

# SUPPLIER CODE OF CONDUCT

Group Procurement



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## General provisions

DAB, as part of Grundfos Group, is a company with strong values, high ethical standards and a reputation built on honesty and integrity, articulated in the DAB Code of Conduct. It is our ambition to ensure our supply chain complies to the same high standards, described in the Supplier Code of Conduct. The document addresses e.g. responsible business conduct and good business ethics.

We consider collaboration with our suppliers to be an integral part of our success and we look forward to working with them to develop more sustainable business practices for us all.

All DAB suppliers will comply with the Supplier Code of Conduct and applicable national and international laws and regulations, as well as internationally recognised human rights.

Where differences exist between national legislation and international standards, suppliers shall seek ways to adhere to the highest standard, always in respect of local law.

We expect DAB suppliers to have the necessary policies, processes and monitoring systems in place to comply with this Supplier Code of Conduct, including but not limited to preventing and mitigating modern slavery and human trafficking in their own operation, business relationships and supply chain.

# 1

## HUMAN RIGHTS

DAB suppliers shall be in compliance with applicable laws and regulations in regard to human rights. DAB suppliers are expected to respect human rights and not to be directly or indirectly involved in any human rights violations at any stage of their business activities. To achieve this, the supplier is expected to conduct its own due diligence appropriate to its size and circumstances to prevent and address impacts on human rights linked to its business activity. In addition to that, we have certain requirements on specific human rights, as defined below.





## 1. HUMAN RIGHTS

### 1.1

# Working Hours

The supplier shall ensure that working hours—including regular working hours, overtime, days of rest and breaks—are in compliance with applicable laws and regulations in the relevant country.

The below guidelines are to be adhered where legislation is not specific:



#### **REGULAR WORKING HOURS**

The limit shall be set to 48 hours per week.



#### **WORKING HOURS INCLUDING OVERTIME**

The limit shall be set to 60 hours per week. This limit may only be exceeded in emergencies or exceptional situations.



#### **REST PERIOD**

All workers are entitled to at least 24 consecutive hours of rest in every seven day period.



## 1. HUMAN RIGHTS

### 1.2

# Child Labour and Employment of Minors

Suppliers shall not recruit or employ child labour. The minimum age of workers shall be 15 years or the minimum age set by the national laws in the country of manufacturing, whichever is higher.

This requirement shall be included in suppliers' employment policy, and measures for age verification and process for remedy in case of violations of the policy shall also be maintained. They should be protected from any hazardous work, night shift and any kind of work that might potentially harm workers' health and safety.

Young workers shall receive proper training and wages in accordance with applicable laws and regulations.





## 1. HUMAN RIGHTS

### 1.3

# Forced Labour

Any form of forced labour is strictly prohibited. The supplier shall not use or benefit from any form of forced labour and/or human trafficking, including but not limited to:

- ✘ Any form of bonded, indentured and/or prison labour
- ✘ Labour or services under the influence of threat, coercion, abduction or fraud, including mandatory overtime
- ✘ Restriction on freedom of movement
- ✘ Retaining of important original personal identification documentation or immigration documentation
- ✘ Charging or using an employment agency that charges recruitment fees and other fees to workers
- ✘ Any other excessive means to prevent employees from terminating employment at will



## 1. HUMAN RIGHTS

### 1.4

# Discrimination and Equality

Any form of discrimination is strictly prohibited.

The supplier shall base employment decisions on merit and qualifications. The supplier shall not discriminate on the basis of, race, colour, religion or creed, gender or gender expression, age, national origin or ancestry, medical condition, marital status, sexual orientation, mental or physical disability or social status. The rights of workers most vulnerable to discrimination shall be given additional attention. All individuals shall receive fair and equal treatment. Suppliers are encouraged to create and implement policies and procedures that embrace diversity, equity and inclusion practices

### 1.5

# Harassment

Supplier shall commit to a safe and inclusive workplace free of abuse and harassment.

Any harsh or inhumane treatment or the threat of such treatment, including but not limited to physical, psychological, verbal, sexual or any other kind of harassment shall be prohibited.







## 1. HUMAN RIGHTS

### 1.6

# Freedom of Association and Collective Bargaining

The supplier shall respect the workers' right to join or form unions and to bargain collectively, or the right not to join one if that is the case.

Employees and/or their legitimate representatives shall be provided with an open and cooperative environment to share ideas or concerns with management without fear of discrimination, harassment or reprisal.

### 1.7

# Wages and Benefits

The supplier shall provide wages and benefits that comply with applicable laws and regulations and/or applicable collective bargaining agreements in the relevant country, which includes basic wages, benefits and overtime.

Wages shall be paid on time and within the timeframe, and form agreed, or following local laws and regulations. Suppliers shall provide workers with understandable written statements that clearly define their work hours in each pay period, the compensation rate, and standard deductions. Deductions shall always be transparent and never used as disciplinary measures.

1.8

## Employment Conditions

The supplier shall comply with all the requirements of local laws and regulations in the relevant country in regards to employment contracts.

In the absence of laws and regulations, the supplier shall provide a written employment contract that outlines the terms of employment, meeting industry standards or applicable collective bargaining agreements in the relevant country. Contracts are required to be in a language understandable to workers, mutually agreed and signed by employers and their workers.

Any changes should be agreed upon in writing. In case workers relocate to other countries for employment, the contracts are required to be provided to workers before they depart from their country of origin. The supplier shall provide all the benefits required by the local laws and regulations in the respective country including and not limited to annual leave, maternity and paternity leave and social security where applicable. Apprenticeships and temporary and alternative employment schemes shall not be used to circumvent employment benefits.







## 1. HUMAN RIGHTS

### 1.9

# Local People and Communities

Suppliers shall ensure to respect the rights of the local communities and indigenous people wherever they operate, develop or implement projects, especially the rights to land and natural resources.

DAB encourages its suppliers to actively engage with local community members and further promote similar requirements to their suppliers and business partners.

### 1.10

# Grievance Mechanism and Remedy

Suppliers are encouraged to have mechanisms in place and made available to employees, workers in the supply chain, individuals, communities and their representatives to raise concerns without fear of reprisal or retribution.

Suppliers and their employees are also encouraged to raise questions or concerns to our anonymous reporting system, DAB whistle-blower platform, if they suspect that any of DAB employees do not act in adherence with this Supplier Code of Conduct or its own DAB Code of Conduct.



<https://dab.integrityline.com>



# 2

## HEALTH & SAFETY

We expect that our suppliers, in line with DAB's ambitions, work systematically on providing workers with safe and healthy work conditions. This includes, as a minimum, that safety incidents are recorded and that suppliers pro-actively work on reducing hazards beyond the legal obligation, if relevant, to protect the health and safety of employees. Hazards include, but are not limited to: occupational health and safety, emergency readiness, and access to clean water, sanitation and hygiene facilities.







# 3

## ENVIRONMENT

We expect that our suppliers proactively manage their major environmental risks and most relevant aspects (e.g. materials/packaging, energy, water, emissions/ effluents). Environmental risk management should as a minimum include mapping of the major risks and implementation of risk mitigation actions. Management of the most relevant environmental aspects should as a minimum include problem identification and implementation of actions to reduce negative environmental impacts.

# 4

## BUSINESS ETHICS & INTEGRITY

DAB operates in many different countries, and across cultures, traditions, local laws and regulations and has a strong commitment to developing and maintaining good business ethics. We also expect this commitment from our suppliers.







## 4. BUSINESS ETHICS & INTEGRITY

### 4.1

## Anti-corruption

Any form of corruption is strictly prohibited. Suppliers shall not solicit, accept, offer or pay bribes or facilitation payments during the performance of their business dealings.

### 4.2

## Confidentiality, Data Protection and Data Security

Suppliers shall ensure that confidential information or personal data provided by DAB and others on behalf of DAB is used solely as explicitly permitted and in accordance with applicable laws and regulations.

This also applies after the business relationship with DAB ends, and when relevant, complies with EU regulation on processing of data and IT security when dealing with DAB.

4.3

## Intellectual Property Rights

Suppliers shall ensure that intellectual property of DAB and other third parties, including but not limited to copyrights, patents, designs and trademarks, are used and licensed to DAB in accordance with relevant agreements, as explicitly permitted and in accordance with applicable laws and regulations.







## 4. BUSINESS ETHICS & INTEGRITY

### 4.4

# Entertainment, Travel, Gifts and Personal Benefits

Suppliers must only offer entertainment, gifts and personal benefits to DAB employees if they meet all the following criteria:

- ✓ The entertainment, gifts and personal benefits are compliant with local customs and usual business practices
- ✓ The entertainment, gifts and personal benefits cannot be construed as a bribe, or otherwise given in exchange for a service
- ✓ The entertainment, gifts and personal benefits do not violate any laws, regulations or internal rules of the supplier
- ✓ The entertainment, gifts and personal benefits would not seem inappropriate if disclosed publicly
- ✓ Suppliers who arrange events must not offer to pay travel and overnight expenses for DAB employees attending such events

4.5

## Export Control & Sanctions

Suppliers shall comply with all applicable export control, customs and foreign trade regulations.

Traded goods or services must be in conformance with national and international foreign trade and customs requirements, including any embargos, sanctions or directives.

4.6

## Fair Competition

Suppliers shall conduct their business in line with all applicable competition laws and regulations.







#### 4. BUSINESS ETHICS & INTEGRITY

### 4.7

## Product Chemical Compliance

Suppliers shall:



Ensure that all final products, parts and components delivered to DAB comply with all applicable laws, regulations and directives regarding the prohibition and restriction of substances, including hazardous substances.



Upon request and in a timely manner provide to DAB relevant and reasonable information about the substances in the final products, parts, and components delivered to DAB via designated platforms or communication channels specified by DAB.

4.8

## Responsible Sourcing of Minerals including Conflict Minerals

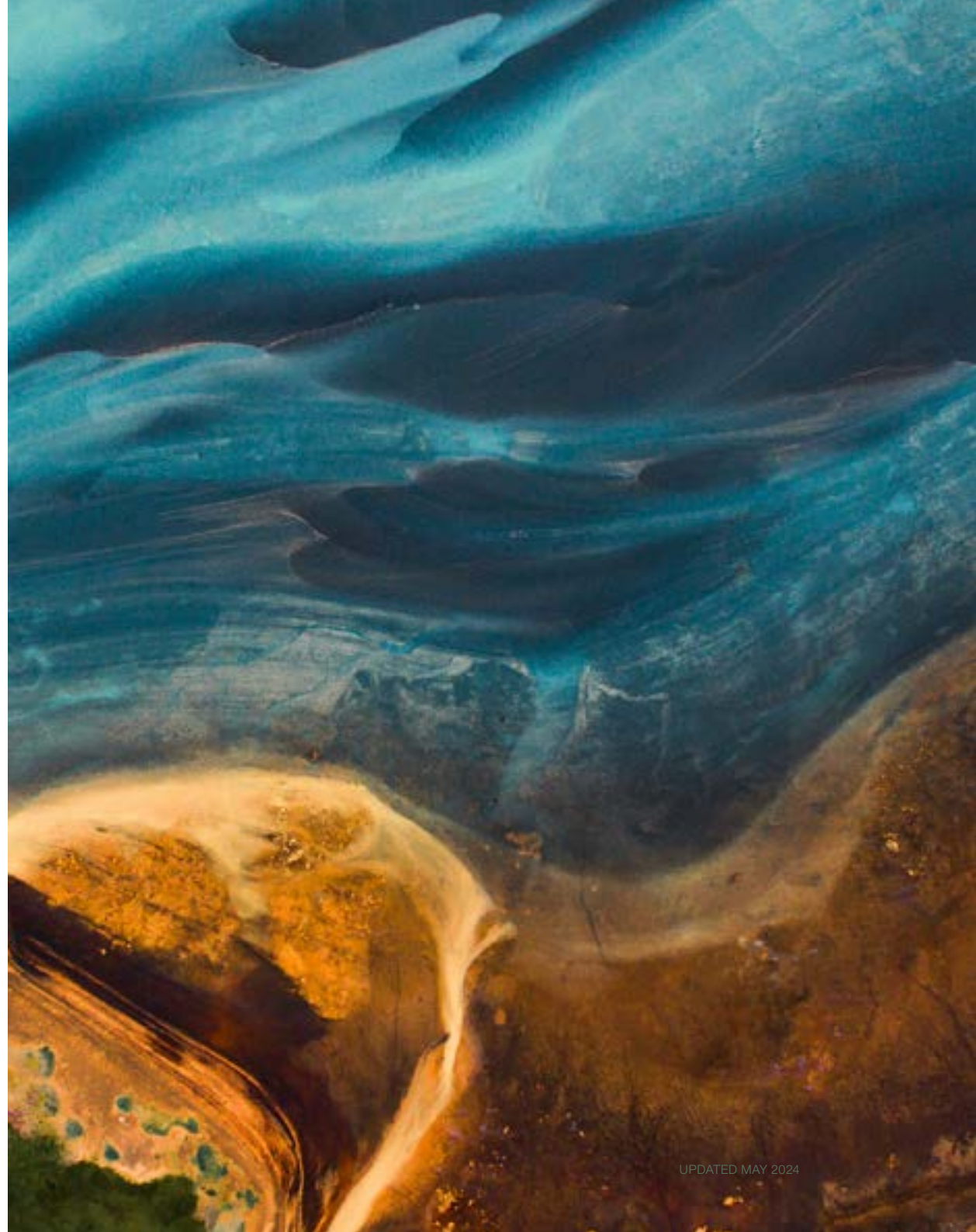
Suppliers shall ensure that all final products, parts, and components delivered to DAB comply with all applicable laws and regulations regarding the responsible sourcing of minerals from conflict-affected or high-risk areas. They shall also:



Reasonably assure that all conflict, or responsible minerals or metals including but not limited to tantalum, tin, tungsten, gold, cobalt and mica in the final products, parts and components delivered do not directly or indirectly benefit armed groups that commit human rights abuses in conflict affected and high-risk areas



Upon request and in a timely manner provide to DAB all documentation and supporting evidence about the due diligence measures including substances in the final products, parts and components delivered to DAB via designated platforms or communication channels specified by DAB







## ASSESSMENTS AND CORRECTIVE ACTIONS

DAB expects suppliers to be able to demonstrate their compliance with this Supplier Code of Conduct. If the Supplier is selected for sustainability assessment (online) or sustainability audit (on-site), it must go through the process. Sustainability assessments and audits cover the areas of Environment, Labour and Human Rights, Ethics and Sustainable Procurement. DAB deploys the following Supplier Code of Conduct performance evaluation tools: off-site assessments and on-site sustainability audits.

## Off-site sustainability assessments

The Supplier commits to providing clear evidence of compliance to this Code of Conduct on request in an electronic format. A 3rd party service provider appointed by DAB will handle the online assessment and the Supplier is wholly responsible for subscribing to the service in order to complete the assessment process.

## On-site sustainability audits

DAB might conduct on-site audits and follow-up audits. The initial audits will usually be announced, while follow-up audits may be unannounced. The supplier must prepare for and provide on-site auditors with the necessary documentation and access to workers for interviews.

Sustainability audits are carried out by either DAB or a 3rd party on behalf of DAB. Any 3rd party auditor acting on behalf of DAB is subject to an obligation of confidentiality.

## In case of non-compliance

DAB can terminate the business relationship or the agreement with the supplier due to the seriousness of an issue or repeated non-compliance with the DAB Supplier Code of Conduct, especially but not limited to expectations described under section “Assessment and Corrective Actions”.

## DAB responsibilities

We aim to improve performance in regards to the DAB Supplier Code of Conduct in our existing supplier base. We will always communicate our expectations to our suppliers.

We consider suppliers' performance on the DAB Supplier Code of Conduct as part of our evaluation of the supplier and create incentives to improve supplier performance. DAB will follow up on the outcome of sustainability audits and communicate expected actions to the supplier. DAB will ensure that reports and records used to assess suppliers' Code of Conduct performance are treated as confidential.



*This version of the Supplier Code of Conduct supersedes and replaces its previous versions published earlier. Any reference to the DAB Supplier Code of Conduct in any documentation or contracts with the supplier is intended to refer to this version of the Supplier Code of Conduct.*

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