

RICE A/S Social Accountability report
For the UN Global Compact
1st April 2015

As managing director of RICE A/S I hereby confirm our continued support to the Global Compact. Our management manual is based on the principles of SA8000, and in addition to this we find the Global Compact a valuable tool in our social responsibility as well as environmental work.

Odense, April 2015



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“People Care – We Care”

Company facts

Founded: 1998

Head quarter in Denmark: 36 employees

European sales offices: 14 employees

Sourcing office Thailand: 7 employees



Management tools

RICE A/S supports the Global Compact and uses it as a guideline for doing business responsibly. The objective of the UN initiative, Global Compact, is to promote good business behavior, and the management tool is centered on the areas of Human Rights, Labor, Environment and Anti-corruption.

Back in 2001 RICE decided to formalize the different initiatives within social accountability in an overall management tool. We decided to use the standard SA8000 - the international standardized code of conduct for improving working conditions around the world. The spirit of this standard is close to our core business values.

Furthermore, there is an audit system connected to the tool just as the system is based on human as well as labor rights.

Since 2006 RICE has committed to apply to the Global Compact principles as a management tool, and as it will appear in the principles, SA8000 and Global Compact are to some extent quite close.

In 2002 we obtained the certification as the first Scandinavian company, and we have used it as both a checklist as well as a way of dealing with the developmental process of our suppliers ever since.

The central areas of SA8000 are:

- Child Labor
- Forced or Compulsory Labor
- Health & Safety
- Freedom of Association
& Right to Collective Bargaining
- Discrimination
- Disciplinary Practices
- Working Hours
- Remuneration
- Management Systems

Suppliers

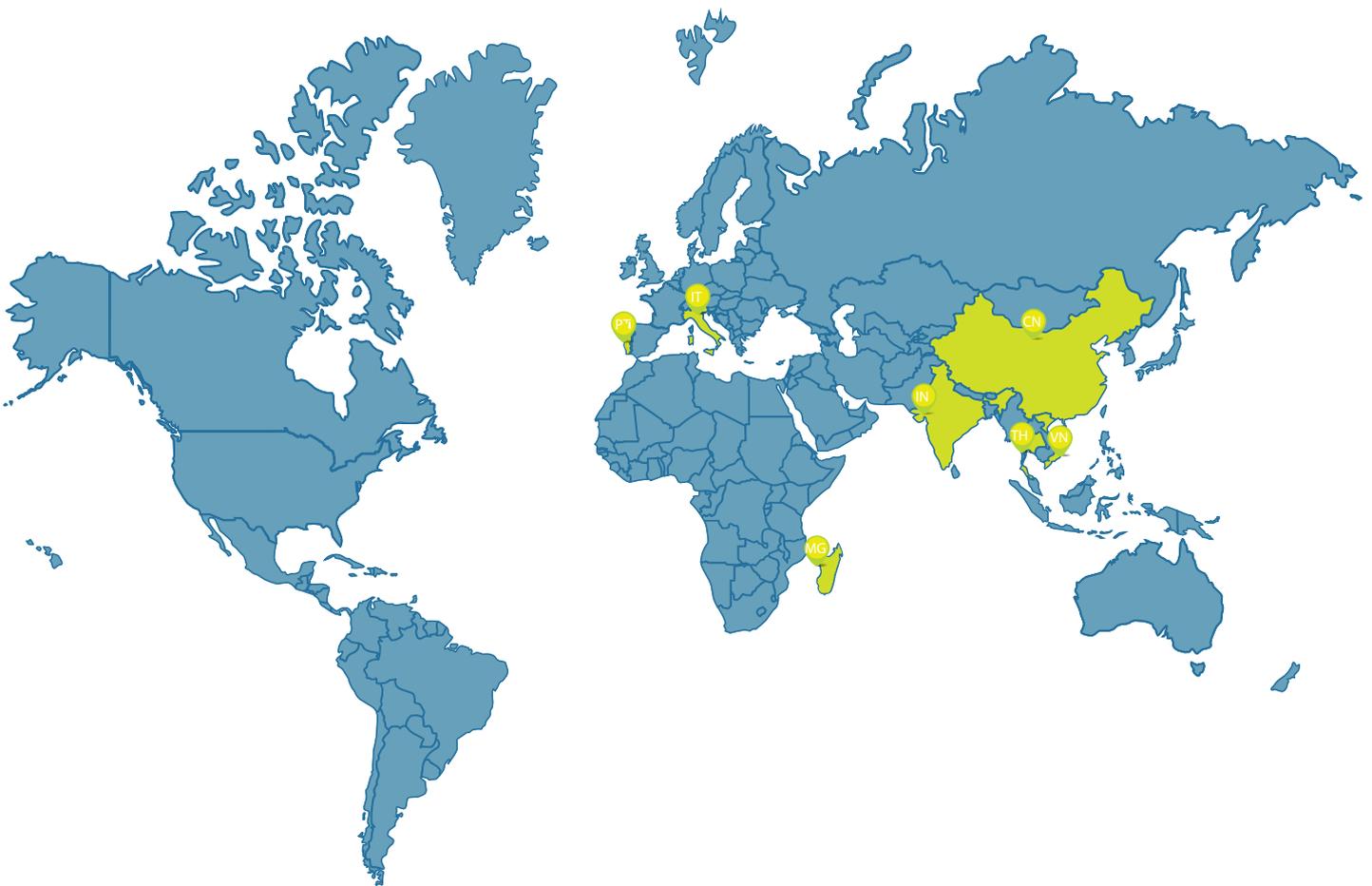
The nature of our business is to develop four new collections every year. When developing these collections we are working with a substantial number of permanent suppliers with whom we engage in a long lasting cooperation.

Additional to this we have seasonal suppliers or one-time suppliers who contribute only in the current collection.

To ensure a strong cooperation, we have opened our own sourcing office in Thailand. The sourcing office is staffed with RICE employees, which enables us to be very close con-

nected to our suppliers. The aim is to continuously work on building a socially responsible business all over the world. The fully operational sourcing office has the responsibility of coordinating with our suppliers, the sampling and handling of purchased orders, the follow-up on production, quality control process, shipping and finally but not least the audit in connection with social compliance.

The audit is mandatory for all suppliers, but the follow-up focuses on permanent suppliers with whom we engage in a long lasting cooperation.



Suppliers

Audit process suppliers

The audit process with our suppliers is of great importance to us. When we choose new suppliers, we make sure that they uphold the ethical standards of RICE. Where improvements are needed, we engage in a long lasting cooperation with the supplier and use the SA8000 standard as a tool in the developmental process.

We start by taking a commitment from the new supplier in relation to the SA8000 standard. The managing director of the supplier must sign this commitment, which relates to SA8000 as well as environmental protection.

Once the production is initiated, and the first order is completed from the supplier, we have our own staff visiting the supplier in order to make the quality control of products as

well as the first physical audit in the factory. The audit is conducted at least every other year in order to maintain the obligations of the factory. We always strive to make the audit process the most efficient, and therefore our audit in China is in some cases carried out by a third party.

We have developed standard tools for our auditors to use during the audits. With a standard form the results are more reliable, and it is easier for the RICE headquarter to streamline the results from the audits around the world.

When our auditor finds topics not meeting our expectations in accordance to the SA8000 standard, we issue a non-conformity report. During the next visit we will then follow up to control that the non-conformity has been solved.



Audit process in Denmark

In order to make sure that we comply with our own standards we have made an agreement with Bureau Veritas Certification.

Bureau Veritas Certification carries out an audit of RICE twice a year according to the SA8000 standard. One annual audit is announced and another one is unannounced. The auditor goes through the following program:

- Opening meeting
- Walk around in the premises
- Personal interviews with the staff
- Review of records
- Control of suppliers
- Internal monitoring
- Outside communication
- Management review
- Closing meeting

During the audit the auditor will check our audit reports from the factory visits as well. These reports will also contain a description of fields where there is room for improvement.

Working environment at the headquarter

The working environment in our Danish headquarter is controlled by the APV - workplace assessment. The assessment is updated at least every three years with inputs from the staff. At RICE we are aware of the importance of good working conditions among our employees, and we regularly invite external consultants to go through the working environment at the headquarter.

In 2014 we have had an external consultant go through the working stations at the headquarter warehouse. The focus was on the package area as well as an easy access to packing materials from the working stations.

Another initiative that our employees at the headquarter appreciate is the opportunity to join a fitness program once a



week during working hours. Furthermore, the most recent addition is the voluntary yoga class which takes place after working hours once a week.

We believe that taking good care of our employees is an investment, which both pleases the individual employee and at the same time prevents physical problems and keeps absence of employees due to illness at a low level.

We also offer the staff free healthy lunch once a week.

Finally, we have a health and safety committee to take care of any possible issues that might be brought up by the staff. The staff selects among themselves a representative and likewise there is an appointed management representative in this group.

SA8000 recertification

In November 2014 RICE achieved a SA8000 recertification and was thereby found to be in accordance with the requirements of the management system standard. In order to stay on top of the standard the French consultant company, Acta Verba, guides us on the SA8000 certifications.

The recertification takes place every three years and consists of two and a half days of audit at the RICE head-quarter. Our commitment of this standard is to guarantee that RICE works continuously to improve on our CSR profile.



Communication

Communication

RICE participated once again in the campaign “World’s best news” - a Danish news campaign working to raise awareness about the great progress taking place in the developing countries, especially focusing on tracking and reporting the outcome of the UN Millennium Development Goals. The campaign is based on a unique cooperation between the UN, the Danish Ministry of Foreign Affairs’ development agency (Danida), over 100 Danish development organizations and 100 corporate partners.

At the national campaign day RICE launched an event for all employees at the headquarter with the aim to raise awareness about the campaign. Furthermore, RICE committed to raise awareness on social media and on the website.

Our Supply Chain Manager attended an advisory board at a Deloitte CSR pilot project in Denmark running from 2013 - 2015. The purpose of the project was to support corporate

social responsibility and to promote ethical growth in Danish companies. Our job was to support, motivate and inspire Danish companies interested in working with CSR.

Anti-corruption

As stated earlier RICE has chosen to hire our own staff in countries where we produce the major part of our products. This enables us to be close to our suppliers on a more frequent basis and thereby engage in a long lasting cooperation. With a strong cooperation the steps towards avoiding corruption has become less challenging.

Anti-corruption is of great importance to us, and we always consider the risks when engaging with new suppliers.

Obviously, we have a no-tolerance policy towards corruption, and we believe that it raises transaction costs, undermines fair competition, distorts development and impedes long lasting foreign and domestic investment.



CSR Collaborations

RICE donations

At RICE we firmly believe in the thesis: “No one can help everyone, but everyone can help someone”. Corporate Social Responsibility is a part of the RICE DNA, and working actively with corporate social responsibility is a big part of our ethical values.

We engage in small donations such as donating money or RICE samples to charity projects around the world.

On a larger scale we have cooperated with the Danish Refugee Council since 2006. Among other initiatives we have contributed with donations to the projects “Spoon full of hope” in Darfur and Mogadishu, “Cups full of hope” in refugee camps in Africa, “Send me to school” in Myanmar and “Every child has the right to play” focusing on a safe childhood in Vietnam.

The majority of our contributions are based on One-2-One mindset, where we contribute with donations whenever we sell a product connected to the project. These products are our RICE-up products and designed specifically for the purpose of donations. We believe that this way of donating charity raises people’s awareness of the issues we are dealing with.

For years we have supported various projects in third world countries, and in 2014 we helped sponsoring the “Safe childhood in Vietnam” project.

The project which was held by The Danish Refugee Council resulted in an educational program that teaches children how to tackle and avoid explosives still remaining in the ground after the Vietnam War.



CSR Collaborations

Danish Hospital Clowns

Our recent project is based on the consumption that help is sometimes needed right where you are. In 2014 RICE started supporting the Danish Hospital Clowns by designing melamine cups and plates with big red dots to represent the clown nose. Together with our costumers we provide a financial contribution to the Danish Hospital Clowns whenever our dotted clown-tableware is sold.

The purpose of the contribution to the Hospital Clowns is to make the hospitalization for long term hospitalized kids a little easier to get through. Humor and close personal presence makes room for happiness and allow the child to be just that: a child - in spite of serious illness. The donation contributes to ensure the presence of professional clowns on pediatric wards in Danish hospitals.

