

EGE GROUP CODE OF CONDUCT

ABOUT THE EGE GROUP

The ege Group consists of egetæpper Herning, egetæpper Gram, Bentzon Carpets, Hammer Carpets, Carpet Concept and UAB Litspin. Together, these units constitute a strong group, making the ege Group a leading European carpet producer with the entire world as its market. This Code of Conduct applies to suppliers of goods and services to the ege Group.

SOCIAL RESPONSIBILITY

In the ege Group, we consider corporate social responsibility – CSR – a necessity and a business advantage. The world is under pressure, and all companies need to take active and long-term responsibility for how they affect it. Through a dedicated focus on social responsibility, the ege Group works to ensure that our business model, production and products contribute to creating a sustainable society now and in the future.

We also wish to develop new and even more sustainable products and production methods, as well as new methods for the use and reuse of our products. This stipulates stringent requirements for us and our suppliers of goods and services. We therefore use CSR as a framework for development throughout the entire value chain.

PREMISE OF COOPERATION WITH SUPPLIERS

Together with our suppliers, we will work to create social, environmental and economic improvements in the value chain. We can help each other through dialogue and enhanced cooperation.

It is a fundamental requirement that suppliers of goods and services to the ege Group comply with national and international law as well as the international conventions to which all countries and companies are subject, including the International Bill of Human Rights, the Rio Declaration on Environment and Development, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises.

We also encourage the supplier to actively contribute to the UN Sustainable Development Goals by working with the goals that best support the supplier's core business. Similarly, we encourage the supplier to join the UN Global Compact, thereby com-

mitting itself to respecting and promoting the 10 principles of social responsibility.

We recognise that it takes a lot of resources to become involved in the above. That is why we are happy to enter into a dialogue on what each supplier should do to ensure compliance with the requirements in this Code of Conduct.

SPECIFIC INFORMATION ON THE UN GUIDING PRINCIPLES

The UN Guiding Principles are international guidelines for how a company can respect human rights throughout the value chain. All companies in the world are subject to the UN Guiding Principles and obliged to follow the guidelines, which in brief means that:

- The company must identify where there is a risk of them infringing human rights
- The identified risk must then be prevented and any infringement rectified
- The company must require their suppliers to undergo the same process in their first tier

This process is called due diligence. We recognise that it takes time and resources to establish the processes that due diligence requires. We are undergoing the same process at the ege Group. This Code of Conduct is part of the process.

It is a requirement from the ege Group that all suppliers sign this Code of Conduct. In doing so, the supplier also undertakes to comply with the UN Guiding Principles, thereby disseminating the requirements from the UN Guiding Principles through its own value chain. In the long term, this means that the entire value chain will comply with the UN Guiding Principles.

¹ Brief explanation on the conventions and principles listed in Appendix I



SUPPLIER CODE OF CONDUCT

HUMAN RIGHTS

The ege Group's suppliers must support and respect international human rights, whether they be civil, political, economic, social or cultural rights. If the supplier is directly or indirectly violating human rights, this must stop immediately. It is a requirement that the supplier identifies and remedies human rights infringements resulting from its activities.

The supplier must respect the right to privacy and personal data of their employees, customers and partners.

The supplier must not discriminate against or treat differently employees, customers and business partners on the grounds of gender, ethnicity, religion, political opinion, age, disability, sexual orientation, membership of trade unions and any other status recognised by international law.

EMPLOYEE WORKING CONDITIONS

The ege Group's suppliers must offer their employees a working environment that is safe and sound. Appropriate policies and procedures for health and safety must be developed and followed. Employees are required to be provided with statutory and adequate safety equipment. Employees are expected to undergo the necessary training to be able to perform their tasks safely.

The supplier must ensure that overtime work is limited and always complies with national legislation on working hours and rest periods. The average weekly working hours across four months must not exceed 48 hours (excl. overtime). If overtime is factored into this, the maximum working hours must not exceed

more than 60 hours. Exceptions may only be made in exceptional cases. The overtime must always be voluntary.

The supplier must ensure that the employees have reasonable breaks and rest periods. Any form of corporal punishment, mental and physical coercion or harassment is prohibited in the workplace.

We expect the supplier to pay their employees a reasonable and fair wage in accordance with statutory minimum rates or industry standards on salaries and staff benefits.

LABOUR PRACTICES

The ege Group's suppliers must recognise the right of employees to freedom of association and collective bargaining. Where independent trade unions are opposed or prohibited in the area in question, the supplier must seek to enable employees to meet in other ways to discuss work-related issues and to ensure that designated spokespersons can negotiate with management.

The supplier must not use or derive benefit from any form of forced labour or involuntary work. All employees must have freedom of movement during their period of employment. The withholding of identification cards, travel documents or other important personal documents is prohibited.

The supplier must not use child workers. The minimum age for employment must not be less than 15 years (unless national legislation determines that children aged 14 may work). Young workers under the age of 18 may not perform night work or any kind of hazardous work.

The supplier must not discriminate against employees on the grounds of gender, ethnicity, religion, political opinion, age, disability, sexual orientation, membership of trade unions and any other status recognised by international law. The supplier is expected to base employment-related decisions on relevant and professional criteria.

ENVIRONMENTAL ISSUES

The ege Group's suppliers must be familiar with the environmental laws and regulations relevant to the supplier's activities, products and services. The supplier must ensure compliance with legislation through understanding, operations management and monitoring.

The supplier must work systematically to prevent, minimise and mitigate any adverse effects on the environment as a result of its activities. The supplier is expected to follow the precautionary principle in the event of uncertainty in relation to environmental consequences.

The supplier is expected to focus on environmental improvements in the continuous operation of its business, e.g. by reducing its energy consumption, greenhouse gas emissions, water consumption, pollution and waste generation.

The supplier must actively seek to limit the use of scarce natural resources and harmful substances. The supplier is strongly encouraged to replace any harmful ingredients in its product with less harmful substances. The supplier is also strongly encouraged to use recycled materials where possible and to focus on the circular economy of its products and processes.

The supplier must permit the ege Group to get in touch with questions and requirements for the documentation of ingredients in the products that the ege Group buys from the supplier, as this is a prerequisite for the ege Group's continued work on the development and production of increasingly sustainable products.

No later than by 2020, transport suppliers must use trucks with a minimum classification of EURO 6 or other environmentally friendly options for transporting goods to and from the ege Group's destinations.

ANIMAL WELFARE

Those of the ege Group's suppliers who use sheep in production (wool) must feed the sheep and treat them with dignity and respect. The sheep must have access to proper pasture and, in the event that they fall ill, must be treated using recognised methods to reduce suffering. The ege Group does not tolerate mulesing. The slaughter of the sheep must always be carried out using the quickest, least painful and non-traumatic method as ascertained and approved by recognised veterinarians.

ANTI-CORRUPTION

The ege Group's suppliers may not offer, promise, authorise or use any form of corruption, bribery, extortion or facilitation payment to improperly influence civil servants, courts, business partners or others. The supplier must also not encourage or receive any bribes. These requirements also apply to the supplier's agents, intermediaries and advisors.

VIOLATION OF THIS CODE OF CONDUCT

If the supplier is guilty of repeated and deliberate disregard of the Code of Conduct and refuses to cooperate with the ege Group on implementing plans to improve the situation, the ege Group will seek to sever the business relationship.

In the event of serious violations such as serious human rights infringements, significant damage to the environment or in the event of bribery, the ege Group may sever the business relationship with immediate effect.

The ege Group has established a whistleblower system in which people associated with the ege Group can report serious irregularities in the company. They can submit a report regarding suspected bribery, corruption, serious personal injury or damage to the environment and any other serious issue, including the issues described in this Code of Conduct. The whistleblower system can be found at www.egecarpets.com. Suppliers and their employees are welcome to use the system when needed.

SIGNATURE

As a supplier to the ege Group I confirm that I have read and understood the ege Group's Code of Conduct for suppliers. The company I represent will work in accordance with the requirements stipulated, now and in the future.

I hereby accept that the ege Group must follow up on my signature with verbal and written clarifying questions and on-site visits, and that I will ensure the transmission of relevant documentation at the ege Group's request.

Date

Signature

Company name

INTERNATIONAL BILL OF HUMAN RIGHTS

The International Bill of Human Rights was adopted by the UN in 1948. The bill consists of five treaties designed to promote fundamental freedoms and to protect fundamental human rights. All companies are subject to the bill, which covers, among other things, the right to self-determination, work, social security, education, health, fair trial, trade union freedom, privacy, thought and freedom of speech, equality, etc. It also covers the right to not be discriminated against, coerced, tortured, detained, etc.

RIO DECLARATION ON ENVIRONMENT AND DEVELOPMENT

The Rio Declaration was adopted by the UN in 1992 and has been signed by more than 170 countries. The Rio Declaration consists of 27 principles to ensure sustainable development by describing the negative environmental effects to be tackled. These include the use of scarce resources, emissions to air and water, noise, odour and dust, potential and actual soil pollution, waste management (hazardous substances) and issues related to products (design, development, packaging, transport, use, reuse and waste).

UN GUIDING PRINCIPLES FOR BUSINESS AND HUMAN RIGHTS

The UN Guiding Principles were adopted by the UN in 2011. These are a set of universal guidelines to ensure that both states and companies take responsibility for respecting human rights throughout their value chain. The UN Guiding Principles require the company to identify any risk and to work to minimise this through policies for the area as well as due diligence processes. The company is obliged to ensure redress for any affected parties and to ensure that their suppliers implement the same processes in the first tier. All companies are subject to the UN Guiding Principles.

OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES

The OECD Guidelines are a set of guidelines from the OECD with the same approach as the UN Guiding Principles, stipulating requirements for human rights, workers' rights, environmental protection and anti-corruption. In practice, this means that the principles of risk management, improvements, redress and due diligence from the UN Guiding Principles must be extended to workers' rights, environmental protection and anti-corruption. All companies are subject to these guidelines.

UN SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs) were adopted in 2015 as a roadmap to save a world under strain due to overpopulation, climate change, scarcity of resources, unrest, inequality, etc. The roadmap contains 17 goals and 169 subgoals, and obliges all the UN's 193 member states to work to achieve sustainable development by 2030. The success of the plan requires all states, businesses and individuals to make an active effort to achieve sustainable development results.

UN GLOBAL COMPACT

The UN Global Compact is a UN initiative which sets out 10 general principles for companies' work on social responsibility. The principles concern respect for human rights, the right to freedom of association and collective bargaining, the abolition of child labour, the elimination of discrimination, a precautionary approach to environmental challenges, the promotion of environmental responsibility, the development of environmentally friendly technologies, and the discouragement of all forms of corruption. Companies may volunteer to join the UN Global Compact and thus support the principles.

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