ensure compliance with laws and regulations concerning requirements of handling, managing, and storage of chemicals and hazardous materials.

- The supplier shall prove and maintain an updated list – including documented procedures for purchasing, storage, and handling of all chemicals
- Storage and labeling: The supplier shall store and conduct chemicals in a way that prevents emissions to air, ground, and water, prevent risks of ignition/explosion and ensure workers health and safety. And ensure all containers of chemicals, including temporary containers, are properly labeled with appropriate danger symbols and chemical names to ensure that the contents are known, and the potential risk minimized.

### **Hazardous and non-hazardous waste**

Waste is any solid, liquid, or contained gaseous material that is being discarded by disposal, recycling, burning or incineration. The different operations in manufacturing generate many conflicting types of waste - both hazardous and nonhazardous. The supplier shall ensure compliance with applicable laws & regulations relating to the handling, storage, transportation, recycling and disposing of hazardous and non-hazardous waste.

- Compliance procedure: The supplier shall prove and maintain an updated list of hazardous and non-hazardous waste - The list shall clearly show which type of waste is hazardous and which is not.
- Storage and labeling: the supplier shall store and conduct waste in a way that prevents emissions to air, ground, and water, prevent risks of ignition/explosion and ensure workers health and safety. And ensure all containers of chemicals, including temporary containers, are properly labeled with appropriate danger symbols and chemical names to ensure that the contents are known, and the potential risk minimized.

### **Cleaner production and prevention of pollution**

- Air: The supplier and business shall continuously reduce factors that cause air pollution. All suppliers shall make a substantial effort to reduce air emissions. Factories shall ensure compliance with applicable local or national air quality standards. Factories shall prevent or minimize impacts by ensuring that emissions do not reach or exceed relevant local or national air quality standards.
- Water: The supplier must continuously and consistently pursue a sustainable and responsible way of using water. The Supplier shall seek to minimize and reduce water consumption in operations through savings in the water pumping, treatments, and disposal. This includes but not limited to water monitoring, recycling, reuse or other techniques.
- Waste: The Supplier must continuously and consistently pursue sustainable and responsible handling of waste. Waste shall be treated and disposed to avoid potential impacts to human health and the environment.

### **Use resources sustainably**

SGD embrace sustainable use of resources and the conservation of natural resources and we encourage our suppliers and business partners to minimize the use of materials and other resources in the manufacturing processes. Resources include all materials that can be reused and/or recycled, energy, water, chemicals, and raw materials.

## **4. OCCUPATIONAL HEALTH & SAFETY**

The supplier shall ensure to comply with applicable laws and regulations concerning health and safety issues. The supplier shall prove classification, risk analysis inspection and reporting by verified authorities. Findings and/or corrective plans must be documented and completed within the set timeframe from authorities.

### **First aid equipment**

First aid equipment shall be available and accessible for all employees. The quantity of equipment is determined based on the size of the facility, the work activities and potential risk of injury. Each floor in each building shall have at least one first aid kit placed and clearly marked.

### **Machine safety**

The supplier shall ensure that all equipment, machines or other devices used in the manufacturing processes are equipped with necessary protection shields or other safety tools to prevent any injuries.

### **Safety instructions**

The supplier shall ensure that safety instructions and/or warning signs are clearly placed and visibly posted close to the machines/equipment and in entry areas where the machines/equipment are being used.

### **Personal Protective Equipment**

The supplier shall make sure that the employees have the necessary personal protective equipment (PPE) and specific protective gear including, but not limited: head, eyes, ears, hands, and body. The PPE must be accessible, maintained and used by all workers (and visitors), who are moving around in potential harmful or hazardous areas. Potentially harmful or hazardous areas shall be clearly marked with warning signs and visible poster that indicates which PPE shall be used.

### **Temperature and ventilation**

The supplier shall ensure to comply with applicable laws and regulations concerning the temperature level in the work facility. In sub-tropical countries or countries with high temperatures during summer seasons, fans or AC shall be available and used to ease the heat.

### **Inside air circulation**

The supplier shall ensure to comply with applicable laws and regulations concerning air quality and circulation (solvents, fumes, particles, and correct ventilation)

### **Noise**

The supplier shall ensure to comply with applicable laws and regulations concerning noise levels in the work facility.

### **Light**

The supplier shall ensure to comply with applicable laws and regulations concerning the light level in the work facility.

### **Access to clean drinking water**

The supplier shall provide (free of charge) clean drinking water to all employees. The drinking water shall be available during all shifts and easily accessible for all employees. Water dispenses shall be maintained regularly.

### **Hygiene**

The supplier shall provide a sufficient number of washing and toilet facilities. The facilities shall be clean and easily accessible to both women and men.

### **Canteen**

The supplier shall ensure to comply with applicable laws and regulations concerning canteen standards. The canteen shall meet the local sanitation and hygiene standards and regulations.

## **5.ANTI-CORRUPTION**

SGD has a “zero-tolerance” policy in terms of corruption and bribery, and we expect our suppliers to adhere to the highest standards of moral and ethical conduct, to respect local laws and not engage in any kind of corrupt practices, including extortion or bribery, at a minimum.

The Suppliers shall establish adequate processes to counter corrupt practices. Such processes should address the scope outlined by the United Nations Convention against Corruption.




## 6. PRINCIPLE OF ANIMAL WELFARE

The welfare of an animal includes its physical and mental state and we consider that good animal welfare implies both fitness and a sense of well-being.

SGD believes that animals have the right to be treated with care and any animal kept by man, must at least, be protected from unnecessary suffering. Therefore, we expect our suppliers and business partners to abide by the internationally accepted Five Freedoms for animal welfare:

- Freedom from Hunger and Thirst: by ready access to fresh water and a diet to maintain full health and vigor.
- Freedom from Discomfort: by providing an appropriate environment including shelter and a comfortable resting area.
- Freedom from Pain, Injury or Disease: Prevention of disease, rapid diagnosis and treatment.
- Freedom to Express Normal Behavior: by providing sufficient space, proper facilities and company of the animal's own kind.
- Freedom from Fear and Distress: by ensuring conditions and treatment which avoid mental suffering.



“We have banned real fur a long time ago in own productions, but due to the many challenges concerning animal welfare in practice, we believe it is important to have a stance and to communicate our approach”

# IMPLEMENTATION AND CONTINUOUS COMMITMENT

## 1.SCOPE OF APPLICATION

This Code of conduct applies to Sports Group's first tier suppliers. Suppliers shall ensure that its first-tier suppliers have adequate processes in place to manage their adverse impacts on human rights including labour rights, environmental, anti-corruption and animal well-being. As part of this obligation, suppliers must:

- Make their first-tier suppliers aware of the scope and processes outlined in the Code and pose similar requirements to such suppliers as featured in this Code;
- If adverse impacts are discovered, use their leverage with their suppliers in order to make such suppliers adequately address such impacts; and
- Undertake reasonable efforts to ensure that their suppliers operate in accordance with this Code.

## 2.RECORDS & DOCUMENTATION

Suppliers must maintain appropriate records to demonstrate compliance with the requirements of this Code. Appropriate records include, but are not limited to:

- Policy Commitment(s);
- Documentation of due diligence processes, including impact assessments and records from the tracking process on specific actions;
- Information on grievance mechanisms.

## 3.CONTINUOUS COMMITMENT

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

Sports Group Denmark expects all suppliers at any time to be able to declare in writing their stage of implementation concerning the requirements contained in this Code of Conduct. Suppliers shall cooperate in answering further questions, self-assessments, and if deemed necessary cooperate with SGD in improving management systems and addressing specific impacts. If necessary, suppliers must accommodate visits from SGD to assert compliance, including providing for physical access to any representative from SGD or independent third parties.

By non-compliance, suppliers must self-correct within a fixed period. Failure to self-correct or if suppliers fail to demonstrate a willingness to improve systems or address identified adverse impacts, SGD reserves the right to end the business relationship immediately.

## MANAGEMENT SYSTEM

Suppliers and business partners are required to adopt or appoint a management system whose scope is related to above-mentioned content. Elements which shall be covered in the management system include, but are not limited to:

- Company commitment: Corporate declaration of commitment to compliance and continuous improvements related to the principles for sustainable developments.
- Waste Management: Hazardous and non-hazardous waste shall be handled through a system designed to control waste including waste prevention, recycling, reuse, treatment, and disposal.
- Risk management: process to identify risk related to the different principles in the different operations. Determination of the relative significance of each risk and implementation of appropriate procedure and physical control to ensure compliance of the identified risks.
- Performance traceability: performance targets, written standards and implementation plan including procedure and physical control to ensure the performance of improvements and transparency.
- Verification Traceability: ensure the social and environmental responsibility and the integrity of our product (content claims from the farm through the finished goods factory level).
- Transparency and traceability shall be tracked through all stages of the supply chain including, but not limited to: locations in all levels of their supply chain and upon request provide transparency information into the owned and/or subcontracted farms, mills, plants, factories and other sites that are involved in the production of our products
- Training: develop programs and training suitable for managers and workers to implement the principles, procedures and improvement targets in practice.

## AUDITS

SGD will systematically carry out compliance audits to identify, evaluate and improve processes and conditions related to the five (5) sustainable principles.



“We all have a responsibility”

## SIGNATURES

Place: \_\_\_\_\_

For and on behalf of  
Sports Group Denmark

City: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Place: \_\_\_\_\_

For and on behalf of  
[Insert - the Manufacturer]

City: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_