

Appendix (x) Standard appendix on sustainability in procurement

1 Introduction

SpareBank 1 expects suppliers and business partners to respect fundamental requirements relating to the environment, social conditions and ethical business practice.

We aim to achieve this in close cooperation and dialogue with our suppliers and partners.

SpareBank 1 expects suppliers to pass these guidelines on to their subcontractors and help them to comply, as well as working to comply with the requirements on their own behalf.

Suppliers and their subcontractors must keep abreast of and comply with the requirements laid down at any given time in laws, regulations or other official instructions relating to the supplier's activities and areas of responsibility. The supplier is responsible for obtaining the licences and permits necessary to carry out its activities.

In addition to these guidelines, industry-specific sustainability criteria may be applied to acquisitions where relevant.

2 Criteria for the supply chain

SpareBank 1's suppliers and contract partners must respect fundamental requirements relating to the environment, social conditions and ethical business practice. Goods and services delivered to SpareBank 1 must be produced under conditions consistent with the requirements set out below. The requirements are based on key UN and ILO conventions and national employment law in the place of production.

Where national laws and regulations cover the same matters as these guidelines, the strictest requirements will apply.

Environment

- Measures to reduce negative effects on health and the environment throughout the value chain must be taken by minimising emissions, promoting efficient and sustainable resource use, including energy and water, and minimising greenhouse gas emissions in production and transport. The local environment at the production site should not be over-exploited or contaminated.
- National and international environmental laws and regulations must be complied with, and relevant emission permits must be obtained.
- SpareBank 1 does not want its suppliers to use substances with the potential cause serious damage to health, such as cancer, mutations, reproductive damage, and other environmentally harmful substances.
- Wherever possible, SpareBank 1's suppliers must use products that can be reused and have a lifecycle with low environmental impact. Unnecessary packaging shall be avoided.
- SpareBank 1's suppliers must actively work to minimise any negative impact on the external environment.

Social conditions

1. Forced labour/slave labour (ILO Conventions 29 and 105)

- 1.1. There must be no form of forced labour, slave labour or involuntary labour.
- 1.2. Workers must not be required to hand over a deposit or identity documents to the employer and must be free to terminate their employment with reasonable notice.

2. Right to organise and collective bargaining (ILO Conventions 87, 98, 135 and 154)

- 2.1. Workers must have the right, without exception, to join or establish trade unions at their own request and to negotiate collectively. The employer may not interfere with, hinder or oppose the activities of trade unions or collective negotiations.
- 2.2. Union representatives may not be discriminated against or prevented from carrying out their union work.
- 2.3. If the right to organise and/or engage in collective bargaining is limited by law, the employer must facilitate, and not hinder, alternative mechanisms for free and independent organisation and negotiation.

3. Child labour (United Nations Convention on the Rights of the Child, ILO Conventions 138, 182 and 79, ILO Recommendation No. 146)

- 1.1. The minimum age for workers may not be less than 15 years and must be in line with
 - i) the national minimum age for employment; or
 - ii) the minimum age for compulsory schooling,whichever is higher. If the local minimum age is set at 14 years in accordance with the exception in ILO Convention 138, this may be accepted.
- 1.2. Child workers may not be recruited in contravention of the above minimum age.
- 1.3. Children under the age of 18 may not carry out work that is harmful to their health, safety or moral well-being, including night work.
- 1.4. Action plans must be established for rapid phasing out of child labour that is contrary to ILO Conventions 138 and 182. The action plans must be documented and communicated to relevant staff and other stakeholders. Support schemes should be arranged where children are given the opportunity of education until they are no longer of school age.

4. Discrimination (ILO Conventions 100 and 111 and the UN Convention on the Elimination of All Forms of Discrimination Against Women)

- 4.1. There must be no discrimination when it comes to employment, remuneration, training, promotion, termination or retirement based on ethnic affiliation, caste, religion, age, disability, gender, marital status, sexual orientation, union work or political affiliation.
- 4.2. Safeguards must be established against sexually intrusive, threatening, abusive or exploitative conduct and against discrimination or dismissal on improper grounds, e.g. marriage, pregnancy, parenthood or HIV-infected status.

5. Cruel treatment (UN Convention on Civil and Political Rights, Article 7)

- 5.1. Physical abuse or punishment, or the threat of physical abuse, is prohibited. The same is true of sexual or other abuse and other forms of humiliation.

6. Health, safety and the environment (ILO Convention No. 155 and Recommendation No. 164)

- 6.1. Every effort must be made to provide workers with a safe and healthy working environment. Hazardous chemicals and other substances must be handled responsibly. Necessary measures should be taken to prevent and minimise accidents and damage to health resulting from, or related to, conditions in the workplace.
- 6.2. Workers should have regular and documented training in health and safety. Health and safety training should be repeated for new hires and relocated workers.
- 6.3. Workers must have access to clean sanitary facilities and clean drinking water. Where applicable, the employer must also provide access to facilities for safe storage of food.
- 6.4. If the employer offers accommodation, this must be clean, safe and adequately ventilated and provide access to clean sanitary facilities and clean drinking water.

7. Wages (ILO Convention No. 131)

- 7.1. Wages for workers for a normal working week should be at least in line with national minimum wage provisions or industry standards, whichever is higher. Wages should always be sufficient to cover basic needs, including some savings.
- 7.2. Salary conditions and payment of wages must be agreed in writing before starting work. The agreement should be understandable to the worker.
- 7.3. Deductions from salary as a disciplinary measure are not allowed.

8. Hours of work (ILO Conventions 1 and 14)

- 8.1. Working hours must be in line with national laws or industry standards, and may not exceed the working time laid down in the international conventions. Normal weekly working hours should not normally exceed 48 hours.
- 8.2. Workers should have at least one non-working day per 7 days.
- 8.3. Overtime should be limited and voluntary. The recommended maximum overtime is 12 hours per week, i.e. total working time should not exceed 60 hours per week. Exceptions to this may be accepted if regulated by collective agreement or national law.
- 8.4. Workers must always be paid for overtime in excess of normal working hours (see section 8.1 above), at least in accordance with applicable laws.

9. Regular employment (ILO Conventions 95, 158, 175, 177, 181)

- 9.1. Obligations to workers, in line with international conventions, national laws and rules on regular employment, must not be circumvented through the use of short-term engagements (such as use of contract workers, piece workers, and day workers), subcontractors or other employment relationships.
- 9.2. All workers are entitled to an employment contract in a language that they understand.
- 9.3. Apprenticeship programmes must be clearly defined with respect to duration and content.

10. Marginalised population groups (United Nations Convention on Civil and Political Rights, Articles 1 and 2)

- 10.1. The production and use of natural resources must not contribute to the destruction of the resource and income base of marginalised population groups, e.g. by seizing large areas of land or by irresponsible use of water or other natural resources that these people depend on.

Ethical business practice

Suppliers shall act ethically in all circumstances in connection with production and deliveries for SpareBank 1. Particular importance will be attached to the following points:

- SpareBank 1 does not accept employees of SpareBank 1 being offered or receiving gifts or other benefits that could be perceived as bribes. The supplier shall not accept such practices either in relation to its own employees.
- The supplier shall strive to make sure that SpareBank 1 does not become complicit in corruption. The supplier shall not pay bribes on behalf of SpareBank 1 and the supplier shall also ensure that SpareBank 1 does not benefit from corruption earlier in the value chain.
- Suppliers that take part in tender competitions shall comply with the guidelines for fair competition, including ensuring that confidential information is kept secret.
- The supplier shall distance itself from any form of money laundering and take appropriate precautions to prevent others from using the supplier's financial transactions to launder money.
- The supplier shall at no time violate any competition rules, such as those relating to unlawful price fixing and illegal market sharing, or undertake other actions that violate competition law.
- SpareBank 1's suppliers must avoid trading partners who have activities in countries that are subject to trade boycotts by the United Nations and/or Norwegian authorities.
- SpareBank 1 expects transparency from suppliers, including an exchange of information concerning the environment, social conditions and ethical business practice.
- SpareBank 1's suppliers must not evade taxes or charges, and must adhere to the tax rules and international conventions in the countries in which they operate.
- SpareBank 1's suppliers must comply with laws, regulations and internal policies, and act in accordance with good business practice so stakeholders have trust in their business.

3 Choice of suppliers

In its choice of suppliers, SpareBank 1 will place great emphasis on the environment, social conditions and ethical business practice.

When in doubt, SpareBank 1 may ask suppliers to refer to documentation on their environmental performance/environmental management systems through e.g. third-party verification or certification.

When evaluating tenders in response to related to RFQs, SpareBank 1 will consider whether the supplier has an environmental management system (equivalent to ISO 14001, Eco-Lighthouse, EMAS).

SpareBank 1's suppliers must have an effective system for handling complaints related to the environment, social conditions and ethical business practice. The suppliers must ensure that such complaints can be raised by workers and external parties such as local communities and organisations in civil society.

4 Follow-up and audit

At the request of SpareBank 1, suppliers must document how they themselves and any subcontractors work to comply with the guidelines described here and in other contract documents, including compliance with internal control requirements.

This may be done through follow-up meetings with SpareBank 1 and/or audits/inspections of working conditions at the production site. If SpareBank 1 wishes to audit/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.

5 Sanctions and right of cancellation

Breaches of the provisions of this sustainability document constitute a breach of contract.

The activities SpareBank 1 carries out are generally subject to national and international regulations and requirements. It is vital that SpareBank 1 maintains a good reputation because of its business operations and its relationship with its customers. Therefore, in assessing what constitutes a material breach of contract, importance shall be attached to the seriousness of the actual breach and whether or not the breach entails a loss of reputation or a risk of a loss of reputation for SpareBank 1.

In the event of material breaches of the provisions of this document by the supplier, its subcontractors, and/or partners, SpareBank 1 is entitled to cancel the contractual relationship with immediate effect. If, in the opinion of SpareBank 1, rectification is possible and/or desirable, SpareBank 1 shall notify the supplier's representative in writing and set a reasonable deadline by which the situation must be rectified before cancellation occurs.

The following three circumstances are examples of situations that will represent material breaches of contract if they are not rectified within 30 days after SpareBank 1 has sent written notification requiring their rectification:

- a) The supplier does not provide sufficient information to ensure/document compliance with the sustainability policy.
- b) The supplier, following a request from SpareBank 1, does not demonstrate sufficient effort to investigate suspected breaches of the sustainability policy.
- c) SpareBank 1 points out one or more non-material breaches of the sustainability standard and asks for them to be rectified and the supplier does not rectify said breaches.

This provision applies in addition to and/or takes precedence over any deviating default provisions in the agreement.