

RICE A/S Social Accountability Report for the UN Global Compact 1st of April 2017

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 2017



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Managing Director
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“People Care – We Care”

Company Facts

Founded: 1998

Headquarters in Denmark: 34 employees

European sales offices: 16 employees

Sourcing office Thailand: 7 employees

Happy Cooking kitchen: 3 employees

RICETERIA: 3 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 SA8000 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

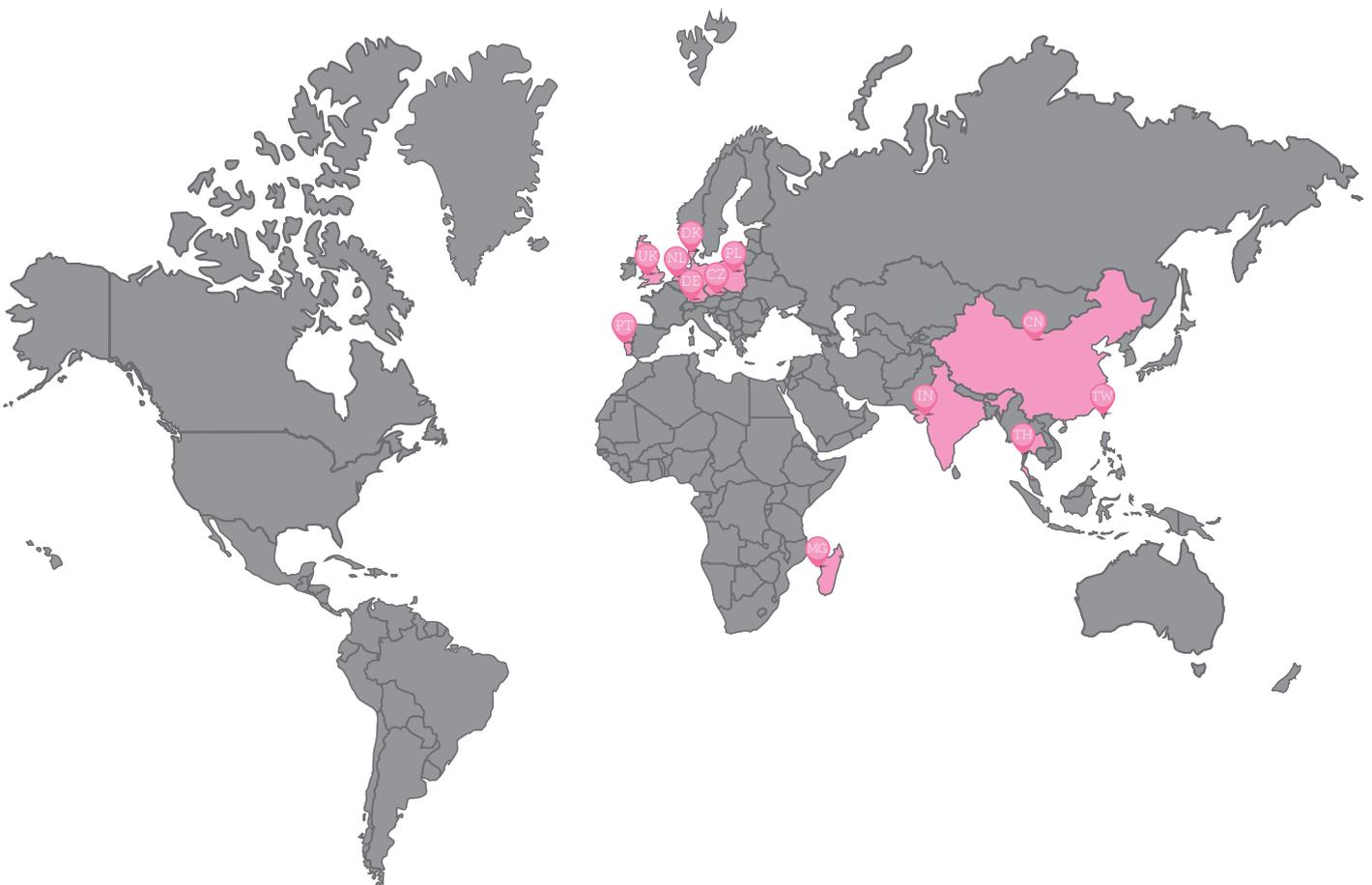
The nature of our business is to launch two major and two minor collections each year. When developing these collections we are working with a substantial number of permanent suppliers with whom we engage in a long lasting cooperation.

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 established our own sourcing office in Thailand. The sourcing office is staffed with RICE employees, which enables us to be very close

connected 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 processes, shipping and finally but not least the audit in connection with social compliance.

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



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 ethical standards. Where improvements are needed, we engage in cooperations 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 second 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 most cases carried out by a third party (70% External, 30% Internal).

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 the 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 - Denmark

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

Bureau Veritas Certification carries out an audit of RICE once a year according to the SA8000 standard. 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 are room for improvement.

Working Environment at the Headquarters

The working environment in our Danish headquarters 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 in 2015 we reorganized the office at the headquarters to ensure better working conditions and less noise. In 2016 we carried out a survey amongst the staff to ensure that the working conditions had improved. This resulted in a new reorganization of the marketing department which has now ensured an even better working environment. Furthermore we have introduced new safety regulations in our warehouse, making sure that employees and guests can move about in a safe manner.

Our employees at the headquarters have the opportunity to



join a fitness program once a week during working hours. They are also invited to join a voluntary yoga class which takes place after working hours once a week. Furthermore, they are able to book a personal massage from a licensed massage therapist, giving them the opportunity to relief tensions related to office work. Employees at the Bangkok office are also invited to join a yoga class.

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 a healthy lunch five days a week - cooked by 'Happy Cooking by RICE' located at the headquarters.

We have a health and safety committee to take care of any possible issues that might be brought up by the staff. The staff select among themselves a representative and likewise there is an appointed management representative in this group. Once a year we conduct a fire drill for all employees, just as all employees must attend a mandatory guided safety tour.

Finally, a SA8000 headquarters worker representative has been selected by the employees.

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 October 2015 the announced surveillance was conducted with success.

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 headquarters.



Communication

Communication

Communicating about social responsibility is important for RICE, and we use both our website and our social media channels to talk about current CSR projects and the importance of taking action.

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 our retail shop RICETERIA launched an event to heighten knowledge by informing

customers about the campaign and the great progress taking place in the developing countries. Furthermore, RICE committed to raise awareness on social media.

Anti-corruption

At RICE we aim to be close to our suppliers, and with audits, quality control, product testing and strong external cooperation we strive to avoid any kinds of corruption. 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 CSR Projects and Donations

At RICE we firmly believe that *No one can help everyone, but everyone can help someone!*

Corporate Social Responsibility is a part of the RICE DNA, and working actively with CSR is a big part of our ethical values.

LITTLE BOX OF HOPE

In 2016 we supported the Red Cross and the work they do for refugees worldwide.

The aim of the LITTLE BOX OF HOPE food kit was to give hope to people in need. Our wish was to create awareness and encourage people to take action and help the refugees. For every food kit (6 funky foodboxes and 6 colorful spoons) sold, we donated 1.5 EUR to the Red Cross.)



DANISH RED CROSS PROJECT

As a Club 10 ambassador in 2009 Charlotte and RICE made an all-day event with über-banko, book cafe, hairdressing, palm reading, massage, concerts and delicious food stalls etc. The purpose was to raise as much money as possible for Danish Red Cross.



DANISH HOSPITAL CLOWNS PROJECT

By designing a special cup and plate, RICE provides a financial contribution to the Danish Hospital Clowns. Their task is to make the hospitalization for kids a little easier to get through. Humor and close personal presence make room for happiness and allow the kids to be "just kids", in spite of being seriously ill. We also donated RICE play kits for 27 pediatric wards in Danish Hospitals.



SEND ME TO SCHOOL

In 2008 the cyclone Nargis hit the south west part of Myanmar – leaving a trail of destruction in its wake. By making a range of kids products we raised enough money to build a school so kids could get back in the classrooms – improving their future chances of education. The school also functions as a shelter for the entire community in case of natural disasters.

SAFE CHILDHOOD IN VIETNAM

Every child has the right to play.. We have helped sponsor an educational program that teaches children how to tackle and avoid explosives still remaining in the ground after the Vietnam War. The project was run by The Danish Refugee Council. Giving children in Vietnam a safe childhood was our way of celebrating the 25th. Anniversary of Convention on the Rights of the Child in 2014.

SPOON FULL OF HOPE II

We redesigned the Spoon full of Hope and this time the sale of one spoon equaled 24 servings of soup.

SPOON FULL OF HOPE III

The latest cooperation with the Danish Refugee Council is yet another spoon. With this spoon we helped provide clean water for 10 refugees in Africa for 28 days!



CUPS FULL OF HOPE

4 melamine drinking cups, specially designed by RICE for this project. Every time a pack of these cups was sold, a refugee family in Africa received a Water and Washing Kit.

SPOON FULL OF HOPE

RICE launched the gift idea, "Spoon Full of Hope" in cooperation with the Danish Refugee Council. Each spoon sold donated a cooking set to a family on the run in Darfur and Somalia.

JHEEL - JAIPUR

RICE entered a three year project, in cooperation with Danida to improve conditions for the workers in the factory. Now the conditions comply with SA8000 standards. Environmental responsibility has also been of concern to the supplier and they have constructed a wastewater cleaning system reducing the environmental impact.



LAKSHYA

Our cooperation with our supplier Lakshya, started out as a three years development project for street children. The goal was to build a production supporting an orphanage for street children. During the project RICE donated a monthly amount of financial support and placed orders regularly. The establishment of Lakshya secured an education for the New Delhi street children, as well as housing and the opportunity to remain in Lakshya as employees.

SUSBIZ INDIA

During 2007 - 2009 RICE participated in the Susbiz project along with one of our suppliers in New Delhi, India. The goal of the project was to develop and implement social and environmental initiatives in the supplier's company and share knowledge about the process.

CSR Collaborations

CUPS OF HOPE

UNICEF and RICE have entered a three year long collaboration with a strong focus on children at risk.

Together we will be developing products annually to support children in exposed environments. The first project CUPS OF HOPE will support children in desperate need of emergency relief like clean water. Clean drinking water is in short supply as millions are without access, and this

has serious consequences, especially for children. Our wish is not only to support them - we want to provide them with hope for a better future.

For every CUPS OF HOPE (set of 2 tall melamine cups) you buy we donate 1.5 EUR, and together with UNICEF these 1.5 EUR can provide 800 L of clean water to children in need.



Experience the universe of RICE www.ricebyrice.com

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