

# PRINCIPLES OF SUPPLIER CONDUCT



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Page: 1 of 2

Egersund Group wants a high standard for responsible business practice. Egersund Group's principles for supplier conduct are designed to strengthen the management of risk in the supply chain. The document describes the minimum requirements that all Egersund Group's suppliers are expected to meet. Egersund Group expects that suppliers require similar standards for their own suppliers and subcontractors.

Egersund Group expects that all suppliers meet the following terms:

## 1. NATIONAL LAW

The suppliers of Egersund Group must act in accordance with the laws, rules and regulations applicable in the countries where they operate. In cases where Egersund Group's principles for supplier behavior have a higher standard than national law for the same situation, Egersund Group standard shall apply.

## 2. HUMAN RIGHTS

Suppliers are expected to:

- Support and respect internationally recognized human rights, such as the Universal Declaration of Human Rights.
- Ensure that they do not contribute to or are complicit in human rights abuses
- Respect the rights of indigenous peoples<sup>1</sup>

<sup>1</sup> ILO Convention 169 (concerning Indigenous and Tribal Peoples in Independent Countries)

## 3. WORKERS RIGHTS

Suppliers shall ensure that they respect workers' rights. These are outlined in the International Labour Organisation (ILO) core conventions. The requirements are:

1. Free choice of work<sup>2</sup>.
2. Organizational freedom<sup>3</sup>
3. No use of child labor<sup>4</sup>.
4. No discrimination against groups or individuals<sup>5</sup>.
5. Humane treatment. Inhumane treatment shall not occur, including sexual harassment, sexual abuse, corporal punishment, physical coercion, mentally or physically pressure or bullying of workers. These treatments should neither be used as threats.
6. Salary shall always remain at or above the level of the minimum wage established by law or industry<sup>6</sup>.
7. Acceptable conditions for working hours<sup>7</sup>

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Page: 2 of 2

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<sup>2</sup> ILO Convention 29 (Forced Labour) and 105 (Abolition of Forced Labour)

<sup>3</sup> ILO Convention 87 (Freedom of Association and Protection of the Right to Organize) and 98 (the right to organize and to bargain collectively)

<sup>4</sup> ILO Convention 138 (the minimum age for admission to employment) and 182 (concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour)

<sup>5</sup> ILO Convention 100 (equal pay for male and female workers for work of equal value) and 111 (on discrimination in employment and occupation)

<sup>6</sup> ILO Convention 131 (about the determination of the minimum wage)

<sup>7</sup> ILO Convention 1 and 14 (working time)

## 4. HEALTH AND SAFETY<sup>8</sup>

Suppliers must ensure that their activities have a working environment that safeguards the health and safety of the company's employees and its contractors. Safety risks should be managed and minimized through proper design of equipment or operations, inspections and maintenance, embedded safety procedures and by training. Contractors working at Egersund Group's locations will report work-related accidents and injuries that have happened on location to Egersund Group.

<sup>8</sup> ILO Convention 155 (safety and health in the work environment)

## 5. ANTI-CORRUPTION

Corruption undermines legitimate business activities, distorts competition, damages businesses reputations and exposes companies and individuals to unacceptable risk. Egersund Group has a zero tolerance practice for all types of corruption, and suppliers are expected to work to fight corrupt practices, including extortion and bribery. Controls and follow-up measures will be implemented to ensure compliance.

## 6. ENVIRONMENT

Suppliers are expected to comply with requirements under the current version of ISO 14001. Egersund Group sets no requirement for certification, but expects suppliers to demonstrate compliance with the standard.

## 7. QUALITY

Suppliers are expected to comply with requirements under the current version of ISO 9001. Egersund Group sets no requirement for certification, but expects suppliers to demonstrate compliance with the standard.

## 8. IMPLEMENTATION

Suppliers who do not comply with Egersund Group's principles for supplier behavior can be dismissed as a supplier to Egersund Group. Egersund Group may, however, choose to work with the supplier to achieve improvements. In cases where the supplier cannot demonstrate progress and improvements,

Egersund Group can choose to terminate the relationship. Egersund Group may themselves or through a third party conduct announced or unannounced audits of supplier to verify compliance with the requirements of this document. Dispatched personnel in such cases must get access to the supplier's locations where work under contract is performed. Suppliers must have procedures in place to be able to document compliance with Egersund Group's principles.

Suppliers are expected to communicate the requirements in this document to their employees, suppliers and subcontractors.