

Upstream Supply Chain Due Diligence

APPROACH

As the largest retailer in Denmark, Salling Group offers a wide assortment of products within the four main categories, which are food, nearfood, nonfood, and textiles. We are aware of that our purchasing activities may have potential negative influence on humans that are involved in the different tiers in our value chain.

It is therefore essential that we practice responsible business conduct and we are committed to respecting human and labour rights across countries in our various supply chains.

We are also committed to ensure that raw materials are sourced with respect to legality - and we take reasonable steps to comply with both national and European legislation. It should be mentioned that for certain social parameters we follow international standards and guidelines, which could undermine the respective national legislation.

This particular document outlines our processes, supplier expectations and requirements when it comes to upstream supply chain due diligence on social and environmental parameters.

With offset in a classic supply chain due diligence framework, we identify adverse risks, analyze and prioritize, search for best emerging practices, implement necessary risk mitigating actions, and measure the efficacy of our initiatives. This approach enables us to focus our resources in areas of high risk where severity and likelihood is deemed high, and then initiate actions where it matters the most.

Additionally, we strive to actively use capacity building to strengthen our business partners, since knowledge and practical tools are important means to establish a strong and healthy foundation for proper working conditions, and respect of human rights in general.

Salling Group is a member of the UN Global Compact, which brings valuable guidelines and standards to build our setup upon. Besides our membership of UNGP, we lean on international conventions such as The Universal Declaration of Human Rights, the OECD Guidelines, the UNGPs, and the ILO- conventions and recommendations.

CODE OF CONDUCT

As a supplier to Salling Group, the values and principles within our adopted Code of Conduct must be read, accepted, and complied with. The code applied is amfori BSCI, and it is an integrated part of our general trade terms.

It is expected that our business partners have a good understanding of their supply chains, and that due diligence in relation to human rights and environmental protection is practiced. This would entail to map and further investigate potential and relevant human rights risk and environmental risks, and act accordingly.

In case one or several breaches occur along the individual supply chain, the supplier is obligated to initiate necessary remediation. This could be to create a proper and realistic corrective action plan, and ensure that the actions are implemented, to prevent the particular irregularity, or irregularities, from occurring again.

We believe in and support continuous improvement. Although, when a partner is reluctant or unwilling to share a transparent supply chain, or follow and document compliance with our Code of Conduct, we see no other option than to reconsider the specific business relationship.

GROUND RULES

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 Sourcing 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 Name¹)
- Tertiary brands²

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 amfori's latest version of the document 'Country Risk Classification'** must present documentation for a valid social standard, according to Salling Group's Basket of Standards

BASKET OF STANDARDS



Once a profile has been completed by the supplier, in our Responsible Sourcing System, our Responsible Sourcing 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 6th month, the Responsible Sourcing System will require an active update, and renewed documentation will be requested in alignment with the individual standard's audit cycle.

It is also mandatory for the supplier to ensure timely upload of a corrective action plan in our system on the individual producer's site, despite which standard the producer follows. It is expected that non-

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

² Tertiary brands are defined as smaller brands that are not categorized as registered A-brands

compliances are remediated according to the 3rd party recommended timelines and that the same finding does not reappear.

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

EXTENDED COMMODITY REQUIREMENTS

Based on internal risk assessments, Salling Group has developed different extended commodity requirements, where it has been deemed necessary to take further actions. This includes a greater degree of supply chain transparency and belonging documentation on either social and/or environmental compliance. In connection with these requirements we do accept a list of additional social and environmental standards that are not mentioned in this document. Further details can be found in our Responsible Sourcing System or requested by contacting our Responsible Sourcing Team via responsible@sallinggroup.com.

Commodities to which extended requirements apply are the following:

- Flowers & Plants
- Fruit & Vegetables
- Wine
- Fish & Seafood
- Canned Tomatoes
- Cocoa
- Genuine Leather
- Ready-Made Garment, Bangladesh
- Soy
- Palm oil.

LEGISLATION

The supplier should pay attention to supply chain related EU legislation on social and environmental parameters.

The European Timber Regulation (EUTR)

If the product sold to Salling Group should be in-scope for the EUTR obligations, we expect that proper due diligence as described in the regulation is carried out by the supplier. Relevant documents and datapoints will be requested in connection with the order giving point either by the relevant purchasing department, or the Responsible Sourcing Team.

The European Deforestation Regulation (EUDR)

Several commodities and derived products are covered by the EUDR, and it is therefore important that the supplier is updated on content and interpretation of the obligations. It is expected that the supplier carries out proper due diligence in accordance with their role and responsibilities as outlined in the regulation.

Should you have any questions to the above feel free to contact Salling Group's Responsible Sourcing Team via responsible@sallinggroup.com