

Group Sustainable Procurement Policy

The purpose of this policy is to ensure that DAFA conducts its procurement activities in a manner that supports sustainable development. We are committed to integrating environmental, social, and ethical considerations into our procurement processes and decisions.

This policy applies to all DAFA employees involved in the procurement process, as well as all suppliers, contractors, and subcontractors who provide goods and services to DAFA.

Environmental responsibility

Climate change mitigation: We are committed to significant reductions in our carbon footprint and adopting sustainable practices across all procurement activities. Our Transition Plan includes reducing CO2 emissions by 50% on scope 2 by 2025, achieving 100% renewable energy consumption by 2030, and ensuring that 30% of DAFA's products comply to the EU Taxonomy by 2030. We will work with suppliers to align with these goals and prioritize those who demonstrate similar commitments.

Resource efficiency and energy audits: We will prioritize procurement from suppliers who engage in energy-efficient practices and use renewable energy sources. Regular energy audits will be conducted to optimize energy usage, and we will explore alternative energy sources to diversify our energy mix and decrease reliance on fossil fuels.

Waste management and recycling: Suppliers should have policies and practices in place to minimize waste and ensure proper disposal and recycling of materials. We aim to increase waste recycling to 50% by 2030 and encourage suppliers to contribute to this target by implementing robust waste management systems.

Pollution prevention: Suppliers are expected to comply with all relevant environmental laws and regulations, adopting measures to prevent pollution at the source. This includes using cleaner production techniques and materials, managing waste responsibly, and protecting water bodies and soil from contamination.

Social responsibility

Respect for human rights: DAFA is committed to respecting human rights in all our operations and business relationships. Our Human Rights Policy applies to all employees who are expected to uphold our human rights standards and comply with all relevant laws and regulations in the countries where we operate.

Non-discrimination and harassment: We strictly prohibit discrimination of any kind based on race, religion, political opinion, gender, age, national origin, sexual orientation, marital status, or disability. Harassment is not tolerated and will be addressed immediately as per our Anti-Harassment Policy. We respect and value diversity, fostering an inclusive environment where all employees feel a sense of belonging and alignment with DAFA's values, regardless of their background.

Local community engagement: DAFA actively engages with local communities to understand and address potential human rights abuses related to our projects, such as land grabbing. Our community engagement goes beyond philanthropy, focusing on meaningful communication and collaboration from the project's inception. We support various local initiatives, including contributions to local museums, cancer funds, hospital clowns, and collaborations with universities and job centers.

Employee health and safety: We are committed to providing a safe and healthy workplace for all employees. This includes respecting the right to a work-life balance and ensuring all employees are insured and receive occupational health checks as per local terms. Intoxicants are prohibited at work. We maintain open and confidential communication between management and employees, aiming to resolve conflicts promptly. Our safety organization conducts mandatory health and safety training and workplace assessments, with action plans to address identified issues.

Physical and mental health: Safety shoes and PPEs are mandatory for visitors in production and warehouse areas, and all workstations are equipped with relevant safety equipment. DAFA also provides guidance on identifying and managing stress, offering resources to support mental health through our health insurance partner. We emphasize the importance of sleep, exercise, and mental health in preventing stress-related issues.



General employee well-being: We conduct annual Employee Engagement Surveys to capture feedback on various social matters, including work-life balance, work performance, and experiences of harassment. Results are treated anonymously and used to develop action plans for continuous improvement.

Diversity and inclusion: Our recruitment processes aim to drive diversity and inclusion by ensuring the team composition reflects a balance of gender, generation, and educational backgrounds. All people managers and HR professionals are briefed on our Global Recruitment Policy and diversity guidelines.

Remuneration, working hours, and social benefits: DAFA offers fair and transparent compensation, reflecting individual performance and the requirements of each position. We ensure that employees receive a living wage and maintain a work-life balance. Flexible working arrangements are available, and all employees are locally provided with fair employment contracts.

Skill development, knowledge, and employability: DAFA is committed to the continuous development of our employees. Training is provided when introducing new processes and techniques, and opportunities for professional growth are encouraged.

Forced labor, child labor, and human trafficking: DAFA prohibits forced labor, child labor, and human trafficking in all its operations and associated partners. Violations will result in immediate action, including termination of partnerships or employment.

Grievance procedure: DAFA has a reporting system for employees to report concerns about misconduct, such as embezzlement, theft, corruption, bribery, fraud, and harassment. The system is confidential and ensures that all reports are investigated thoroughly.

Ethical Conduct

Corporate culture and business conduct: DAFA is dedicated to fostering a corporate culture rooted in integrity and ethical behavior. All employees involved in procurement are expected to act with honesty and uphold our ethical standards in all business dealings. We promote transparency, accountability, and ethical conduct, ensuring that our workplace is free from discrimination, harassment, and any form of unfair treatment. Open communication is encouraged, and employees can report unethical behavior without fear of retaliation.

Compliance and training: Compliance with all applicable laws, regulations, and company policies is mandatory for every employee. To support this, DAFA makes information about these requirements easily accessible through our intranet and Intranet App. We aim to cultivate a workplace where ethical behavior is recognized and rewarded.

Management of supplier relationships: Our commitment to ethical behavior extends to our relationships with suppliers. We expect our suppliers to adhere to ethical standards that align with our own, as outlined in our Supplier Code of Conduct. This code specifies our expectations regarding labor practices, environmental impact, health and safety, and overall ethical behavior. We are dedicated to fair, transparent, and competitive procurement processes. Supplier selection is based on objective criteria such as quality, cost, reliability, and ethical practices. Regular assessments ensure ongoing compliance, and non-compliance may result in corrective actions, including termination of the business relationship.

Prevention and detection of corruption and bribery: DAFA maintains a zero-tolerance policy towards corruption and bribery. Employees and business partners must not offer, give, receive, or solicit any bribes or unethical inducements. Information about anti-corruption laws and internal policies is readily available to all employees. Employees are encouraged to report any suspicious activities or concerns regarding potential corruption or bribery through designated channels such as our Whistleblower system. All reports are thoroughly investigated, and appropriate disciplinary actions, including termination and legal action, are taken against those found in violation of this policy.

Transparency and reporting: DAFA is committed to transparency in all business dealings. Suppliers must maintain transparency in their operations and provide accurate, timely information regarding their practices. Regular audits and assessments may be conducted to ensure compliance with our ethical standards.



Sustainable procurement management

Supplier assessment: DAFA will conduct due diligence in assessing the sustainability performance of suppliers. This includes presenting the policy at strategic supplier meetings, ensuring all strategic suppliers are introduced to the present policy.

Continuous improvement: We will work collaboratively with suppliers to promote continuous improvement in sustainability practices, offering support and guidance where necessary. Suppliers are expected to develop and implement their own sustainable management focus through relevant policies, targets, actions, etc.

Training and awareness: DAFA will provide training and resources to employees involved in procurement to ensure they understand and implement sustainable procurement practices effectively.

Implementation

Integration into procurement processes: Sustainable procurement criteria will be integrated into all stages of the procurement process, from supplier selection and evaluation to contract management and performance review.

Supplier engagement: We will actively engage with suppliers to communicate our sustainability expectations and collaborate on achieving mutual sustainability goals. Suppliers are expected to develop and implement their own sustainable management focus through relevant policies, targets, actions, etc.

Review

This policy will be reviewed annually to ensure its relevance and effectiveness in promoting sustainable procurement. Updates will be made as necessary to reflect changes in regulatory requirements, industry best practices, and organizational goals.

This policy will be reviewed annually by the Top Management.

Mads Kirkegaard
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DAFA Group