



STARK GROUP POLICIES

SUPPLIER CODE OF CONDUCT

Version 2.0 – July 2023



CEO message

At STARK Group, we are committed to delivering sustainable solutions in our dealings with customers, colleagues, suppliers, and in the communities where we work and thrive. To ensure a consistent approach throughout our supply chain, we expect our suppliers to have or adopt similar business principles to our own.

We have a strong partnership with our suppliers and a sustainable supply chain is crucial to our common success. Our size and close relationship with trusted suppliers gives us an opportunity to win together in our markets, create sustainable growth while contributing to solving general challenges in the industry and society. As a STARK Group supplier, you will be required to acknowledge the significance of environmental, ethical and social matters in your conduct, and to work towards improving your quality standards and performance in these areas. We encourage our suppliers to obtain an ESG rating, that reflects sustainability effort and results, and to collaborate with STARK Group to address material sustainability matters.

STARK Group is a signatory to the United Nations Global Compact. We encourage suppliers to become signatories or at least comply with the ten principles of the UN Global Compact within the four focus areas of Human Rights, Labour, Anti-corruption and Environment.

Furthermore, we expect our suppliers to be able to demonstrate compliance with all EU and international legislation that applies to your business operation.

The STARK Group Supplier Code of Conduct applies to all STARK Group suppliers. It is the responsibility of our suppliers to ensure that their sub-suppliers and other third parties acting on their behalf do not violate the standards of this Code. This includes, without limitations, responsibility for communicating its content to relevant parties.

Søren P. Olesen

CEO, STARK Group A/S

Jørgen Holmgaard

CEO, STARK Sourcing

ENVIRONMENT & CLIMATE

At STARK Group, we aim to run efficient operations that minimise waste and energy consumption and reduce our carbon footprint. We work to provide long-term sustainable solutions for our customers, partners, suppliers and society, and wish to collaborate with suppliers who share these ambitions.

- STARK Group expects suppliers to have a written environmental policy or statement appropriate for the size of their operation.
- STARK Group encourages suppliers to establish carbon and waste reduction targets and to monitor and report performance against those targets. The suppliers shall promote continuous improvement in environmental performance and reduce environmental impacts in the supply chain.
- STARK Group is committed to reducing our greenhouse gas emissions throughout our supply chain in line with Science Based Targets. If requested by STARK Group, suppliers shall support the provision of relevant environmental performance data.
- STARK Group urges suppliers to join the Science Based Targets initiative to reduce greenhouse gas emissions in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.
- Suppliers are encouraged to promote sustainable products and services, preferably using third party verified eco-labels or environmental product declarations (EPD) where relevant.
- Suppliers should strive to evaluate the impacts of their activities on ecosystems and biodiversity and to reduce these impacts. Suppliers of timber and timber-based products must adhere to the STARK Group responsible timber policy.
- STARK Group encourages suppliers to choose environmentally responsible materials, methods, technology and logistics when supplying STARK Group to ensure a positive link in the sustainable construction supply chain.
- Suppliers should avoid unnecessary product packaging, favouring recycled and recyclable materials with low environmental and climate impact.
- When contracting with sub-suppliers, suppliers are obliged to take environmental issues into account, including resource efficiency and carbon emissions.

HUMAN RIGHTS

STARK Group is committed to upholding the fundamental rights of workers in the supply chain, in line with internationally agreed human rights and labour rights conventions.

INTERNATIONAL STANDARDS & PRINCIPLES

STARK Group expects suppliers to respect and comply with international labour standards as defined by core conventions of the International Labour Organisation (ILO), the United Nations Universal Declaration of Human Rights and commits to respecting the UN Guiding Principles on Business and Human Rights. STARK Group has a zero-tolerance approach to any form of child labour and modern slavery. We expect Suppliers to adhere to all applicable anti-modern slavery and human trafficking laws and regulations, including the UK's Modern Slavery Act 2015, to ensure that modern slavery and human trafficking does not occur within our business or our supply chain.

RESPECT AND DIGNITY

- Suppliers shall treat their employees with respect and dignity. Employment with the supplier shall not be subject to discrimination regarding race, colour, nationality, religious or political affiliation, gender, age, sexual orientation or marital status. This includes unbiased recruitment processes, data security of employees and equal pay for equal work.
- Suppliers are expected to respect the rights of local communities and poorly protected groups, i.e. indigenous people, and take into consideration the impact of their operations on the human rights of these communities.
- Suppliers shall treat all employees in compliance with applicable international, national and local regulations, and allow all employees a life in dignity.

LABOUR RIGHTS

FAIR LABOUR CONDITIONS AND ZERO TOLERANCE TO CHILD LABOUR

As a leading distributor of building materials in Northern Europe, STARK Group is committed to upholding the fundamental rights of workers in the supply chain, in line with internationally agreed human rights and labour rights conventions. STARK Group has zero-tolerance for any child labour.

- Suppliers are not allowed to use forced, bonded, involuntary labour.
- Suppliers shall comply with applicable laws and industry standards on working hours, including overtime.
- Suppliers shall comply with all applicable minimum age regulations for employment defined by law and recognised by the ILO. Suppliers shall, at any time, be able to verify the age of an employee.
- Suppliers shall comply with current laws concerning wages and respect the right to collective bargaining. Withholding wages shall not be used as a disciplinary measure. Suppliers shall acknowledge the employees' right to join associations and unionisation.

- When contracting with sub-suppliers, the suppliers are always obliged to take into account fair labour conditions and child labour issues.
- Where national law and these international human rights standards differ, suppliers shall follow the higher standard; In case they are in conflict, suppliers shall seek to respect internationally recognised human rights to the greatest extent possible.



HEALTH & SAFETY

Health and safety are key priorities for STARK Group. Suppliers shall provide a safe and healthy working environment for all of their employees and contractors. Suppliers shall comply with occupational health and safety regulations, or with international standards where local legislation is weak or poorly enforced.

- Suppliers shall ensure that systems are in place to develop, implement, and monitor health and safety procedures appropriate to business activities.
- Suppliers shall take effective measures to identify hazards and risks associated with their activities and place appropriate control measures to prevent injuries and ill-health to the workers.
- Appropriate workplace conditions and equipment shall be in place with access to personal protective equipment, as well as adequate information on when and how the equipment shall be used.
- Suppliers shall ensure that their products do not compromise the health and safety of the product user when used in accordance with product specifications.
- Suppliers must always comply with the latest updated Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR) and the CLP Regulation.
- When suppliers deliver goods at STARK Group locations, STARK Group safety rules must always be followed. This applies to rules applicable to the use of FLT, separation of vehicles and pedestrians and use of PPE. It is the responsibility of the supplier to become familiar with the safety rules before tasks at STARK Group locations are carried out.
- Suppliers shall inform STARK Group of any incidents or non-conformities occurring on or around our premises.



BUSINESS ETHICS

COMPLIANCE WITH LAWS AND REGULATIONS

- Suppliers shall comply with all applicable local and national laws, rules, regulations, and requirements of the country in which they produce, manufacture, distribute or provide products or services.

DATA PROTECTION

- Information is an important business asset for STARK Group. STARK Group respects the privacy of suppliers and protects and handles personal data in accordance with applicable laws and regulations as well as STARK Group internal rules and standards.
- Suppliers are expected to comply with applicable data protection legislation and implement accepted security standards.
- Suppliers shall protect all personal information and data received from STARK Group in accordance with recognised good security practices, legislations, regulations and contractual obligations.
- Suppliers shall immediately inform STARK Group about any security and data breach which affects, or has the potential to affect STARK Group or our customers.

ANTI-BRIBERY AND ANTI-CORRUPTION

STARK Group has zero-tolerance towards all kinds of bribery and corruption, regardless of local laws and practices.

- STARK Group expects suppliers to comply with STARK Group standards on bribery and corruption and to have relevant policies and processes in place.
- Suppliers may not promise, offer, give or accept undue advantages to public officials, or STARK Group leaders or employees, in exchange for behaviour in violation of their duties.
- Gifts, entertainment, and hospitality shall be transparent, serve a clear business purpose, and be customary to the country where the business is performed. STARK Group leaders and employees are required to register and obtain approval before giving or accepting gifts, hospitality and entertainment above a certain value.
- Suppliers shall ensure that the staff whose job roles carry a higher level of risk in ethical business practice, such as sales, purchasing and logistics, are trained on what action to take in the event of an issue arising.

BUSINESS ETHICS

COMPETITION LAW

At STARK Group, we welcome free and open competition with our zero-tolerance policy of anti-competitive practices. We wish to compete with integrity and fairness.

- Suppliers shall ensure compliance with relevant competition laws and regulations of the countries where they operate.

CONFLICTS OF INTEREST

When signing a contract with STARK Group, suppliers shall ensure that it has no conflict of interest which would prevent the supplier from acting in the best interest of STARK Group.

- Suppliers are expected to avoid situations where existing or potential business relationships may appear to compromise their responsibilities or ability to make sound, impartial and objective business decisions in connection with their contractual commitments to STARK Group.
- Suppliers shall disclose any actual or perceived conflict of interest to STARK Group.

WHISTLEBLOWER SYSTEM

- In STARK Group, we promote ethical behaviour in all business relationships. Our whistle-blower system “Speak Up!” allows anyone to report illegal or unethical practices and violations of this Code of Conduct.
- Suppliers are encouraged to report concerns at [STARK Group - Speak Up \(whistleblowernetwork.net\)](https://www.starkgroup.com/whistleblowernetwork.net).
- All reports will be investigated. STARK Group ensures anonymity and confidentiality to everyone involved in the investigation without fear of retaliation.



SUSTAINABLE PROCUREMENT

TIMBER POLICY

Being a leading distributor of building materials, STARK Group sources a large variety of products on a global scale. Since 2009, STARK Group has had an increasing focus on procurement of sustainable timber and supporting biodiverse forests. By continuously increasing the percentage of FSC® and PEFC certified timber in our assortments, we encourage and promote sustainable forest management.

- Suppliers are required to adhere to the STARK Group Responsible Timber Policy. Suppliers shall observe legislation in force at any time in the importing and exporting countries. Suppliers shall ensure that timber has been cut in compliance with the legislation of the country of origin.
- Suppliers shall not import or participate in importing illegally cut timber, irrespective of the country of origin or any third country. STARK Group expects suppliers to actively contribute to increasing consumer awareness of the contents of the certifications and consumer understanding of their significance.
- Suppliers shall promote sustainable products, preferably certified as FSC® or PEFC.

RESPONSIBLE NATURAL STONE

- Suppliers must ensure that all employees have access to necessary safety and protection equipment and document that they and their sub-suppliers comply to ILO Convention No. 182 regarding child labour.
- Suppliers shall declare with country of origin and processing facility.
- Natural stone products certified according to XertifiX, Fair Stone or TFT Responsible Stone Program will be favored.

CONFLICT MINERALS

- We expect our suppliers to comply with existing legal requirements concerning the mining of raw materials in conflict and high-risk territories (“conflict minerals” defined in respective EU-regulations).
- The classification “conflict minerals” includes, independently of their geographical origin, the minerals cassiterite, coltan, wolframite, and their derivatives tin, tantalum, tungsten, and gold (together known as 3TG). These raw materials are often mined with the risk of human rights abuses, as well as the risk that armed conflicts will be financed by the sale of these minerals.

PRODUCT INTEGRITY

PRODUCT QUALITY

STARK Group's aim as a heavy building materials distributor is to supply reliable and robust products that meet our customers' high product quality expectations.

- Suppliers are expected to have a quality system to meet STARK Group product quality requirements.
- Suppliers are expected to ensure that the supplied products are safe when put to their intended use.
- Suppliers are expected to comply with national and applicable international legislation concerning the safety, quality, and documentation of the products.

TRANSPARENCY AND INTEGRITY

- Suppliers shall inform STARK Group immediately if any non-compliance with the standards listed in this Code is identified. This includes if the suppliers learn of anything that may indicate a quality, safety or labelling problem affecting the supplied product or anything that could cause the supplier to breach its agreement.
- Sub-suppliers of finished goods supplied through traders and wholesale businesses shall be approved by STARK Group.
- The supplier shall communicate the requirements in this Supplier Code of Conduct to all sub-suppliers in the appropriate language.

MONITORING COMPLIANCE

STARK Group expects suppliers to take all necessary steps to inform its employees, agents, and sub-suppliers of the principles set forth in this Supplier Code of Conduct and take appropriate action to ensure understanding and compliance with its principles.

- STARK Group uses external ratings to assess and monitor supplier ESG performance. Where ESG ratings are of limited depth or score, STARK Group may request additional information.
 - STARK Group reserves the right to require suppliers to provide relevant documentation to third party entities that relates to STARK Group's obligations following relevant due diligence regulation.
 - STARK Group reserves the right to audit suppliers and where appropriate sub-suppliers and their facilities, to ensure compliance with this Supplier Code of Conduct.
 - Suppliers shall be prepared to provide STARK Group access to relevant and reasonably requested information and documentation during an audit.
- STARK Group can request that an adequate corrective action plan is put in place to rectify non-conformance and may undertake a follow-up assessment to ensure that improvements are made.
 - If the requested improvements do not progress in an acceptable manner, STARK Group reserves the right to bring the cooperation with the supplier to an end.



Roles & responsibilities

Roles & responsibilities

Accountable

Policy approval

ExCom

Policy Owner

STARK Sourcing CEO

Deviations

All deviations must be approved by the policy owner. Such requests must be made in writing to the policy owner. In the event of any discrepancies between the English version of this policy and a translated version, the English version will be binding.



Whistle blower system

We encourage all stakeholders to speak up about any misconduct such as business crime or human rights violations. All information is kept strictly confidential, and all concerns can be raised without fear of retaliation:

[STARK Group - Speak Up \(whistleblownetwork.net\)](https://www.whistleblownetwork.net).

Contact

For more information, please contact STARK Sourcing.

Policy Revision History

Review cycle: Annually Q3

It may be amended at any time with the approval of ExCom.

Version 2.0 July 2023