

Sustainability and Business Conduct Requirements for Suppliers

1. Purpose

To become a supplier or business partner of the customer, companies must take a conscious approach to sustainability risk in their business and supply chain. The customer expects its suppliers and business partners to comply with its guidelines for sustainable supply chains as set out in this document.

2. Scope

The guidelines apply to the customer's suppliers and business partners.

Suppliers include businesses that deliver products and services that the customer purchases in order to perform its activities, although they can also include other categories such as agents, distributors and various partners that are involved in the customer's supply chain.

A business partner means any entity that supplies goods or services directly to the customer or the customer's subsidiaries without necessarily being part of the supply chain.

In addition to ensuring their own compliance, the customer expects suppliers and business partners to communicate these guidelines to subcontractors and help ensure their compliance with them. The guidelines will apply for the duration of a contractual relationship.

3. Principles and guidelines

The customer's suppliers and business partners must conduct their business in line with the guidelines for responsible business and contribute to a sustainable transition. Responsible business is defined as the systematic efforts companies make to identify and manage their risk of having a negative impact on people, society and the environment.

This means that its suppliers and business partners must be familiar, and comply, with the UN guiding principles for business and human rights (the UNGP¹ and OECD Guidelines for Multinational Enterprises). These include the ILO's eight core conventions on freedom of association and collective bargaining, prohibition on child labour, prohibition on forced labour and prohibition on discrimination. Suppliers and business partners subject to the Norwegian Transparency Act are also expected to carry out due diligence assessments, ref. section 4 of the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions.

These principles and guidelines regulate conduct in areas such as human rights, labour rights, the environment, anti-corruption, consumer protection and transparency.

4. Requirements for suppliers and business partners

¹ UN Guiding Principles on Business and Human Rights

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4.1. Climate and environment

The customer expects its suppliers and business partners to align their activities such that they are compatible with global net zero emissions in line with the Paris Agreement. This means that its goal is for companies in its supply chain to have ambitions regarding net zero emissions by 2050 and setting credible goals and plans for reducing its direct and indirect greenhouse gas emissions.

It also expects its suppliers and business partners to take a conscious approach to:

- sustainable use of marine resources
- transition to a circular economy
- preventing and combating pollution
- protecting and restoring biodiversity and ecosystems

4.2 Social conditions

The customer's suppliers and business partners must have guiding principles and instructions that describe and confirm the attitude of the organisation to human rights and decent working conditions in line with the UNGP, ref. section 4 of the Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act). Suppliers and business partners must actively assess and manage risks relating to corruption, breaches of human rights, poor working conditions and negative environmental impacts, using the OECD's guidelines for responsible business for due diligence assessments as a method.

Where international conventions and national legislation both regulate the same topic, the highest standard will always apply.

4.3 Business conduct

Suppliers and business partners must comply with laws, regulations and internal policies, and act in accordance with good business conduct in all circumstances.

The customer does not accept employees of the company being offered or receiving gifts or other benefits that could be perceived as bribes and corruption. Suppliers must not accept such practices either in relation to their employees.

The customer's suppliers and business partners must not evade taxes or levies and must distance themselves from any form of money laundering and take appropriate precautions to prevent others from using the supplier's financial transactions to launder money.

The customer's suppliers and business partners must avoid trading partners who operate in countries that are subject to trade boycotts by the UN and/or Norwegian government.

5. Follow-up and audits

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At the request of the customer, suppliers and partners must document how they, and any subcontractors, comply with the requirements of the guidelines and other contractual documents, including compliance with internal control requirements. The customer can request and require that suppliers and business partners produce documentation on how sustainability risk is identified and managed in their operations and supply chains through climate reports and due diligence reports. The customer expects transparency from suppliers and business partners in relation to exchanging information concerning the climate, environment, social conditions and ethical business conduct. This may be done through follow-up meetings with the customer and/or audits/inspections of working conditions at production sites. If the company wishes to analyse/inspect subcontractors with respect to compliance with the guidelines, the supplier must allow such an audit/inspection and provide names and contact information for its subcontractors.

6. Sanctions and right of cancellation

Breaches of the provisions of this document may constitute breaches of contract, ref. provisions regarding breaches of contract in other contractual documents.

The following three cases are examples of circumstances that could be deemed *material* breaches of contract:

- a) The supplier fails to provide sufficient information to ensure/document compliance with the guidelines in this document.
- b) The supplier, following a request from the customer, fails to demonstrate sufficient effort to investigate suspected breaches of the guidelines in this document.
- c) The customer points out one or more non-material breaches of the guidelines in this document and asks for them to be remedied and the supplier fails to remedy such breaches within a reasonable period of time.