DONG Energy has more than 20,000 suppliers globally. Some of these are located in countries that do not meet international standards for human and labour rights, the environment or anti-corruption. If a supplier repeatedly fails to live up to our standards, we can end the relationship with the supplier. However, we believe to create real change it is more effective to work with the supplier and help the company to improve step by step.

**PROGRAMME**
With more than 20,000 suppliers, it is important for DONG Energy to be able to identify the suppliers that are most at risk of falling short of international standards for human and labour rights, the environment or anti-corruption. Upon identification, we can work with them in a consistent and structured way to help them improve.

We do this through our Responsible Sourcing Programme, which was implemented in 2014. The programme applies risk based due diligence through a four step approach in accordance with the UN Guiding Principles for Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the UK Bribery Act:

1. All suppliers must accept our ethical, social and environmental expectations
2. We perform risk screenings to identify medium and high-risk suppliers
3. We assess supplier performance through site assessments or self-assessments
4. If supplier performance falls short of our expectations, we collaborate on the development of an improvement plan.

Our approach is based on dialogue in good faith and continuous engagement.

**GOVERNANCE**
The Responsible Sourcing Programme is integrated into DONG Energy’s Procurement system and processes. Each procurement employee has the responsibility to screen contracts above 3 million DKK.

At corporate level, CSR & Responsible Sourcing assesses the screenings and acts on medium to high risk contracts, selecting suppliers to engage and working in collaboration with them. The Programme is monitored by DONG Energy’s Compliance Committee, which consists of representatives from top management across the business and is chaired by the CEO.

**CODE OF CONDUCT**
DONG Energy’s Code of Conduct for Suppliers defines what we believe is responsible ethical, social and environmental practice. We consider the content of the Code as material and an integral part of our business relationship with individual suppliers.

[Learn more](https://www.dongenergy.com/codeofconduct) about responsible sourcing in DONG Energy in our Code of Conduct for Suppliers and our Guidance Kit for Suppliers:

[www.dongenergy.com/codeofconduct](https://www.dongenergy.com/codeofconduct)
[www.dongenergy.com/guidancekit](https://www.dongenergy.com/guidancekit)
SUPPLIER ACCEPTS REQUIREMENTS
As a signatory to the United Nations Global Compact, DONG Energy is committed to delivering continuous improvements within the Compact’s four thematic areas: human and labour rights, the environment and anti-corruption.

Our Code of Conduct for Suppliers builds on the four areas. All suppliers must accept the expectations defined in the code and set up mitigation mechanisms commensurate with their risks. For instance, we do not expect a supplier to have a detailed mitigation plan for the risk of child labour if that risk is non-existing.

As different standards exist throughout the world we do not expect full compliance from day one. However, we expect that suppliers are committed to achieving compliance within a reasonable period of time.

In addition, suppliers must accept our anti-bribery warranty. We require suppliers to implement adequate procedures in order to prevent behaviour that contrasts with the UK Bribery Act.

RISK SCREENING OF SUPPLIER CONTRACTS
We conduct risk screenings of supplier contracts to identify suppliers that have a higher risk of falling short of our requirements.

All contracts above 3 million DKK are risk screened when the contract is signed. The aim is to identify medium to high risk suppliers, based on their country of production and type of product or service.

We risk screen contracts below 3 million DKK on an annual basis.

ASSESSMENT OF SUPPLIER PERFORMANCE
Risk screenings that result in a low risk score are usually not selected for an assessment. We prioritise medium and high risk contracts. We employ four types of assessments that are tailored to the different risk profiles of contracts:

- Anti-corruption questionnaires.
- Self-assessment questionnaires.
- 2nd party site assessments.
- 3rd party site assessments.

The questionnaires are desk studies that rely on written responses and documentation provided by suppliers. If we conduct a site assessment, the supplier hosts a team from DONG Energy and, in some cases, external assessors. The higher the risk of poor performance, the more thorough the assessment.

COLLABORATION ON IMPROVING SUPPLIER PERFORMANCE
If breaches are identified during an assessment, DONG Energy develops an improvement plan together with the supplier.

The supplier is responsible for implementing the plan. DONG Energy will follow up on agreed improvement actions and when we find that they have been satisfactorily implemented, we close the improvement plan. However, as we continuously monitor our suppliers, it is possible that the supplier will be selected for another assessment in the future.

LEARNING ABOUT RESPONSIBLE SOURCING
In connection with the Responsible Sourcing Program, the corporate department CSR & Responsible Sourcing conducts internal training workshops to ensure that responsible sourcing is well integrated across our procurement processes. Since programme launch, the large majority of our procurement employees – around 150 people – have completed the training.

Ida Jacobsen, Contract Advisor in Group Procurement, participated in the training. It changed her view on how DONG Energy’s supply chain: “When a supplier is not in compliance with our expectations, they should not be a supplier to us. At least this was my immediate thought. But through the workshop it became clear to me that we do not improve anything by leaving. When there is a willingness to make improvements we have to stay and work together with the supplier to materialise such improvements. It is challenging but it makes sense.”