**PRIVATE CAPITAL BELGIUM ESG TEMPLATE**

**DISCLAIMER:**

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**It is understood that this ESG template is provided to Private capital Belgium members solely for informational and inspirational purposes.** **While every effort has been made to ensure the accuracy and completeness of the information contained herein, no guarantees can be made regarding its full completeness and accuracy. The author cannot be held responsible for any consequences arising from the implementation of any policy and/or procedure based on this template. Users are advised to seek professional advice and conduct their own due diligence before making any decisions based on the content of this document.**

**INSTRUCTION MANUAL**

* **There is a set of ESG templates for portfolio companies in a private equity context and a venture capital context. This set covers these for private equity portfolio companies.**
* **Each template covers a specific ESG topic indicated in the title of the template. The full set of templates includes the following documents:**
	+ **Employee Code of Conduct**
	+ **Suppliers Code of Conduct**
	+ **Anti-corruption & anti-bribery policy**
	+ **Anti-discrimination policy**
	+ **Whistleblowing policy**
	+ **Privacy policy**
	+ **Health & safety policy**
	+ **Environmental policy**
* **Fields marked in yellow are cross-references to templates with other topics in the BVA ESG template set.**
* **Fields marked in green require policy discretion from the portfolio company.**

**Supplier Code of Conduct**

[*This document provides a framework for a Supplier Code of Conduct. Each portfolio company can further tailor this Code of Conduct to its own business, for example by including its business values and industry specific clauses.*]

[*Portfolio company*] (the **Company**) is committed to only engage suppliers that adhere to standards of integrity, rule of law and quality.

**The Company can only engage suppliers that have underwritten the Company’s Supplier Code of Conduct to deliver services or products to the Company.**

The Company runs the business of [*insert short text about the Company*].

All rules and policies that the Company’s suppliers of goods and services (the **Suppliers**) are expected to observe are incorporated in this Supplier Code of Conduct (this **Code of Conduct**). The rules are an expression of what the Company believes is a socially fair and sustainable way to do business.

The Company expects its Suppliers to comply with the standards described in this Code of Conduct. This applies for all production facilities, sub-suppliers, subcontractors and other third parties. The Supplier that is in direct relation with the Company shall be responsible and liable for assuring compliance to the extent that is possible within their sphere of influence and efforts, as mentioned before. This requires a co-operative approach where the Supplier involves its business partners and takes reasonable and appropriate measures needed to implement the standards of this Code of Conduct where possible.

Suppliers which do not (fully) adhere to this Code of Conduct are obliged to inform the Company in detail about the reasons for non-adherence, and will need to indicate when future adherence of the Code will again be possible. Suppliers will inform their employees and subcontractors about this Code of Conduct and will ensure this Code is observed by each of them.

**All of the Company’s Suppliers are provided with a copy of this Code of Conduct. A Supplier will notify the Company of its acceptance of this Code of Conduct by e-mail. Any breach of this Supplier Code of Conduct may have adverse consequences for the relation between Supplier and the Company.**

[The Company will follow up on compliance to this Code of Conduct with [*annual audits / annual conversations / annual confirmation / insert other follow-up measures]*.]

**Commitments of the Suppliers:**

1. **Acknowledgment**

Supplier acknowledges that the Company places value in corporate social and environmental responsibility.

Supplier accepts that it is responsible for the effects of its activities on the environment, employees and the society in which it operates. Supplier informs the Company about activities that affect these themes if requested.

Supplier has its own responsibility to perform its work with honesty and integrity in areas not specifically addressed by this Code of Conduct.

Supplier is responsible for the correct implementation of the Code of Conduct and for continuous improvement, including corrective measures where needed. Supplier is expected to set up systems being able to identify, monitor, understand and implement applicable laws, regulations and customer requirements.

1. **Training and communication**

Supplier shall develop and maintain management and employee training courses to properly implement its policies and procedures and to meet its continuous improvement goals. Supplier should have processes that clearly and accurately communicate information about its performance, practices, policies, and expectations to employees, sub-suppliers, and customers. Supplier should have a process of continuous improvement to obtain feedback on practices related to this Code of Conduct and to promote continuous improvement.

1. **Compliance with legislation**

Supplier operates in compliance with the laws, regulations and ethical standards of the country in which it operates, where it sells products or services, and/or employs or contracts personnel.

Supplier is responsible for knowing and complying with all applicable laws in connection with the products and/or services Supplier is providing to the Company.

1. **Business ethics and integrity**

Suppliers should take all measures to exercise sound and ethical practices. This spans from promoting fair competition to anti-bribery.

* Fair competition: Supplier respects the rules of free and fair competition in all business relationships and does not act against any competition and/or anti-trust law.
* Corruption: Supplier will not tolerate corruption and will ensure compliance with (i) the United Nations (UN) and the Organisation for Economic Co-operation and Development (OECD) Conventions on combating corruption and (ii) the relevant anti-corruption laws applicable to it. Supplier is not involved in any act of corruption, extortion or embezzlement or any form of bribery.
* Anti-money laundering: Supplier commits to compliance with the relevant legal obligations for money laundering prevention and does not participate in money laundering activities[[1]](#footnote-1).
* Information disclosure: Supplier shall accurately record information about its business activities, labour, health and safety, and environmental practices, and disclose this information to all parties in accordance with relevant legal requirements.
* Protection of intellectual property: Supplier shall respect intellectual property and protect the security of customer information. Supplier shall manage technology and expertise from the perspective of protecting intellectual property.
* Privacy: Supplier shall respect the private lives of its employees, including the right to privacy with a domestic and family life in their homes. The supplier shall therefore ensure the personal details of its employees are protected.
1. **Safety of products and/or services**

Supplier guarantees that it will deliver products and services that are considered to be of high quality, safe in use, and free from defects and/or faults.

1. **Labor conditions and human rights**

Supplier commits to protect and respect internationally recognised human rights and International Labor Organisation (ILO) conventions. Furthermore, Supplier will ensure fair treatment of (migrant) workers, anti-discrimination, and prohibit any form of forced or child labour.

Specifically, Supplier undertakes the following commitments:

* Human rights and child labour: Employees in the supply chain of the Supplier shall be treated fair, with respect and according to international human rights. Child Labor is strictly prohibited. Additionally, the rights of young employees shall be protected at all times. Any form of child exploitation is prohibited.
* Forced labour: The Supplier ensures that all work shall be conducted on a voluntary basis, and not under threat of any penalty or sanctions. There shall be no use of forced, including bonded or prison, labour or any engagement in servitude, lodging deposits, retention of identity documents, indentured, trafficked or non-voluntary labour that violates basic human rights.
* Workers’ rights and protection: At the request of the Company, Supplier shall present its policies, regulations and procedures covering the aspects of workers’ rights and protection at work. Vulnerable individuals, including but not limited to young workers, pregnant women and new mothers, and persons with disabilities, shall receive particular consideration under the right and relevant measures (according to the vulnerability). Supplier shall provide all workers with access to clean toilet facilities, with water for washing and drinking.
* Healthy and safe working environment: Everyone involved in the supply chain in which the Company’s products are made has the right on a healthy, safe & fair working environment, in which they are treated with respect and receive a fair remuneration for the work they deliver. Supplier shall treat its workers fairly and with respect. A safe and hygienic working environment shall be provided, and best occupational health and safety practices shall be promoted, bearing in mind the specific hazards and risks of the concerning industry. Supplier shall provide safe and clean conditions in all facilities and follows a clear set of procedures regulating occupational health and safety.
* Working hours: Supplier shall ensure that working hours shall comply with applicable regional, national (or relevant international) laws and regulations and industry standards, whichever affords greater protection. In any event, workers shall not, on a regular basis, be required to work in excess of the maximum amount of 48 hours per week and shall be provided with at least one day off for every seven-day period of time. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded regularly and shall always be compensated at a premium rate in accordance with the local and national law.
* Fair remuneration: Supplier is encouraged to provide its employees with a suitable reward which covers the minimum costs of living and provides possibility for additional expenditures. Wages should be paid in a regular manner and fully in legal tender.
* No discrimination: Supplier shall not engage in, support or tolerate discrimination in employment including hiring, access to training, working conditions, remuneration or benefits etc., on the basis of race, color, gender, age, religion, marital status, caste, social background, disability, pregnancy, ethnic or national origin, nationality, membership in worker organisations including unions, political affiliation, sexual orientation, or any other condition that could give rise to discrimination. Supplier shall base all terms and conditions of employment on an individual's ability to do the job, and not on the basis of personal characteristics or beliefs such as described above. Supplier shall not engage in or tolerate bullying, harassment or abuse of any kind.
1. **Environment**

Supplier is expected to comply with applicable environmental regulations and take into account the impacts of its operations and products on the environment, climate change, and the depletion of natural resources, such as but not limited to waste, effluents, packaging, and/or energy efficiency.

Procedures and standards for waste management, handling and disposure of hazardous substances or chemicals (if any), and other dangerous materials, emissions, and effluent treatment must meet or exceed minimum legal standards in accordance with regional, national and international legislation. Supplier shall take responsibility and necessary measures to avoid environmental degradation by preventing or minimising adverse effects on the community, natural resources and the overall environment, without any exception. Supplier shall obtain, maintain and keep current all relevant environmental permits and registrations required under local regulation and follow the corresponding operational and reporting requirements. Supplier shall endeavor to reduce or eliminate solid waste, wastewater and air emissions, including energy-related indirect air emissions, by implementing appropriate conservation measures in their production, maintenance and facilities processes.

Supplier shall regularly quantify greenhouse gas emissions and set targets and monitor implementation progress to reduce greenhouse gas emissions through energy conservation, clean energy use or other methods.

Supplier should regularly quantify the use of fossil fuels, water resources, hazardous materials and natural resources, set targets and monitor implementation progress, through energy conservation, reuse, recycling, alternative energy, or other methods reduce the use of such resources. This also accounts for minimisation of packaging materials: the Company strives for minimisation of packaging materials used for the products at all times. The Supplier shall adhere to the maximum extent to this request, always in full agreement with the Company.

1. **Certifications and quality marks**

Supplier shall define and implement a policy for social accountability and one of the following management systems to ensure the requirements outlined in this Code of Conduct, including preferred standards such as BSCI; WRAP; SEDEX (SMETA) and/or SA8000; ISO14001.

When Supplier is not affiliated with one of these social compliance standards, Supplier shall indicate on what term it is possible to affiliate.

1. Money laundering means exchanging money or assets that were obtained criminally for money or other assets that are ‘clean’. The clean money or assets do not have an obvious link with any criminal activity. The purpose of money laundering is to conceal the origin of the money. [↑](#footnote-ref-1)