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**Code of Conduct**

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Date / version: 2019-10-14, v6

## Code of conduct

The Code of Conduct as stated below is valid for all suppliers producing for NilsonGroup.

Suppliers are required to commit to follow the Code of Conduct to continue business with NilsonGroup.

The Code is based on the International Labour Organization (ILO) core conventions, the United Nations (UN) Human Rights and the UN Convention of the Rights of the Child.

NilsonGroup recognizes the responsibilities to workers for the conditions under which our products or services are made (and that these responsibilities extend to all workers producing products or services for NilsonGroup whether they are employees of NilsonGroup or not).

NilsonGroup requires suppliers, contractors and their sub-contractors to observe these standards when producing products for NilsonGroup.

NilsonGroup will prior to placing orders with suppliers assess whether the code of conduct can be met.

### 1. Legal compliance

The supplier company shall at all times follow local laws and regulations, industrial standards, ILO and UN conventions or any other relevant statutory requirements whichever requirements are more stringent.

### 2. Child labour and Young workers

#### **Child labour shall not be used!**

A child is any person under the age of 15 years, unless local law stipulates a higher age. In that case the higher age is to be followed. Any work performed by a child younger than 15 years old is, as defined by ILO, United Nations conventions and national law, considered as child labour and thereby forbidden.

The supplier company shall ensure that no children work in their factory(-ies).

No person shall be employed at an age younger than 15 years. In countries where the local law is more stringent the local law shall be followed.<sup>1</sup>

In any situation where children, as per above definition, are found to be working in the factory, NilsonGroup's action plan is to be followed at any point.<sup>2</sup>

#### **Young workers' rights must be protected!**

The supplier company shall have guidelines regarding young workers' rights.

Young workers are to be considered a person in the age between 15 and 18 years old (unless local law stipulates a higher age to define the age of a child). Young workers may be employed in the factory but shall not be a subject to any hazardous work in the factories such as; heavy lifting disproportionate

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<sup>1</sup> ILO Convention 138 and 182.

<sup>2</sup> Please find separate Action Plan for child labour

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to their size, operating dangerous or/and heavy machines or be exposed to any toxic chemical. Neither should young workers work extensive overtime during a longer period of time. Young workers shall be given the opportunity to participate in education and training programs.

The definition of hazardous work reads as follows:

*“work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children”<sup>3</sup>*

### **3. Forced Labour and disciplinary practices/measures**

#### **Employment is freely chosen.**

The company shall not support or engage in any kind of forced, imprisoned or bonded labour. Nor shall workers be required to lodge deposits or their identity papers with their employer. Employees shall be allowed to leave the factory freely at any time after standard working hours and shall be able to leave their workplace for private reasons without any form of limitation. The company shall treat their employees with respect and dignity and all kinds of corporal punishment are forbidden. Neither the supplier company nor any subcontractors shall be engaged in any kind of human trafficking.

The employees should receive their salaries directly in the factory they work, not through any third party or organisation (for example a labour agent). All personnel shall be free to terminate the employment at any time provided that they give reasonable notice to their employer.<sup>4</sup>

NilsonGroup requires application letters and labour contracts signed by both employee and supplier company. There should be a legally binding employment relationship for every worker. All workers, including short term and part time employed workers should get a written contract of employment in the local language, stipulating the employment terms and conditions. The employer has a responsibility to ensure that all employees are aware of their legal rights and obligations.

### **4. Health and safety**

#### **Working conditions shall be decent.**

A safe and hygienic working environment shall be provided by the company. Best occupational health and safety practice shall be promoted, bearing in mind the local laws and restrictions, prevailing knowledge of the industry and of any specific hazards. Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual or other harassment and intimidation by the employer is strictly prohibited.

Chemicals used in production are to be stored in a separate warehouse and in a safe way. Company shall provide clear safety instructions, updated Material Safety Data Sheets (MSDS) and correct Personnel Protective Equipment (PPE). Any usage of chemicals listed on the NilsonGroup Restricted Substance List (RSL) is strictly forbidden.<sup>5</sup>

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<sup>3</sup> ILO Convention 182, article 3d

<sup>4</sup> ILO Conventions 29 and 105

<sup>5</sup> Please find Restricted Substance List (RSL) in separate document.

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All emergency exits, including those leading to emergency exits and escape routes, shall be free and enlightened. Company shall ensure that buildings can be evacuated urgently and easy in case of fire. Company shall provide fire extinguishers in sufficient number as per local law. Employees shall have easy access to fire extinguishers and first aid boxes that are necessary equipped.

There shall be a management representative responsible for health and safety. The representative shall provide a clear set of regulations and procedures regarding the use of personal protective equipment (PPE) and how to correctly operate factory equipment. All employees shall have access to, and training on, how to use PPE and factory equipment correctly and in a safe way.<sup>6</sup>

All employees shall have access to clean toilet facilities, separated by gender, and to potable water.

If applicable, sanitary facilities for food storage shall be provided.

**5. Freedom of association and the right to collective bargaining**

**Freedom of association and the right to collective bargaining shall be respected as a human right.**

The right of all workers to form and join trade unions and to bargain collectively shall be recognized by the company.<sup>7</sup> The company shall regularly inform their employees about their right to collective bargaining.<sup>8</sup>

Workers representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions.

Employers shall adopt a positive approach towards the activities of trade unions and an open attitude towards their organizational activities.

**6. Discrimination**

**There shall be no discrimination.**

Discrimination refers to any distinction, exclusion or preference that has a negative effect on an individual. Equality of opportunity and treatment regardless of ethnic origin, color, gender, religion, political opinion, nationality, social origin, caste, disability, pregnancy, opinion or another distinguishing characteristic shall be guaranteed.<sup>9</sup>

Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behavior.

There shall also be measures established to protect workers from discrimination or termination of employment on unjustifiable grounds, e.g. marriage, pregnancy, parenthood or HIV status.

**7. Working Hours**

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<sup>6</sup> ILO Conventions 155 and 184. Also ILO recommendations 164 and 190

<sup>7</sup> ILO Conventions 11, 87 and 98

<sup>8</sup> ILO Convention 135 and 154. Also Recommendation 143

<sup>9</sup> ILO Conventions 100 and 111, also the UN Convention on Discrimination Against Women.

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**Hours of work shall not be excessive.**

Hours of work shall comply with applicable laws and industry standards. In any event, workers shall not on a regular basis be required to work more than 48 hours per week and shall be provided with at least one day off for every seven-day period. Overtime shall be voluntary and shall not exceed 12 hours per week.<sup>10</sup>

**8. Salary and Compensation**

Supplier company shall make sure that wages and benefits paid for a standard working week shall meet at least legal minimum standards or industrial standards. In case it will not be sufficient to meet the basic needs for the workers and their families, then the supplier should strive to fulfill a living wage for their workers.

All overtime shall be compensated per national law, collective bargaining agreement or industry standards.<sup>11</sup> This includes home workers, casual workers and apprentices. Deductions from wages for disciplinary measures shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All workers shall be provided with written and understandable information about the conditions of wages before they enter employment. They shall also be informed about the details of their salaries for the relevant pay period each time they are paid. Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided using apprenticeship schemes where there is no real intent to impart skills or provide regular employment.

The company shall provide their employees with stipulated annual leave, pregnancy leave and compensation if sick leave per local law and regulation. Dismissal or decreased salary because of pregnancy is not acceptable.

**9. Management Systems/Documentation**

Supplier Company management shall have a good understanding about the NilsonGroup's Code of Conduct and there shall be a qualified person in charge of Social compliance issues. She/he shall be responsible for documenting, updating and implementing all legal regulations and laws, such as ILO and UN conventions, national laws and environmental laws. Also, the company shall have a management system to ensure that the NilsonGroup codes of conduct requirements are always being fulfilled.

Company shall conduct workers training systematically and have a well-established anti-corruption/bribery policy including an action plan.

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<sup>10</sup> ILO Conventions 1 and 14. Also recommendations 164 and 190

<sup>11</sup> ILO Conventions 12, 26, 101, 102 and 131

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**10. Corruption**

Corruption in any part is not accepted, including bribery, extortion, kickbacks and improper private or professional benefits to customers, agents, contractors, suppliers or employees of any such party or government officials.

**11. Dormitories**

If supplier Company provides their employees with housing facilities all regulations regarding health and safety shall also cover the Dormitory area.

The living area at Dormitories must meet up with local minimum legal space and all employees shall be provided with their own individual bed. All dormitories shall be lockable and separated by gender or by family.

**12. Environment**

To minimize the impact on human health and the environment all national legislations and standards for the Environment in the country of operation, shall be followed.

This includes minimizing pollution, promoting an efficient and sustainable use of resources, including energy and water, minimizing greenhouse gas emission in production and during transport.

Waste and chemical managements must be in accordance with local legislation and national laws.

All relevant permits and licenses for the operations shall be obtained.

**13. Animal Welfare**

Suppliers must respect animal welfare and work towards a healthy and human practice towards animals.<sup>12</sup>

**Closing section**

Suppliers shall undertake to support and co-operate in the implementation and monitoring of this Code by:

A) Providing NilsonGroup with relevant information concerning their business

B) Permitting NilsonGroup inspections and any inspections initiated by NilsonGroup at any time of their workplaces and operations. If NilsonGroup staff member are denied visiting the factory premises it will be considered as failed minimum requirements.

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<sup>12</sup> See NilsonGroup "Material Policy and Product Ethics"

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C) Maintaining records of name, age, working hours and wages paid for each worker and making these available on the request of NilsonGroup.

D) Informing, verbally and in writing (in local language) the workers concerned of the provisions of this code.

E) Refraining from disciplinary action, dismissal or otherwise discriminating against any worker for providing information concerning observance of this code.

Suppliers found to be in breach of one or more terms of this Code of Conduct may lose the right to produce or organize production of goods for NilsonGroup.

Communication is a key issue for everyone working at NilsonGroup. The CSR coordinator is responsible for social compliance issues and the owner of this document.

It is of most importance that information about our code of conduct is distributed among all employees within NilsonGroup. Communication creates better understanding and will enable us to influence and coach our suppliers to work with social compliance issues. We all have an important role to contribute in the best way we can. Small changes can make a big difference.