

BANG & OLUFSEN

Supplier Code of Conduct



Introduction

Our company is committed to a framework of principles and policies which includes respect for universally recognized standards for the environment, human rights, labour, anti-corruption and the 10 principles of UN Global Compact.

Therefore, we seek to work with suppliers who share our commitment and ensure that all our suppliers operate in compliance with the terms and standards of our Supplier Code of Conduct. Please refer to Code of Conduct shared below for more information about the specific terms and standards.

In case of non-compliance with some of the standards in our Code of Conduct, we will help to secure a program of steady and sustainable improvements.

If you have any questions regarding the Supplier Code of Conduct, please contact our offices.

Kind regards,
Bang & Olufsen A/S

PART I: Introduction

1. Purpose of the Supplier Code of Conduct

The purpose of this Supplier Code of Conduct is to secure that suppliers to Bang & Olufsen operate in accordance with internationally recognized minimum standards on human rights, labour and the environment. Bang & Olufsen adheres to the principles established in this Supplier Code of Conduct and expects the same of its suppliers.

Continuous compliance to the terms of this Code of Conduct is a condition of any agreement or contract between Bang & Olufsen and our suppliers.

The aim of the Supplier Code of Conduct is not to terminate business, but to help suppliers improve human rights, labour and environmental standards. Bang & Olufsen is therefore willing to work with suppliers to achieve compliance with the provisions of this Supplier Code of Conduct. However, we will not conduct business with a supplier if compliance with the requirements of the Supplier Code of Conduct is deemed impossible. Nor will we conduct business with a supplier engaged in violations of fundamental human rights and are not willing to initiate and implement corrective actions immediately (see zero-tolerance standards below).

Bang & Olufsen shall periodically review the adequacy and continuing effectiveness of this Supplier Code of Conduct.

2. Scope of Application

This Supplier Code of Conduct applies to all suppliers of Bang & Olufsen A/S and its subsidiaries. The provisions of the Supplier Code of Conduct extend to all workers, regardless of their status or relationship with a supplier. The Supplier Code of Conduct therefore also applies to workers who are engaged informally, on short-term contracts, or on a part-time basis.

It shall be the responsibility of suppliers to secure that their sub-suppliers do not violate the standards of this Supplier Code of Conduct.

3. Normative Elements

General Principles

Any questions or disputes regarding the interpretation of the provisions of this Supplier Code of Conduct shall be resolved by Bang & Olufsen.

The Supplier Code of Conduct is not and should not be interpreted as a means to circumvent or undermine national laws or national labour inspectorates. Similarly, this Supplier Code of Conduct is not and should not be interpreted as a substitute for free trade unions, nor should it be used as a substitute for collective bargaining.

The Supplier Code of Conduct establishes minimum standards and Bang & Olufsen will not accept any attempt to use the requirements as a means to lower existing standards or to prevent or discourage collective bargaining. When implementing this Supplier Code of Conduct, suppliers shall take all necessary measures to secure that they do not unintentionally leave workers and other beneficiaries in a worse position than before the Supplier Code of Conduct was introduced.

Legal Compliance

In addition to meeting the terms of this Supplier Code of Conduct, suppliers shall comply with all national laws and regulations as well as other applicable standards (e.g. collective bargaining agreements or other Code of Conducts).

Where there are differences between the provisions of this Supplier Code of Conduct and national laws or other applicable standards, suppliers shall adhere to the higher or more stringent requirements.

Conflicts between the provisions of this Supplier Code of Conduct and national laws or other applicable standards shall be evaluated by Bang & Olufsen in cooperation with the supplier 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 and the environment. If any conflicts are detected, the supplier must inform Bang & Olufsen, Head of Procurement immediately.

International Standards

This Supplier Code of Conduct is based on the general principles contained in the Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights (1966), the International Covenant on Economic, Social and Cultural Rights (1966), the Eight Fundamental ILO Conventions and other relevant international human rights and labour standards.

PART II: Standards

Bang & Olufsen requires that our suppliers and their sub-suppliers observe the standards outlined below:

Employment Practices

1. Forced Labour

1.1. Forced Labour and Freedom of Movement

The supplier must not participate in, or benefit from, any form of forced labour, including bonded labour, forced prison labour, slavery, servitude or human trafficking. Workers must have the freedom of movement during the course of their employment.

1.2. Retention of monetary and/or material goods

The supplier must not withhold any part of any personnel's salary, benefits, property or documents (e.g. identity cards and travel documents) in order to force personnel to continue working for them.

1.3 Disciplinary measures

The supplier shall treat all personnel with dignity and respect. The supplier shall not engage in or tolerate the use of corporate punishment, mental and physical coercion and verbal abuse of personal.

2. Child Labour and Young Workers

2.1. Minimum Age Requirements

The supplier 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).

2.2. Educational Remediation Programme

If the supplier becomes aware that it is employing children of school age, it shall ensure that the children are enrolled in a remediation programme, rather than being summarily terminated from employment. The programme shall include access to education and financial support and shall be decided in consultation with the child and family or next of kin.

2.3. Light work and Apprenticeship Programmes

Where permitted by national laws, the supplier may employ children between 12 and 15 to perform a few hours of light work during the 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.

2.4. Hazardous and Harmful Work

The supplier must refrain from hiring and employing young workers (below 18 years of age) to perform any type of work that is likely to jeopardize their health, safety or morals.

3. Non-Discrimination

3.1. Non-discrimination in Employment-related Decisions

The supplier must 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. Freedom of Association

4.1. The Right to Freedom of Association and Collective Bargaining

The supplier must not interfere with the workers' rights to form and join unions, or other associations of their own choosing, and to bargain collectively. Nor shall the supplier discourage membership of unions. Workers' representatives shall not be subject to discrimination and shall be given access to employees at the workplace. The supplier must recognize elected workers' representatives and bargain in good faith with them regarding all important workplace concerns.

4.2. Alternative Measures in Case of State Prohibition on Unions

If trade unions are not allowed in the area of operation, or only state authorized organizations are allowed, the supplier shall facilitate, and not prevent, alternative measures to allow employees to gather independently to discuss work-related matters and a forum to present work-related concerns to management.

4.3. The Right to Not Affiliate and Join Unions

The supplier must not interfere with the workers' right to not affiliate and join unions or other associations.

5. Workplace Health and Safety

5.1. Health and Safety Standards

The supplier must secure that its workers are offered a safe and healthy working environment including but not limited to protection from fire, accidents and toxic substances. Adequate health and safety policies and procedures must be established and followed.

5.2. Training and Protective Gear

The supplier shall provide its employees with the protective equipment and training necessary to perform their tasks safely.

5.3. Sanitary Infrastructure

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

6. Conditions of Employment and Work

6.1. Workplace Violence, including Assault, Harassment and Threats

The supplier shall protect its 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.

6.2. Remuneration

Basic wages

The supplier shall comply with legal minimum standards or industry benchmark standards concerning wages and benefits, whichever is higher. In any case, the supplier must always provide a “living wage” which enables workers to meet the basic needs of themselves and their dependents. Wages shall be paid in legal tender and on a regular basis.

Overtime and deductions

Overtime shall be remunerated at a premium rate.

Deductions from wages shall be transparent and must never be used as a disciplinary measure. In no case may deductions from wages reduce the net compensation payable to the employee for any relevant period below the minimum wage level determined under local laws and regulations.

6.3. Established Working Relationship

All workers shall be provided with a written, understandable and legally binding labour contract. The supplier shall not rely on part-time, short-term or casual labourers, trainees, or false apprenticeships to pay lower wages and fewer benefits. Provisions for non-permanent and seasonal workers should be no less favorable than those for permanent workers.

6.4. Leave

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

6.5. Hours of Work, Rest Periods and Breaks

The supplier shall ensure that the work week is limited to 48 hours. Overtime shall be voluntary, infrequent, and not exceed 12 hours per week. Employees shall be entitled to at least one day off per week and given reasonable breaks while working and sufficient rest periods between shifts.

In addition, the supplier must comply with all local laws and regulations in regard to hours of work, rest periods and breaks. Bang & Olufsen does accept in isolated cases that supplier’s employees can work more than 60 hours per week for a limited period of time if voluntary and permitted according to local laws and regulations.

6.6. Employee Privacy

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

Community Impact

7. Security

7.1. Use of Company Security Forces

The supplier shall prevent its security guards from violating the liberty and security of others. Security guards shall be trained on when to intervene in security-related situations and how to use the minimal force necessary.

7.2 Relations to State Security Forces

The supplier shall take all reasonable measures to avoid involvement or complicity in human rights violations in its relationships and interactions with state security forces.

8. Land Management

8.1. Purchase of Land

Before purchasing land, the supplier shall seek the prior and informed consent of all legal and/or customary owners.

8.2. Relocation

The supplier shall ensure that it does not participate in or benefit from improper forced relocations, and adequately compensates inhabitants in legitimate relocations.

9. Accidents and Health

9.1. Industrial Accidents and Health Emergencies

The supplier shall establish and maintain emergency procedures to effectively prevent and address all health emergencies and industrial accidents affecting the surrounding community or having an adverse impact on the environment.

10. Corruption and Bribery

10.1. Bribing of Government Officials and private parties

The supplier shall refrain from bribing, or using any other method, to unjustly influence public officials and/or the judiciary and/or private parties.

11. Environmental Protection

11.1. Managing Environmental Aspects

The supplier must strive to minimize the adverse environmental impacts of its activities, products and services through a proactive approach and responsible management of its environmental aspects (including, but not limited to):

- Use of scarce natural resources, energy and water
- Emissions to air and releases to water
- Noise, odor and dust emission
- Potential and actual soil contamination
- Handling of hazardous substances
- Handling of hazardous and non-hazardous wastes
- Product issues (design, packaging, transport, use and recycling/disposal)

11.2. Complying with Environmental Legislation

The supplier shall maintain awareness of current environmental legislative requirements which are relevant to the environmental impacts of its activities, products and services and ensure legal compliance through training, awareness, operational control and monitoring.

11.3. Continuously Improving Environmental Performance

The supplier shall demonstrate continuous improvements of the overall environmental performance related to significant environmental aspects.

PART III: Implementation

1. Records and Documentation

The supplier shall maintain appropriate and accurate up to date records in a form that demonstrates compliance both with the requirements of this Supplier Code of Conduct and relevant national or regional data protection standards. The supplier is responsible for complying with this Supplier Code of Conduct and for providing information and documentation. Records shall be available to Bang & Olufsen upon request at any time in anonymized form so as to avoid disclosing any personally identifiable information of employees or workers. This information must be exclusively related to the purpose of the audit and must not be removed from the facility (e.g. in form of photocopies). Where there is doubt as to conformance with data protection and privacy laws, employee consent must be obtained before releasing the relevant information. Complete and accurate records include, but are not limited to:

- Employee identification numbers (instead of employee names) and ages of all workers.
- Timesheets with employee identification numbers, not names, or with personally identifiable information blacked out.

- Payroll records, including wage slips and overtime wage records, all with employee numbers rather than employee names, or with personally identifiable information blacked out.
- Health and safety records, including material safety data sheets, accident records with no employee names, or with personally identifiable information blacked out, and relevant certificates and permits.
- Environmental records, including data from the monitoring of significant environmental impacts and relevant permits.
- Records of any significant instances of non-compliance encountered in relation to this Code of Conduct, including a summary of the corrective actions taken to remedy the deficiencies.

2. Definition of Roles and Responsibilities

The supplier must assign responsibilities within its organization for the implementation of this Supplier Code of Conduct. As a minimum, the following representatives shall be designated:

- One or more management representatives with the responsibility and authority to ensure compliance with the provisions of this Code of Conduct.
- A qualified health and safety officer at each facility responsible for planning, implementing and monitoring the supplier's health and safety policies and procedures.

The supplier shall ensure that repeated offences and serious neglect by any of its personnel in relation to matters pertaining to this Code of Conduct will result in appropriate disciplinary actions, which may include dismissal from employment.

3. Training and Awareness-Raising

The supplier shall secure that employees are informed about the standards included in the Supplier Code of Conduct and the necessity of acting in accordance with them. In areas with high illiteracy rates, employees shall receive verbal instructions. It is the responsibility of the supplier to secure that the Supplier Code of Conduct remains accessible to all employees and in the local languages.

4. Complaints Procedures

The supplier shall establish mechanisms for hearing, processing, and settling complaints of employees. Workers must have the right to anonymously submit complaints regarding all workplace concerns, including complaints regarding the supplier's failure to comply with this Code of Conduct, without fear of punishment or adverse employment action. Any complaints submitted to the supplier which are not anonymous must be anonymized for the purpose of third-party inspections. The supplier shall properly investigate, address and settle all complaints in accordance with its pre-established complaints procedure. Records of these complaints shall be kept and remain accessible for Bang & Olufsen at its request.

Anyone affected by the supplier's activities must have access to communicate concerns or submit complaints without discrimination or fear of reprisal. The supplier shall properly investigate, address and settle any complaints or concerns raised by local communities.

5. Relations to Sub-suppliers

The supplier is responsible for ensuring that its respective sub-suppliers are working in compliance with the standards of this Supplier Code of Conduct. As part of this obligation, the supplier shall:

- Require sub-suppliers to inform the supplier about other business entities in the supply chain taking part in the production of each order.
- Screen and select sub-suppliers based on their ability to meet the standards of this Supplier Code of Conduct.

- Make observance of the standards included in the Supplier Code of Conduct a condition of any agreement or contract that it enters into with sub-suppliers.
- Undertake reasonable efforts to check that sub-suppliers operate in conformance with the Code of Conduct.

Bang & Olufsen can require disclosure of sub-suppliers in writing in order to include them in the standard monitoring programme by Bang & Olufsen. The supplier shall ensure upon request from Bang & Olufsen that sub-suppliers submit at any time to announced audits. The supplier shall ensure that sub-suppliers are required to provide physical access to any auditor from Bang & Olufsen or other auditors assigned by Bang & Olufsen. This obligation entails unhindered access to all facilities, records, and where provided by sub-suppliers, housing, as well as employees for confidential interviews. All records shall be provided in compliance with applicable laws and regulations., All records shall be provided without names, or personally identifiable information blacked out. The frequency and intensity of sub-supplier audits will depend on – and shall be appropriate to – the scale and intensity of their operations.

The zero-tolerance standards of Bang & Olufsen outlined below shall also apply to sub-suppliers.

6. Monitoring

Bang & Olufsen will monitor the operations of our suppliers to assess and ensure their compliance with this Supplier Code of Conduct. Our monitoring programme consists of on-site inspections (or audits) and periodic self-evaluations by suppliers of their premises and those of their subcontractors.

The supplier shall submit at any time to announced as well as unannounced audits. The supplier is required to provide physical access to any auditor from Bang & Olufsen or other auditors assigned by Bang & Olufsen. This obligation entails unhindered access to all facilities, records (to be provided without names, or with any personally identifiable information blacked out), and where provided by suppliers, housing, as well as employees for confidential interviews. The frequency and intensity of supplier audits will depend on – and shall be appropriate to – the scale and intensity of their operations.

7. Verification

Bang & Olufsen reserves the right to let an independent third party of its choice make on-site inspections to verify compliance with the requirements of this Code of Conduct. Documentation made available for these inspections must have employee names and personally identifiable information either absent or blacked out for the purpose of complying with national and regional data privacy laws. This information should pertain solely to the content of the audit and must not be removed (e.g. in the form of photocopies) from the supplier facility.

8. Enforcement, Remediation and Corrective Action,

Where instances of non-compliance with the requirements of this Code of Conduct are identified, the supplier shall promptly take corrective action to remedy the deficiencies as well as taking measures to prevent similar problems from recurring in the future. Therefore, a written plan must be delivered to Bang & Olufsen, Head of Procurement within 30 days.

The supplier shall make timely and reasonable amends to any employee, former employee, or community member whose rights have been violated. Remediation includes, but is not limited to, paying back all wages found to have been unlawfully withheld or reinstating any employee found to have been unlawfully dismissed.

Where instances of non-compliance are detected as a result of audits, the supplier shall be given a fixed period of time to self-correct the deficiency. In the event of failure to self-correct a problem, Bang & Olufsen is willing to engage in a constructive dialogue with the supplier to develop and implement a corrective action plan, with appropriate time scales for implementation and improvements to be achieved.

Agreement to abide by the corrective action plan allows continuation of the business relationship, as long as Bang & Olufsen finds that the supplier is implementing the plan in good faith.

In the event of repeated and serious breaches of the requirements of the Supplier Code of Conduct, Bang & Olufsen reserves the right to cease the business relationship with a supplier and possibly cancel any production or delivery in progress. The supplier is solely responsible for complying with this Code of Conduct.

9. Zero-tolerance Standards

Bang & Olufsen will not continue to do business with a supplier engaged in violations of fundamental human rights. The following is a non-exhaustive list of practices that are considered unacceptable:

- The use of bonded and forced labour, including forced prison labour and human trafficking.
- Worst forms of child labour, including forced child labour, child prostitution, and other work which is likely to jeopardize the health, safety and morals of children.
- Any harsh, inhumane or degrading treatment or punishment of employees.
- The exposure of employees to life-threatening work environments, where they have not been informed of the dangers and where protective measures have not been undertaken.
- Deliberately causing substantial pollution to air or water, or substantial soil contamination.
- Any complicity in violations of international humanitarian law and other crimes against the human person as defined by international law, including war crimes, crimes against humanity,
- Genocide, torture, forced disappearances, hostage taking and extrajudicial, summary or arbitrary executions.

If Bang & Olufsen has reason to believe that such violations are being committed by a supplier, the supplier shall initiate and implement corrective actions, or the business relationship will be terminated immediately. If Bang & Olufsen has reason to believe that the supplier was aware of the violation and willingly operated in violation of fundamental human rights, the supplier may be reported to the relevant authorities. Therefore, a written plan including the implemented corrective actions must be delivered to Bang & Olufsen, Head of Procurement immediately after the end of the audit.