

Supplier Code of conduct for Kruge AS



1. Introduction

At Kruge AS, works to promote good working and environmental conditions in our supply chains. We do this in close collaboration with our suppliers and business partners. To clarify what we expect from our suppliers, Kruge has prepared guidelines for ethical trade. The Supplier Code of Conduct cover basic requirements for human rights, labor rights and environment.

2. Principles

It is the requirement of Kruge AS that goods and services supplied to us are produced in compliance with the code of conduct. The suppliers/business partners must also pass on and follow up the Code of Conduct with their subcontractors. At the request of Kruge, the supplier/ business partners must be able to document that the Code of Conduct is complied with. This can be done by self-declaration, follow-up meetings with Kruge, and/or mapping of the working conditions at production sites. If Kruge wish to map the subcontractor, the supplier is obliged to provide name and contact person. In the event of a breach of the Code of Conduct, Kruge AS in collaboration with the supplier/ business partners will draw up a plan for rectifying the deficiencies. Remediation must take place within a reasonable time. Termination of the contract will only occur if the supplier after repeated inquiries, does not show a willingness to rectify the situation. The supplier shall have an effective management system for handling complaints relating to human rights, workers' rights, environmental issues and corruption. The supplier/ business partners shall ensure that both workers and external parties, such as local communities and civil society organizations, are able to submit complaints. Social and environmental standards will be given weight when choosing new suppliers.

3. Requirement related to own practice

Kruga AS will continuously work to improve our policies and practice to enable our suppliers to be able to comply with our Code of Conduct.

Kruga AS, including all employees shall ever offer or accept illegal or unlawful monetary gifts or other forms of remuneration in order to secure business-related or private benefit, or benefit for customers, agents or suppliers.

Kruga AS and Kruges' suppliers shall avoid partners that operate in countries subject to international boycott by the United Nations and/or Norwegian Authorities.

Requirements to Supply Chain Conditions

IEH's Ethical Trade Principles are founded on key UN and International Labour Organization conventions and documents. National laws shall be respected, and where the provisions of law and IEH's ethical trade principles address the same subject, the most stringent shall apply.

1. Forced and compulsory labour (ILO Conventions Nos. 29 and 105)

1.1 There shall be no form of forced labour, slave labour or involuntary labour.

1.2 Workers shall not have to submit a deposits or identity documents to their employer and shall be free to terminate the employment relationship with a reasonable period of notice.

2. Freedom of Association and the Right to Collective Bargaining (ILO Conventions Nos. 87, 98, 135 and 154)

2.1 Workers shall, without exception, have the right to join or establish trade unions at their own request, and to bargain collectively. The employer shall not interfere in, hinder or oppose trade unions or collective bargaining.

2.2 Workers' representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.

2.3 Where the right to freedom of association and/or collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of alternative forms of independent and free workers representation and negotiations.

3. Child Labour (UN Convention on the Rights of the Child, ILO Conventions Nos. 138, 182 and 79, and ILO Recommendation No. 146)

3.1 The minimum age for workers must not be less than 15 years and in line with

i) National minimum age for employment or;

ii) Minimum age of compulsory schooling, with the highest age as applicable. If the local minimum age is set at 14 years in line with the exception in ILO Convention 138, this can be accepted.

3.2 New recruitment of child workers in violation of the above minimum age shall not take place.

3.3 Children under the age of 18 must not perform work that is detrimental to their health, safety or morals, including night work.

3.4 Action plans shall be established for the early phasing out of child labor that are in violation of ILO Conventions 138 and 182. The action plans shall be documented and communicated to relevant staff and other stakeholders. Arrangements shall be made for support schemes where children are given the opportunity for education until the child is no longer of compulsory school age.

4. Discrimination (ILO Conventions Nos. 100 and 111 and the UN Convention on Discrimination Against Women)

4.1 There shall be no discrimination in respect of employment, remuneration, training, promotion, dismissal or retirement ethnicity caste, religion, age, disability, sex, marital status, sexual orientation, trade unionism or political affiliation.

4.2 Protection shall be established against sexually intrusive, threatening, abusive or exploitative behavior, and against discrimination or termination on unjustified grounds, eg marriage, pregnancy, parenthood or status as HIV-infected.

5. Brutal or Inhumane Treatment

5.1 Physical abuse or punishment, or threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, is prohibited.

6. Health and Safety (ILO Convention No. 155 and ILO Recommendation No. 164)

6.1 The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Hazardous chemicals and other substances shall be carefully managed. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in, the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

6.2 Workers must have regular and documented health and safety training, and such training shall be repeated for new or reassigned workers.

6.3 Workers must have access to clean sanitary facilities and clean drinking water. If relevant, 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, adequately ventilated and with access to clean sanitary facilities and clean drinking water.

7. Wages (ILO Convention No. 131)

7.1 Wages and benefits paid for a standard working week shall as minimum meet national legal standards or industry benchmark standards, whichever is higher. Wages should always be enough to meet basic needs, including some discretionary income.

7.2 All workers shall be provided with a written and comprehensible contract outlining their wage conditions and method of payments before entering employment.

7.3 Deductions from wages as a disciplinary measure shall not be permitted.

8. Working Hours (ILO Convention No. 1 and 14)

8.1 Working hours must be in line with national laws or industry standards, and not exceed working hours in accordance with applicable international conventions. Weekly working hours should not normally exceed 48 hours.

8.2 Workers shall be provided with at least one day off for every 7day period.

8.3 Overtime must be limited and voluntary. The recommended maximum overtime is 12 hours per week, ie total working hours of 60 hours per week. Exceptions to this can be accepted if this is regulated by a collective agreement or national law.

8.4 Workers must always receive overtime pay for all hours worked over and above the normal working hours (see 8.1 above), minimum in accordance with applicable.

9. Regular Employment

9.1 Obligations to employees in accordance with international conventions, national laws and regulations on regular employment shall not be avoided through the use of short-term commitments (such as contract workers, freelancers and day workers), subcontractors or other employment relationships.

9.2 All workers are entitled to a contract of employment in a language they understand.

9.3 Apprenticeship program should be clearly defined in terms of duration and content.

10. Marginalized Populations

10.1 Production and the use of natural resources shall not contribute to destroying the resource and income base for marginalized populations, such as seizing large areas of land, unsustainable use of water or other natural resources on which these populations depend.

11. Environment

11.1 Measures to reduce negative effects on health and the environment throughout the value chain must be implemented through minimization of emissions, promotion of efficient and sustainable use of resources, including energy and water, and minimization of greenhouse gas emissions in production and transport. The local environment at the production site must not be preyed upon or damaged by pollution

11.2 National and international environmental legislation and regulations must be complied with, and relevant discharge permits must be obtained.

11.3 In order to comply with EU timber regulation 995/2010, Suppliers of timber, paper and pulp products must ensure the legality of their production and supplies, The must ensure that products consisting of timber, pulp, paper do not come from:

- Forest areas where traditional or civil rights are not respected.
- High Conservation Value Forests¹ (HCVFs),
- Natural forests or peat bog cleared for conversion to plantations (e.g. eucalyptus, acacia) or other use (e.g. palm oil, soya bean).
- Genetically Modified trees - genetic modification allows to modify trees characteristics by inserting in their genes, genetic material from another tree of the same or another specie, or from another living organism.
- Species listed by IUCN (International Union for Conservation of Nature) Red List as VUlnerable (VU), ENdangered (EN) and CRitically endangered (CR) or species listed by CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) unless FSC certified.

12. Corruption

12.1 Corruption in any form 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

13. Management systems at suppliers

The management system is central to the implementation of the Code of Conduct. Kruge AS emphasizes the importance of suppliers having management systems in place that support such implementation.

13.1 The supplier should appoint a person a responsible, centrally in the organization, for the implementation of the Code of Conduct in its own business.

13.2 The supplier must make the Code of Conduct known in all relevant parts of the organization.

13.3 The supplier must obtain Kruge AS's prior consent to any outsourcing of production, or parts of production.

13.4 The supplier must be able to give an account of where goods ordered by Kruge AS are produced.

14. Transportation of goods for Kruge AS

It is essential that all trucks transporting goods to or from Kruge AS on Norwegian winter roads are equipped to cope with the challenges these winter roads can give.

14.1 In accordance with the Norwegian Public Roads Administration's requirements, trucks must be equipped with good winter tires that have at least 5 mm tread design depth, on both towing vehicle and trailer. In addition, a minimum of 7 tire chains adaptable to the tire must be available.

14.2 The drivers must be experienced to cope with driving on such winter roads, hills and mountains in Norway, and capable of using tire chains if needed.

14.3 All trucks must comply with laws and regulations set by the Norwegian authorities, and the drivers shall act accordingly whilst driving in Norway.