

nordlux[®]

Corporate Social Responsibility



**We are the ones
to be trusted**

**We are
serviceminded**

nordlux®

INTEGRITY

DYNAMIC

To our business partners and others for whom it may concern

Nordlux Group is committed to avoid and address adverse impacts on the basic principles for the social, environmental, and economic development that we cause, contribute, or are linked to in our business relations.

Therefore, we seek to ensure that our own company, as well as our business partners, operate in accordance with requirements of the Nordlux Code of Conduct from 2023, and thereby work towards alignment with the internationally recognized principles for sustainable development.

We acknowledge that establishing the required processes outlined in our Code of Conduct requires both time and resources, especially in the initial phases. We are implementing and maintaining similar processes in our own internal 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, including labour rights, environment, and anti-corruption.

We focus on our business partners' ability and willingness to demonstrate continuous improvements in meeting the requirements of this Code of Conduct. We believe that cooperation and dialogue can lead to a more efficient and beneficial partnership for both parties.

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 Compliance Specialist¹.

Kind regards,

Nordlux

¹ compliance@nordlux.com



Definition of the term “Business partner”

In this document, the term “business partner” is to be understood as the partnership between Nordlux and our suppliers and customers. It is a combination of two or more people who share responsibility for managing the activities that the partnership is generating.

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Nordlux – Code of Conduct

Nordlux is a global market leader within the lighting industry. We believe that we have a natural obligation to take our part of the responsibility for the solution to national and global challenges.

We are lifting people's quality of life with light, and we are passionate about inspiring people to make the most of lighting. The Danish tradition and passion for great lighting combined with world class technology enables us to deliver a wide range of sustainable products with a superior combination of lasting quality, great design and user-friendly functionality - at competitive prices.

Nordlux's products light up the dark in more than 64 countries and are sold by more than 4600 dealers worldwide. Our presence, worldwide, takes great value and support in the 17 UN Sustainable Development Goals² (SDG's).

Nordlux have pointed out the three UN SDG's that perfectly suit our behaviours and values which are:

- *Integrity*
- *Dynamic*
- *Excitement*
- *Always*

The pointed-out UN goals are the following:



A brighter world

Our social responsibility efforts are gathered under the heading 'A Brighter World'. This is an expression of taking our social responsibilities on human and labour rights as well as on how we want to focus on improving environmental conditions and seek to avoid anti-corruption.

Within our membership in Amfori we set our values and principles and strive to implement these in our supply chain. Our code is also based on the values from the Amfori code of conduct, which acknowledges that international trade is an essential vehicle for human prosperity and social economic growth. We believe that this altogether leads to 'a brighter world'. Likewise, we are proud holders of the FSC™ certification as a step towards becoming environmentally responsible in our product development.

The Amfori Code of Conduct refers to international conventions such as Universal Declaration of Human Rights³, the Children's Rights and Business Principles⁴, UN Guiding Principles for Business and Human Rights⁵, OECD Guidelines⁶, and International Labour Organization⁷ (ILO) Conventions and recommendations relevant to improving working conditions in the supply chain.

We acknowledge that achieving a more sustainable profile is a task that involves everyone with a connection to Nordlux – from owners, board members and management to co-workers, suppliers, sub-suppliers and customers.

We work systematically on establishing the required standards and processes and acknowledge that it requires both time and resources from us and our business partners. Most important is the willingness to demonstrate continuous improvements to meet the requirements in our Code of Conduct. We feel confident that transparent dialogue and cooperation can result in more sustainable and efficient partnerships from which both parties will benefit.

³<https://www.un.org/en/about-us/universal-declaration-of-human-rights>

⁴<https://childrenandbusiness.org/>

⁵https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf

⁶<https://www.oecd.org/>

⁷<https://www.ilo.org/global/lang--en/index.htm>

Requirements to our due diligence

It is a declared policy of Nordlux to be a responsible company. As stated in our vision, we are prioritizing a high level of integrity. Therefore, we are committed, via our business, to exercise due diligence and learn how to identify, prevent, and mitigate any adverse impact related to our Code of Conduct. This is required for all individuals, groups, and entities that our business has impact on within the trade, production, and the local community. The process of implementing company policies is the key to aligning due diligence through our supply chain.

The policies cover relevant impact areas such as health and safety, environmental focus and anti-corruption. Such policies must be communicated to all employees and other relevant stakeholders. Procedures and management systems are continuously developed to ensure that policies are implemented and adhered to.

To sum up, the Nordlux Code of Conduct covers areas that for each of them, after working with the due diligence process, may lead to new undefined areas to cover within the industry of lighting.

Freedom of association and collective bargaining

Our business partners shall achieve to; 1. respect the right of workers to form unions democratically, 2. not discriminate against workers who are members of a trade union, 3. respect workers' right to bargain collectively, 4. not prevent workers' representatives from having access to workers in the workplace or from interacting with them 5. respect this principle by allowing workers to freely elect their own representatives with whom the company can enter a dialogue about workplace issues.

No discrimination

Business partners shall achieve to not exclude, discriminate, or have a certain preference for persons based on gender, age, religion, race, caste, maternity, social background, disability, ethnic and national origin, nationality, membership in unions or any other legitimated organizations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases, or any other condition that could give rise to discrimination. Particularly, workers shall not be harassed or disciplined on any of the grounds listed above. Procedures to ensure punitive measures in cases of discrimination must be put in place.

Fair remuneration

This principle is observed by business partners when it is achieved to respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder. As a minimum it should be achieved to comply with wages mandated by governments' minimum wage legislation, or industry standards approved based on collective bargaining, whichever is higher. Wages are to be paid in a timely manner, regularly, and fully in legal tender. Partial payment in the form of allowance "in kind" is accepted in line with ILO specifications. The level of wages is to reflect the skills and education of workers and shall refer to regular working hours. Deductions will be permitted only under the conditions and to the extent prescribed by law or fixed by collective agreement. It may not be used as a disciplinary practice.

Decent working hours and working conditions

Business partners observe this principle when it is achieved to ensure that workers are not required to work more than 48 regular hours per week excluding overtime. Overtime cannot exceed 12 hours of overtime pr. week. All overtime must always be consensual and not requested on a regular basis.

Nordlux acknowledges exceptions as specified by ILO. Applicable national laws, industry benchmark standards or collective agreements are to be interpreted within the international framework set out by the ILO.

The use of overtime is meant to be exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate and shall not represent a significantly higher likelihood of occupational hazards. Business partners achieve this when they grant workers right to resting breaks every working day and grant at least one day off in every seven days, unless exceptions defined by collective agreements apply.

All employees shall be provided with a written, understandable, and legally binding contract, including the employee's date of birth, holidays and working hours.

Business partners shall respect the private life of the employee and must provide employees with guidelines for access to medical assistance or health related assistance during working hours. Also, the employees shall be protected against any kind of mental, physical and sexual assault, harassment, abuse or threats at the place of work, whether committed by management or fellow workers. This includes disciplinary measures.

Occupational health and safety

Business partners observe this principle when the right to healthy working and living conditions of workers and local communities, without prejudice to the specific expectations set out hereunder, is respected. Vulnerable individuals such as, but not limited to, young workers, new and expecting mothers and persons with disabilities, shall receive special protection/support to secure legal compliance.

Business partners must comply with occupational health and safety regulations, or with international standards where domestic legislation is weak or poorly enforced.

The active cooperation between management and workers, and/or their representatives is essential to develop and implement systems towards ensuring a safe and healthy work environment. This should be possible to achieve through Committees of Occupational Health and Safety.

Business partners shall ensure that there are systems in place to detect, assess, avoid and respond to potential threats to the health and safety of workers. They shall take effective measures to prevent workers from having accidents, injuries or illnesses, arising from, associated with, or occurring during work. These measures should aim at minimising, so far as is reasonable, the causes of hazards inherent within the workplace.

Business partners shall seek to improve protection of the workers in case of accidents including through obligatory insurance schemes.

It is required from our business partners to take appropriate measures within their sphere of influence, to see the stability and safety of the equipment and buildings they use, including residential facilities to workers when these are provided by the employer as well as to protect against any foreseeable emergency. Also, the workers' right to exit the premises from imminent danger, without permission, shall be respected.

Business partners must ensure that adequate occupational medical assistance and related facilities are available. They shall also ensure access to drinking water, safe and clean eating, and resting areas as well as clean and safe cooking and food storage areas. Furthermore, there shall always be provided effective Personal Protective Equipment (PPE) to all workers, free of charge. Business partners shall provide all employees with well-lit and ventilated workstations.

Business partners shall ensure to have a safety policy and a documented safety procedure for hazardous work and emergency situations. Safety procedures, including necessary training in the proper use of machinery, safeguarding and protection against fire, against hazardous chemicals and particles as well as against accidents must be followed. Workers must not be disciplined for raising safety concerns.

No child labour

Our business partners observe this principle when they do not employ - directly or indirectly - children below the minimum age of completion of obligatory schooling as defined by law, which shall not be less than 15 years, unless the exceptions recognized by the ILO apply.

Business partners must establish policies against child labour under the age of 15 years, even if permitted by national law. They shall also create robust age-verification mechanisms as part of the recruitment process, which may not be in any way degrading or disrespectful to the worker. Special care is to be taken on the occasions of the dismissal of children, as they can move into more hazardous employment, such as prostitution or drug trafficking. If, and when, removing children from the workplace, business partners should proactively identify measures to ensure the protection of affected children. When appropriate, they shall pursue the possibility to provide decent work for adult members of the affected children's family.

Protection of young workers

Business partners observe this principle when they ensure that young persons do not work at night and that they are protected against conditions of work which are prejudicial to their health, safety, ethics, and development, without prejudice to the specific expectations set out in this principle.

When young workers are employed, business partners should ensure that the work is not likely to be harmful to their health or development, that their working hours do not prejudice their attendance at school, and that their participation in vocational orientation is approved by the competent authority.

Business partners shall provide mechanisms to prevent, identify and mitigate harm to young workers. Young workers shall have their access to effective grievance mechanisms and to Occupational Health and Safety trainings schemes and programs.

All legal limitations regarding young workers between the age of 15 and 18 must be followed and young workers are only permitted to carry out light work at reduced hours. This means that they must be protected from any hazardous work, night shifts, and any kind of work that might hamper their physical and psychological development or impose any harm. The business partner must refrain from the employment of manpower under the age of 18 whenever the work can be of risk for health or safety.

No insecure employment

Business partners observe this principle when, without prejudice to the specific expectations, set out in the following.

They ensure that their employment relationships do not cause insecurity and social or economic vulnerability for their workers. Work is performed of a recognised and documented employment relationship, established in compliance with national legislation, custom or practice and international labour standards, whichever provides greater protection.

Before entering employment, business partners are to provide workers with understandable information about their rights, responsibilities, and employment conditions, including working hours, remuneration and terms of payment (could be a staff info paper handed out together with the contract). This also applies to temporary workers.

Business partners should aim at providing decent working conditions that also support workers, both women and men, in their roles as parents or caregivers, especially regarding migrant and seasonal workers whose children may be left in the migrants' hometowns. Business partners shall not use employment arrangements in a way that deliberately does not correspond to the genuine purpose of the law. This includes - but is not limited to - apprenticeship schemes with no intent to impart skills or provide regular employment, seasonality or contingency work when used to undermine workers' protection and labour-only contracting. Furthermore, the use of sub-contracting may not serve to undermine the rights of workers.

No bonded labour

Business partners will risk allegations of complicity if they benefit from the use of any form of bonded, forced, servitude, indentured, trafficked or non-voluntary labour. Therefore, business partners shall act with special diligence when engaging and recruiting migrant workers both directly and indirectly. Business partners shall allow their workers the right to leave work and freely terminate their employment, provided that workers give reasonable notice to the employer. Business partners shall ensure that workers are not subject to inhumane or degrading treatment, corporal punishment, mental or physical coercion and/or verbal abuse. All disciplinary procedures must be established in writing and should be explained verbally to workers in clear and understandable terms.

Business partners must refrain from any use of forced labour and must ensure that all employees have free personal movement during their employment. Under no circumstances must the business partner deprive the employees of identity papers, passports, or other personal papers.

Ethical business behaviour/Anti-corruption

Business partners observe this principle when, and without prejudice to the goals and expectations set out in this chapter, they are not involved in any act of corruption, extortion, or embezzlement, nor in any form of bribery - including but not limited to - the promising, offering, giving, or accepting of any improper monetary or other incentive.

Business partners are expected to act according to high ethical standards and with integrity in all matters related to their business and have adequate procedures to prevent corruption in their operations.

The business partner must develop its ethical business practices to comply with the policy objectives as described in the areas below:

A. Sensitive transactions

It is the policy to prohibit employees from entering sensitive transactions and business dealings generally considered to be either illegal, immoral, unethical or to reflect adversely on the integrity of the business and its commercial partnership with us. These transactions usually come in the form of bribes, kickbacks, gifts of significant value or payoffs made to favourably influence some decision affecting a company's business or for the personal gain of an individual.

B. Accounting controls, procedures and records

The business partner keeps accurate records of all transactions and the disposition of its assets as required by law and maintains a system of internal accounting controls to ensure the reliability and adequacy of its books and records. They ensure that only transactions with proper management approval are accounted for by its records.

Protection of the environment

Business partners observe this principle when they take the necessary measures to avoid environmental degradation, without prejudice to the specific expectations set out in this chapter.

Business partners should assess significant environmental impact of operations and establish effective policies and procedures that reflect their environmental responsibility. They will arrange adequate measures to prevent or minimise adverse effects on the community, resources of the nature and the environment.

Business partners must strive to use less possible resources in the production and hereby also strive to reduce carbon footprint in transportation. Business partners must, at all times, improve on following areas:

1. Mass production (preferred)
2. Limit materials used in general for both products and packaging.
For packaging, plastic needs to be avoided 100%.
3. Products must comply with the updated REACH and RoHS requirements, and the list of Substances of Very High Concern (SVHC) will be updated every six months.
4. Avoiding the use of SVHC and if any are used, it needs to be communicated to us by e-mail including the amount to secure that the limit value is not exceeded, so this can be changed and/or communicated to the end-user.
5. Prioritise using the most sustainable materials.
6. When using wood in the products it should always be FSC™ certified.
7. Avoid use of Styrofoam in packaging.

By “end of life” for packaging and products, we want to enable responsible recycling by reducing the different materials used in packaging.

The environmental initiatives will be updated frequently and informed directly to all business partners.

The business partner must demonstrate willingness to continuous improvements of the overall environmental performance related to areas listed above.

Product responsibility and quality

The business partners shall exercise due diligence when designing, manufacturing, and testing products so that product defects that could be harmful to people’s health or the environment are avoided. These actions, seeking to use the most responsible choices regarding resources throughout our value chain, will contribute to lowering the environmental impacts of our business – and ensure competitive products.

At the same time, we are prioritising the quality as we want to produce products that are made-to-last. This way the products will remain in service for many years and thereby also reduce the impact on the environment.

The business partner must strive to minimise the adverse environmental impact of its activities and comply with all applicable environmental laws and regulations. In particular, the business partner must focus on:

1. Design for manufacturing/mass production
2. Compact/flat packing
3. Using the most sustainable materials for packaging
4. Limit accessories included with the product
5. Minimise the use of packing materials and the different packaging materials
6. Use most sustainable transportation possible
7. Follow EU restrictions for materials and chemical use
8. Made to last
9. Quality assurance/QC
10. Modular and standard components
11. Highest possible Ra value and use of 'Eyelight Technology' for improving the quality of light

The business partner must demonstrate willingness to continuous improvements of the overall shared product responsibility and quality performance related to areas listed above.

Whistle-blower/Grievance mechanism

Business partners must arrange to have a whistle-blower mechanism in place allowing stakeholders to voice their concern if they find that operations of the business partner are adversely affecting human and labour rights, environment, including climate, and anti-corruption.

The whistle-blower mechanism should be widely communicated and accessible to all workers. This also includes temporary workers. It should be managed in a confidential, unbiased, timely, and transparent manner, and should be appropriate to the size of the company and can take the form of a whistle-blower function, worker representation committee, etc.

Business partners must implement and make sure that the grievance mechanism is well-functioning.

Requirements to our due diligence

Business partners shall sign all annexes to the contract and once a year complete a self-assessment before receiving a social audit mission from Nordlux.

Via open and transparent dialogue of this Code of Conduct we believe that our relationship with our business partners can evolve during the process of due diligence.

Business partners are expected to inform sub-contractors of the Code of Conduct, and any hidden factories are not accepted. All our business partners are evaluated against the Code of Conduct, and we prioritise business partners who are committed to demonstrating compliance and continued improvements. Likewise, business partners are evaluated through different types of assessment, including self-assessments, internal assessments, and third-party assessments (announced and unannounced).

We and the appointed third-party auditors must be granted access to all facilities, including sub-contractors, as well as relevant documentation and employees as requested. We trust that our business partners will embrace the requirements of this Code of Conduct. In cases where a business partner needs to improve certain procedures and practices, they must be committed to do so, within a specific timeframe. We believe that achieving good social and environmental standards is a process, and we are committed to working together with our partners in their efforts. If a business partner demonstrates lack of willingness and commitment to engage and improve on standards of the Code of Conduct, throughout a predetermined period, Nordlux will consider terminating the partnership.

CEO, Niels Jakobsen
Nordlux Group



Date, stamp and signature

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