

LEGO Fonden Code of Conduct



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Introduction

“Only the best is good enough” is a core principle which has guided the history of the LEGO Group and which the LEGO Group apply in all areas of the business. True to the motto LEGO Fonden also intends to demonstrate this commitment in the area of responsibility and sustainability, recognising that we have a strong impact on social and environmental issues.

By promoting the LEGO Fonden Code of Conduct we want to commit our partners and suppliers, and their sub-contractors to supply services to LEGO Fonden, cooperate and/or operate in an ethical and responsible manner.

The Code of Conduct is based on the Universal Declaration of Human Rights, the Convention for Civil and Political Rights, the Convention for Economic, Social and Cultural Rights, the eight Core Conventions of the International Labour Organisation (ILO) and where relevant other applicable UN and ILO conventions. The Code establishes a set of minimum standards and applies the principle that businesses have a responsibility to respect human rights, i.e. that they must avoid infringing on the rights of individuals and therefore exercise appropriate due diligence.

Application

LEGO Fonden adheres to the principles of this Code of Conduct and requires that our suppliers – as well as partners where relevant – do the same by establishing corporate policies and management systems appropriate to their sector and size to ensure that the requirements of the LEGO Fonden Code of Conduct are met.

Suppliers and partners shall be responsible for ensuring that their services, suppliers, partners and subcontractors comply with the Code of Conduct including any applicable child protection policy issued by the LEGO Fonden or a comparable code. This implies engaging in dialogue and monitoring of relevant partners and/or suppliers for compliance to the applicable code. By ‘comparable code’ we mean a code which at a minimum is based on the Universal Declaration of Human Rights, the Convention for Civil and Political Rights, the Convention for Economic, Social and Cultural Rights, and the ILO core conventions covering child labour, forced labour, freedom from discrimination and right to freedom of association and collective bargaining, and includes an obligation to comply with national legislation. In addition, the code should contain provisions on anticorruption, health & safety, environment, child protection and working conditions that are comparable to the provisions of the LEGO Fonden Code of Conduct. The assessment of the comparable code relies on an individual evaluation conducted by LEGO Fonden.

Legal Compliance

Suppliers and partners must comply with all applicable national laws, regulations and industry standards. Suppliers should always apply the most stringent standard of these. In case of a conflict between national law and the Code of Conduct, suppliers and/or partners should immediately consult with LEGO Fonden.

In exceptional circumstances, where national law is not enforced by the state and where this situation is widely recognised by relevant stakeholders, LEGO Fonden will implement international standards, while at the same time work progressively towards meeting national legal requirements.

Communication

Suppliers and partners must take appropriate action to ensure that the content and understanding of the principles of the Code of Conduct or a comparable code are communicated to all relevant employees by relevant communication and training.

Child Labour and young workers

Child labour must not be engaged in or benefited from.

The minimum age for fulltime employment shall not be less than the age of completion of compulsory schooling and, in any case, not be less than 15 years (or 14 years where established by local law in accordance with the ILO developing-country exception). Employees below 18 years must not be involved in hazardous work or night work regardless of the number of hours worked.

The minimum age for light work (work that does not interfere with compulsory education and does not threaten the health, safety and development of the child) must not be less than 13 years (or 12 years where established by national laws in accordance with the ILO developing-country exception).

If a child under the minimum fulltime employment age is employed by the suppliers and/or partners, the child must not be dismissed, but offered education in combination with work on a part-time basis. If the child is below the national minimum age for light work, a redundancy payment must be provided by the supplier and/or partner to the child or its family in combination with education. LEGO Fonden will assist the supplier and/or partner in implementing a socially responsible corrective action plan, and reserves the right to involve local or international organisations to ensure a proper remediation process.

In all types of work, the supplier and/or partner must establish types of work, work schedules and labour intensity with special consideration to young workers below the age of 18.

LEGO Fonden generally encourages the creation of apprenticeship programs compliant with national laws and regulations.

[References: ILO C33, C79, C90, C138, C182, R146]

Forced Labour and Freedom of Movement

Forced, bonded or compulsory labour, including modern forms of slavery such as trafficking, must not be used or benefited from.

Forced, bonded or compulsory labour is defined as forcing people to work against their will or under pressure from a threat or punishment.

Forcing employees to work excessive overtime, or withholding personal papers, deposits or compensation are subtle forms of forced labour and must be avoided. This includes inappropriate loans and salary advances that tie the worker to the work place.

Employees must have freedom of movement at the workplace as appropriate to their function. Guards must only be posted for normal security reasons to protect employees and company property.

[References: ILO C29, C105]

Coercion and Disciplinary Practices

Physical punishment, threats of violence, harassment including sexual harassment, or other forms of mental or physical coercion or abuse must not be used.

Monetary fines or deduction in compensation as a means of disciplinary measure can only be conducted if permitted by national law and agreed by the applicable collective bargaining agreement.

Deductions related to damage of company products or equipment is not allowed unless it is demonstrated that the employee is clearly responsible. Deductions related to work production and output are not allowed.

Deductions must be limited so that the net amount of wage from the total income of the employee is sufficient to ensure a decent living income and at least the minimum wage required under national law.

[References: ILO C95]

Discrimination

Discrimination, directly or indirectly, in employment decisions, including hiring, promotion, dismissal, wages and access to benefits on grounds of race, colour, sex, language, religion, political or other opinion, age, national, social or ethnic origin, property, sexual orientation, birth, health status, organisational membership, mental or physical disability, or other status must not be engaged in or supported.

Employees must not be subjected to mandatory health tests (e.g. HIV/AIDS or pregnancy) that have no relevance to the job function.

Vulnerable groups, such as migrant workers, which may be subject to less protection by national law, should be provided with equal benefits and opportunities as national workers.

[References: ILO C100, C111, C143, C158, C159]

Wages, Benefits & Holidays

Employees must at a minimum be paid the local minimum wage for a standard working week, or the industry benchmark, whichever is higher. The wage should be sufficient to cover food and housing expenses and other basic needs for the employee and his/her entitled dependants and provide some discretionary income.

Wages must be paid in legal tender directly to the employee and as a minimum on a monthly basis. The pay-slip should summarise all relevant wage information in an easily understandable language for the employee.

All benefits, such as pension, sick and leave provisions required by local laws and regulations must be provided, including annual leave, sick leave and maternity leave when applicable.

While not a requirement, LEGO Fonden encourages suppliers and/or partners to provide for a minimum of three weeks of annual paid leave and 14 weeks of paid maternity leave, as in accordance with ILO standards.

[References: ILO C26, C95, C117, C131, C132, C183]

Working Hours

Following international labour standards and safeguarding the health and safety of the employees, LEGO Fonden requires that the maximum allowable working hours in a week must not on a regular basis exceed 48 hours with a maximum of 60 effective hours per week, including overtime, however excluding lunch and breaks, or less if dictated by national law.

Overtime hours must be voluntary, not demanded on a regular basis and be planned in a way that ensures safe working conditions. Overtime hours must be compensated at a premium rate of no less than 1.25 times the normal amount of compensation or more if dictated by national law. Alternatively, employees may be offered time off instead of paid overtime according to national law.

Employees must be allowed no less than 24 consecutive hours of rest in every seven day period, or more if dictated by national law.

[ILO C1, C14: C30]

Employment Terms

Employees must be provided with a written confirmation of employment which outlines the terms of employment in language understandable to them. This should include information about work hours, leave and rest periods, benefits, salary, and payment conditions.

Excessive use of fixed-term contracts, labour-only contracting or sub-contracting for the purpose of avoiding obligations to employees under labour or social security regulations related to regular employment relationship must be avoided.

Freedom of Association and the Right to Collective Bargaining

The rights of all employees to establish, administer join (or not join) a trade union, select their own representatives and to bargain collectively must not be interfered with or restricted.

If trade unions are not allowed or restricted by law, or only state authorised organisations are allowed, the supplier should facilitate the establishment of alternative measures to enable employees to gather independently and discuss work-related issues.

[ILO C87, C98, C135, C154]

Freedom of Expression

Retaliation practices must not be used to prevent employees from expressing dissatisfaction with their working conditions.

Employees must be allowed to notify inspectors of any violations to this Code during monitoring visits without any retribution.

Grievance procedures

A grievance procedure must be in place to enable employees to submit grievances concerning their work conditions. The grievance mechanism should be accessible to all employees on a confidential basis. There must be an established process for processing the grievances, and decisions resulting from the use of such procedures must be accepted and abided by.

Housing

If the company provides housing for its employees, it must be ensured that the facilities are safe, affordable and with access to basic facilities (water, sanitation, eating and cooking facilities) and of appropriate size adequate to the needs of the workers.

Health and Safety

A safe and healthy working environment must be provided in compliance with national laws and regulations. Suppliers must have management systems in place appropriate to the size and sector of the business in order to adhere to the requirements below.

Appropriate measures must be taken to provide employees with safe and healthy working facilities and to protect them from work-related hazards and anticipated dangers in the workplace. Employees must be provided with adequate information and training for them to perform their tasks safely.

[ILO C148; C155, R164, C170; R190; C148]

Corruption and Bribery

The supplier and/or partner must ensure by training and management systems appropriate to the size of the company that bribes are not offered, promised, given, accepted, condoned, knowingly benefited from, or demanded.

Monitoring and Evaluation

LEGO Fonden will actively monitor and audit certain categories of suppliers and/or partners through third party audits to verify compliance with the Code of Conduct. All suppliers and/or partners are required to provide full access to on-site inspection including unannounced visits, by LEGO Fonden and/or its designated representatives; access to all records that might determine compliance or non-compliance with the Code of Conduct; access to randomly selected employees for confidential interviews during monitoring visits.

Findings from LEGO Fonden visits indicating non-compliance to the Code of Conduct may also be included in the Code of Conduct dialogue with the supplier and/or partner.

The results of all monitoring visits will be documented in a monitoring report. If an on-site inspection reveals non-compliance with this Code of Conduct, LEGO Fonden will enter into a constructive dialogue with the supplier and/or partner in question in order to improve conditions. LEGO Fonden will request adequate action plans to correct issues of non-compliance and will undertake follow-up inspections to verify that improvements are made. While not taking responsibility for vendor non-compliance to the Code of Conduct, LEGO Fonden is committed to engaging in capacity building and training of supplier to address challenges that suppliers and/or partners may face in adhering to the standards of the Code.

If a supplier and/or partner demonstrates non-compliance to the Code of Conduct, despite efforts to address these via constructive dialogue, or demonstrates non-compliance of such grave character, the LEGO Fonden holds the right to terminate the business relationship with immediate effect.

LEGO Fonden will regularly make information on the compliance to the Code of Conduct publicly available.