

# Ethical guidelines

## 1. Introduction

**The buyer** wishes to run its business in a socially responsible manner. As part of our company's efforts to operate in a responsible manner, we shall also promote decent working conditions and environmental conditions, and work to prevent corruption, bribery, and extortion in our supply chain. We wish to do this in close collaboration with our suppliers and business partners.

**The buyer's** suppliers shall deliver goods and services that are produced in accordance with the ethical guidelines. The suppliers shall also communicate the ethical guidelines to their sub-suppliers and promote their compliance with them. **The buyer** understands and accepts that the supply chain can be complex and that this can make it difficult to gain insight into the working conditions and the environmental conditions throughout the supply chain. Nonetheless, **the buyer** expects its suppliers and partners to strive to ensure compliance.

The ethical guidelines apply to conditions both in our own enterprise and in the supply chain, and they describe basic expectations and requirements relating to human rights, employee rights, environmental protection and combating corruption as stipulated in international agreements and national legislation.

At the request of **the buyer**, suppliers must be able to document compliance with the ethical guidelines or show that efforts are being made to achieve compliance. Such documentation can be presented in the form of self-declaration forms, surveys of working conditions and environmental conditions or meetings with **the buyer**. Suppliers undertake to provide contact information for any sub-supplier whose premises **the buyer** wishes to inspect.

These ethical guidelines are based on internationally recognized UN and ILO conventions, EU conventions and directives, and local legislation, and they state the minimum standards. The legislation at the production location must be observed. If national legislation and regulations cover a topic that is also dealt with in these ethical guidelines, the higher standard shall apply.

## 2. Human rights

The work to encourage businesses to support and respect the protection of internationally proclaimed human rights and to ensure that they are not complicit in human rights abuses are two of the UN Global Compact's ten principles. The rules that govern human rights comprise:

- 🕒 The UN Universal Declaration on Human Rights of 1948
- 🕒 The European Convention on Human Rights of 1950, ratified by Norway in 1951
- 🕒 The International Covenant on Civil and Political Rights of 1966, ratified by Norway in 1972
- 🕒 The International Covenant on Economic, Social and Cultural Rights of 1966, ratified by Norway in 1972
- 🕒 The United Nations Convention on the Rights of the Child of 1989, ratified by Norway in 1991
- 🕒 The Act of 21 May 1999 relating to the strengthening of the status of human rights in Norwegian law
- 🕒 ILO Convention No 29 concerning Forced or Compulsory Labour of 1930, ratified by Norway in 1932
- 🕒 ILO Convention No 105 concerning the Abolition of Forced Labour of 1957, ratified by Norway in 1958

Human rights are fundamental rights that apply to everyone and that shall ensure individuals' right to freedom, safety and dignity within a democratic rule of law. Although it is the state's overall responsibility to protect human rights, business and industry have a great potential to influence human rights – both in

a negative and positive direction. The buyer will therefore run its business in a manner that promotes human rights.

**Suppliers shall therefore ensure that:**

- ☞ no form of forced labor, slave labor or involuntary labor occurs in the supplier's business.
- ☞ physical abuse, punishment, or threats of physical abuse, sexual or other types of harassment and verbal harassment and other forms of humiliation do not occur in the supplier's business.
- ☞ all private information about employees is treated confidentially, and that there is no random interference in their private lives. This includes that no restriction shall be imposed on the employees' culture, family life, religion or political convictions unless warranted by law.
- ☞ the employees' freedom of expression and opinion is not subject to other restrictions than those warranted by law.
- ☞ respect for the rule of law is maintained in that the supplier follows the individual country's laws and regulations, given that they are in accordance with the obligations that follow from international human rights.

### **3. Working conditions**

The obligation to ensure decent working conditions is included in the UN Global Compact's ten principles. This shall be achieved by upholding the freedom of association, in that all forms of child labor and forced labor are abolished and by preventing discrimination in the workplace. The right to a decent working life is governed by:

- ☞ ILO Convention No 87 concerning Freedom of Association and Protection of the Right to Organise of 1948, ratified by Norway in 1949
- ☞ ILO Convention No 98 concerning Right to Organise and Collective Bargaining of 1949, ratified by Norway in 1955
- ☞ ILO Convention No 135 concerning Protection and Facilities to be Afforded to Workers' Representatives in the Undertaking of 1971, ratified by Norway in 1976
- ☞ ILO Convention No 154 concerning Promotion of Collective Bargaining of 1981, ratified by Norway in 1982
- ☞ The United Nations Convention on the Rights of the Child of 1989, ratified by Norway in 1991
- ☞ ILO Convention No 138 on the Minimum Age for Admission to Employment and Work of 1973, ratified by Norway in 1980
- ☞ ILO Convention No 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour of 1999, ratified by Norway in 2000
- ☞ ILO Recommendation No 146 concerning Minimum Age for Admission to Employment of 1973
- ☞ ILO Convention No 100 concerning Equal Remuneration for Men and Women Workers for Work of Equal Value of 1951, ratified by Norway in 1959
- ☞ ILO Convention No 131 concerning Minimum Wage Fixing, with Special Reference to Developing Countries
- ☞ ILO Convention No 1 Limiting the Hours of Work in Industrial Undertakings to Eight in the Day
- ☞ ILO Convention No 14 concerning the Application of the Weekly Rest in Industrial Undertakings
- ☞ The UN Convention on the Elimination of All Forms of Discrimination Against Women of 1979, ratified by Norway in 1981
- ☞ The Norwegian Act relating to Working Environment, Working Hours and Employment Protection of 17 June 2005

The buyer recognizes the importance of a good working environment with safe and fair employment conditions, and therefore wishes to ensure that our suppliers and business partners also comply with basic requirements relating to the working environment.

**Suppliers shall therefore ensure that:**

- ☞ all employees, without exception, are entitled to join or establish trade unions at his/her own choice, and to engage in collective negotiations. Suppliers shall refrain from any interference in the employees' organizations, with respect to formation, activity, or administration.

- ☞ all employees are entitled to strike, given that the right to strike is exercised in accordance with the laws of the individual countries.
- ☞ employee representatives are not discriminated against and are given the opportunity to carry out their duties in the workplace.
- ☞ even when the freedom of association and the right to engage in collective bargaining is limited by law, arrangements must be made to facilitate, and in no way prevent, parallel mechanisms for free and independent organization and negotiations.
- ☞ employees do not have to submit 'a deposit' or ID documents to the employer, and that they are free to terminate the employment relationship with a reasonable period of notice.
- ☞ children under the age of 18 do not carry out work that puts their health or safety at risk, including night work.
- ☞ children under the age of 15 (14 or 16 in some countries) do not carry out work that may interfere with their education.
- ☞ the recruitment of child workers in breach of the above-mentioned conventions does not take place. If such child labor already exists, efforts shall be made to rectify the situation as quickly as possible. Arrangements shall be made at the same time to give the children involved a means of subsistence and education until they are no longer of school age.
- ☞ there is no discrimination in the workplace based on ethnic origin, religion, age, disability, gender, marital status, sexual orientation, trade union membership or political affiliation.
- ☞ protection is established against sexually predatory, threatening, offensive or exploitative behavior and against discrimination or unfair dismissal, e.g., on grounds of marriage, pregnancy, parenthood, or status as HIV positive.
- ☞ the employees' pay is at least in accordance with the higher of the national minimum wage provisions and the industry standards and is always sufficient to cover basic needs.
- ☞ wage conditions and the payment of wages are agreed in writing before work commences. The agreement must be understandable to the employee.
- ☞ deductions from pay as a disciplinary reaction are not permitted.
- ☞ working hours are either in accordance with national legislation or the industry standard, whichever provides the highest degree of protection. It is recommended that working hours do not exceed 48 hours per week (8 hours per day).
- ☞ the employees have at least one day off per week.
- ☞ overtime is limited. A maximum of 12 hours overtime per week is recommended.
- ☞ the employees are always paid overtime supplements that must as a minimum comply with the applicable legislation.
- ☞ employee rights resulting from a regular employment relationship must not be circumvented by using short-term contracts (such as the use of contract workers, casual labor and day workers), subcontractors or other employment relationships.
- ☞ all employees have an employment contract in a language they understand.
- ☞ apprenticeship programs are clearly defined with respect to duration and content.

#### **4. Health, safety, and the environment**

Employees are entitled to safe and healthy working conditions. The set of rules that govern health, safety and the environment in the workplace comprise:

- ☞ ILO Convention No 155 concerning Occupational Safety and Health and the Working Environment of 1981, ratified by Norway in 1982
- ☞ ILO Recommendation No 184
- ☞ The Norwegian Act relating to Working Environment, Working Hours and Employment Protection of 17 June 2005

An active approach to health, safety and the environment is intended to prevent injuries and ensure a healthy working environment.

#### **Suppliers shall therefore ensure that:**

- ☞ the working environment is safe and hygienic, while existing knowledge in the industry and any specific hazards are taken into consideration. Necessary measures shall be implemented to

prevent accidents and damage to health that originate from, are related to, or arise in connection with the work, by minimizing the causes of hazards inherent in the workplace to the extent that this is practicable.

- ☞ employees receive regular and documented health and safety training. Health and safety training shall be repeated for new employees.
- ☞ workers have access to clean sanitary facilities and clean drinking water. If relevant, the employer shall also provide access to facilities that ensure the safe storage of food.
- ☞ if the employer provides accommodation, it must be clean, safe, and adequately ventilated and with access to clean sanitary facilities and clean drinking water.

## 5. Protection of the environment

The obligation to protect the environment is included in the UN Global Compact's ten principles. Protection of the environment shall be dealt with by businesses supporting a precautionary approach to environmental challenges, taking the initiative to promote increased environmental responsibility, and encouraging the development and diffusion of environmentally friendly technology. The international environmental commitments are governed by:

- ☞ The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 1989, ratified by Norway in 1990
- ☞ The UN Convention on the Prevention of Marine Pollution of 1972, ratified by Norway in 1974
- ☞ The UN Convention on Biological Diversity of 1989, ratified by Norway in 1990
- ☞ The UN Convention on Climate Change of 1992, ratified by Norway in 1993
- ☞ The Kyoto Protocol of 1997, ratified by Norway in 2002
- ☞ The Montreal Protocol of 1987, ratified by Norway in 1988

### Suppliers shall therefore ensure that:

- ☞ hazardous chemicals are handled in a responsible manner. Hazardous waste shall not be transported to developing countries.
- ☞ the supplier's production and extraction of raw materials does not contribute to destroying the resource and income basis for marginalized population groups, e.g. by occupying large areas of land or other natural resources that these groups depend on.
- ☞ environmental measures are considered for the whole production and distribution chain, from the production of raw materials to sales to consumers. Both local, regional and global environmental aspects shall be taken into consideration. The local environment and production location shall not be subjected to exploitation or degraded by pollution.
- ☞ national and international environmental legislation and regulations are observed.
- ☞ relevant emission permits are obtained where necessary.

## 6. Combating corruption

The work to prevent corruption is one of the UN Global Compact's ten principles. The set of rules that govern corruption comprise:

- ☞ The UN Convention against Corruption 2003, UNACAC
- ☞ The Council of Europe's Criminal Law Convention on Corruption of 1999, ratified by Norway in 2004
- ☞ The Council of Europe's Civil Law Convention on Corruption of 1999, ratified by Norway in 2007
- ☞ The OECD Convention on Combating Bribery of Foreign Public Officials, ratified by Norway in 1998
- ☞ EU directives 2004/17/EF and 2004/18/EF on corruption and the consequences of corruption
- ☞ The provisions of the Norwegian General Civil Penal Code concerning corruption: Section 276a Corruption, Section 276b Gross corruption and Section 276c Trading in influence

Corruption undermines democracy, human rights and an open and efficient market economy. The buyer will therefore run its business in accordance with international and national recommendations.

### Suppliers shall therefore ensure that:

- 👉 they have examined the risk of corruption in relation to the relevant markets for the supplier.
- 👉 all employees have been made aware of the relevant legal provisions that apply both for corruption in their country and in the countries in which the supplier operates.
- 👉 internal procedures are introduced to uncover irregularities.
- 👉 there is particular focus on positions in the supplier's organization where the employee may be subject to pressure to give or receive bribes.
- 👉 references for employees, agents and partners who represent the supplier are checked, and, as far as possible, and that their activities are continuously followed up.
- 👉 its employees, intermediaries and agents are required to enter into agreements on compliance with the supplier's rules for counteracting corruption.

## 7. Transport

Transport by sea and road creates challenges with respect to safety and the environment. Through its activities, the buyer will contribute to improving national and international freight transportation. The set of rules that govern transport comprise:

- 👉 ILO Convention No 134 concerning the Prevention of Accidents (Seafarers) of 1970, ratified by Norway in 1976
- 👉 The European Agreement on international carriage of dangerous goods by road of 1957. Implemented in Norway through Regulations No 384 of 1 April 2009 concerning the carriage of dangerous goods by road (Forskrift om landtransport av farlig gods – in Norwegian only).
- 👉 The European agreement concerning the Work of Crews of Vehicles Engaged in International Road Transport (the AETR Agreement) of 1970. Implemented in Norway through Regulations No 794 of 28 June 2012 concerning the implementation of the European Agreement concerning the Work of Crews of Vehicles Engaged in International Road Transport (Forskrift om gjennomføring av Europeisk avtale om kjøre- og hviletid m.v. for mannskap på kjøretøy i internasjonal vegtransport – in Norwegian only).
- 👉 The Norwegian Maritime Code of 24 June 1994
- 👉 The Act relating to Road Traffic of 18 June 1965
- 👉 The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW) of 1978
- 👉 The MARPOL convention – the international convention addressing prevention of pollution from ships of 1973, modified in 1978
- 👉 The International Convention for the Safety of Life at Sea (SOLAS) of 1974.

The buyer's business is dependent on transport both within and outside Norway's borders, and the buyer recognizes the importance of ensuring that the transport that is provided by our suppliers is in accordance with the applicable rules, takes the environment into consideration and addresses the safety of employees and third parties.

### Suppliers shall therefore ensure that:

- 👉 a driver's daily driving does not exceed nine hours, and the weekly driving does not exceed 56 hours, and that the driving over two consecutive weeks does not exceed 90 hours. It must be possible to document compliance with the provisions.
- 👉 after driving for four and a half hours, the driver must take a continuous break of at least 45 minutes.
- 👉 the driver normally has an 11-hour rest period each 24 hours. Alternatively, the rest period can be split into two periods, where the first must be an uninterrupted period of at least three hours and the second an uninterrupted period of nine hours.
- 👉 the driver normally has a continuous rest period of 45 hours per week.
- 👉 all non-conformities with the provisions in relation to rest periods, driving periods and breaks are warranted by the exceptions stipulated in the AETR Agreement.
- 👉 only drivers over the age of 18 can drive vehicles up to 7.5 tons, and only drivers over the age of 21 can drive vehicles that are heavier than 7.5 tons. Drivers over the age of 18 can nonetheless

drive vehicles weighing more than 7.5 tons if he/she has an approved certificate of professional competence.

- ☞ only vehicles that are in safe condition and that are adapted for the driving conditions in Norway are used.
- ☞ the supplier has the necessary permits to engage in freight transportation.
- ☞ the applicable traffic rules are complied with at all times.
- ☞ measures and the application of new technology that can reduce harmful emissions from the transport activity are continuously assessed.
- ☞ employees have the knowledge and experience required for the responsible carriage of dangerous goods, and that the equipment is suitable for this purpose.
- ☞ seafarers engaged by the supplier meet the requirements for certification and qualification that follow from the STCW Convention.
- ☞ all ships that are used by the supplier are in seaworthy condition.

## 8. Internal control

The COSO report from 1992 (the Committee of Sponsoring Organisations of the Treadway Commission) defines internal control in its broadest sense as a process drawn up and implemented by the enterprise's board, management, and employees. It is designed to provide reasonable certainty concerning goal attainment in the following areas:

- ☞ targeted and efficient operations
- ☞ reliable external financial reporting
- ☞ compliance with the applicable laws and regulations

Internal control is defined as the measures the company takes to ensure that it reaches its goals in a satisfactory manner. Examples of other key regulatory amendments and initiatives are:

- ☞ The Sarbanes-Oxley Act
- ☞ The Jaap Winter report
- ☞ Basel II and Solvency II
- ☞ International accounting standards, such as IFRS

Internal control is very important in relation to the implementation of the ethical guidelines. The buyer emphasizes the importance of the suppliers having systems in place that support this implementation.

### Suppliers shall therefore ensure that:

- ☞ the supplier has prepared and implemented internal control methods that ensure that the supplier reaches its goals in a satisfactory manner.
- ☞ an annual internal control is carried out in the supplier's organization and that the result is presented to the management.
- ☞ it has an employee in a central position who is responsible for the implementation of the ethical guidelines in the supplier's organization.
- ☞ the ethical guidelines are known in all relevant parts of the organization.
- ☞ the buyer's consent is obtained before production or parts of production are outsourced to sub-suppliers/contractors, if this has not been agreed on in advance.
- ☞ the supplier can state where goods ordered by the buyer have been produced.

Supplier Name: \_\_\_\_\_

CMR no: \_\_\_\_\_

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature \_\_\_\_\_