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CODE OF CONDUCT FOR SUPPLIERS

Guidelines and requirements for responsible business conduct



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*This document is available in the following languages upon request: Norwegian, English, Chinese.

Introduction

SKOGSTAD strives towards a responsible business conduct that respects people, society and the environment. We value stable and long-term relationships with our suppliers and considers collaboration to be a prerequisite for responsible business conduct. A good and open dialog with our suppliers is key to improve due diligence assessments and ensure transparency in the supply chain - in line with the Norwegian Transparency Act¹. This document includes guidelines and requirements for our suppliers and have been developed as a complementing document to our "[Policy for responsible business conduct](#)".

What suppliers can expect from SKOGSTAD

Our suppliers, and partners, can expect from us that our purchasing practices strengthen, and do not undermine, their opportunity to deliver on our requirements related to people, society and the environment. Regardless, suppliers can expect that SKOGSTAD will end business relationships or other forms of collaboration if our suppliers, or partners, do not meet our expectations for responsible business conduct or refuse to obey with the guidelines and requirements of this document.

Our "Policy for responsible business conduct" forms the basis for our sustainability work, including in our supply chain. In SKOGSTAD we are always seeking to improve our policy and practices. The Code of Conduct for Suppliers can therefore be subject to changes as we are constantly working to improve our business conduct.

¹ Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act). <https://lovdata.no/dokument/NLE/lov/2021-06-18-99>

SKOGSTAD, take responsibility to inform suppliers in a timely manner if changes are to be made and have realistic demands for the implementation of new practices. You can find more information on our sustainability work here: <https://skogstadsport.no/et-steg-i-riktig-retning/>.

Requirements when becoming a SKOGSTAD supplier

SKOGSTAD strives towards responsible business conduct that respects people, society and the environment. Before any production should take place, the following documents must be signed by the suppliers and returned to Skogstad to ensure that the information is understood and complied with:

1. Our Code of conduct for suppliers, hereunder the SKOGSTAD Code of Conduct
2. Restrictions on the use of health and environmentally hazardous chemicals
3. Minimum criteria for suppliers

Requirements for conditions in the supply chain

We expect our suppliers and partners to work focused and systematically to comply with our Code of Conduct for Suppliers, hereunder principles for responsible business conduct, that covers fundamental human- and labour rights, as well as requirements regarding anti-corruption, animal welfare and the environment. Our suppliers shall:

- Follow guidelines and requirements for suppliers, hereunder the SKOGSTAD Code of Conduct.
- Conduct due diligence for responsible business conduct. This involves; conducting risk assessments to identify potential negative impact on people, society and the environment and to stop, prevent and reduce such impact. The measures put in place must be monitored, evaluated, and communicated to those affected by your actions. If the supplier is responsible for the negative impact/damage, they are responsible for providing remedy.²
- Have a system in place to manage complaints related to human rights, labour rights, the environment and corruption, and assign a dedicated person of contact on these matters.
- Show willingness and an ability to improve business conduct through collaboration and an open and constructive dialog between the supplier and a SKOGSTAD representative.
- At the request of SKOGSTAD be able to document how they, and potential sub-contractors, work to comply with the guidelines, and how the plan to improve on certain areas.
- Avoid trading with partners that have activities in countries where a trade boycott is imposed by the UN and/or Norwegian Government authorities
- If the supplier or it's sub-suppliers, after repeated inquiries, does not show the will or ability to comply with these guidelines and requirements, the contract may be terminated.

SKOGSTAD has zero tolerance for violations of our many requirements and guidelines. If deviations are discovered in violation of our principles, SKOGSTAD will immediately ensure, or collaborate for, compensation or restoration where this is required, and in worst case terminate the partnership.

Expected follow-up and guidance by SKOGSTAD

At the request of SKOGSTAD the supplier must be able to document how they, and any potential subcontractors, work to comply with our Code of Conduct for Suppliers, hereunder the SKOGSTAD Code of Conduct. This may be done through follow-up meetings and/or mapping of conditions in the supply chain.

² OECD, «Due Diligence Guidance for Responsible Business Conduct», 2018.

In principle, SKOGSTAD want to avoid using sub-contractors, but given the consideration of peak time and production deadline we allow stable sub-contractor agreements. The main supplier is responsible that guidelines and requirements are being followed and provide sufficient information about sub-contractor agreements upon request. The sub-contractor quantity of suppliers, per season, is restricted to three.

SKOGSTAD has its own office in China, and its own QCs to inspect all goods. All products will be subjects to inspections at early stage/middle stage and final stage of production. Should SKOGSTAD request an assessment of subcontractors' compliance with the guidelines and requirements for responsible business conduct, the supplier is required to provide the name and contact details of subcontractors.

The SKOGSTAD Code of Conduct

These principles for responsible business conduct are based on UN and ILO conventions. It provides minimum, not maximum standards. Where national laws and regulations address the same subjects, the highest standard shall apply. The legal framework at the place of production shall always be respected.

The SKOGSTAD Code of Conduct is a mandatory and non-negotiable requirement that all our employees and suppliers, including sub-suppliers and business partners, must follow.

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

1.1. There shall be no forced, bonded or involuntary prison labour.

1.2. Workers shall not be required to lodge deposits or identity papers with their employer and shall be free to leave their employer after reasonable notice.

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

2.1. Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively. The employer shall not interfere with, obstruct, the formation of 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 shall not be less than 15 and comply with the national minimum age for employment, or; the age of completion of compulsory education, whichever of these is higher. If local minimum is set at 14 years in accordance with developing country exceptions under ILO Convention 138, this lower age may apply.

3.3. There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified above.

3.4. No person under the age of 18 shall be engaged in labour that is hazardous to their health, safety, or morals, including night work.

3.5. Policies and procedures for remediation of child labour prohibited by ILO conventions no. 138 and 182, shall be established, documented, and communicated to personnel and other interested parties. Adequate support shall be provided to enable such children to attend and complete compulsory education.

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

4.1. There shall be no discrimination at the workplace in hiring, compensation, access to training, promotion, termination, or retirement based on ethnic background, caste, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

4.2. Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behaviour, and from discrimination or termination of employment on unjustifiable grounds, e.g., marriage, pregnancy, parenthood, or HIV status.

5. Harsh or Inhumane Treatment (UN Covenant on Civil and Political Rights, Art. 7)

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 shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers.

6.3. Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

6.4. Accommodation, where provided, shall be clean, safe, and adequately ventilated, and shall have access to clean toilet facilities and potable 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 shall comply with national laws and benchmark industry standards, and not more than prevailing international standards. Weekly working hours should not on a regular basis be more than 48 hours.

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

8.3. Overtime shall be limited and voluntary. Recommended maximum overtime is 12 hours per week, i.e., that the total working week including overtime shall not exceed 60 hours. Exceptions to this are accepted when regulated by a collective bargaining agreement.

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

9. Regular Employment (ILO Convention No. 95, 158, 175, 177 and 181)

9.1. Obligations to employees under international conventions, national law and regulations concerning regular employment shall not be avoided through the use of short-term contracting (such as contract labour, casual labour or day labour), sub-contractors or other labour relationships.

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

9.3. The duration and content of apprenticeship programs shall be clearly defined.

10. Marginalized Populations (UN Covenant on Civil and Political Rights, art. 1 and 2)

10.1. Production and the use of natural resources shall not contribute to the destruction and/or degradation of the resources and income base for marginalized populations, such as in claiming large land areas, use of water or other natural resources on which these populations are dependent.

11. Environment

11.1. Negative impact on the environment shall be reduced throughout the value chain. In line with the precautionary principle, measures shall be taken to continuously minimize greenhouse gas emissions and local pollution, the use of harmful chemicals, pesticides, and to ensure sustainable resource extraction and management of water, oceans, forest and land, and the conservation of biodiversity.

11.2. National and international environmental legislation and regulations shall be respected, and relevant discharge permits obtained.

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. Animal welfare

13.1 SKOGSTAD and their suppliers must ensure good animal welfare and ensure that animals do not suffer under any circumstances as a result of the process of obtaining any by-products from animals.

13.2 SKOGSTAD does not accept the use of real fur and leather, mulesing of sheep and feathers or down picked from living birds. This means the following:

- SKOGSTAD will only accept imitation of fur and such made by synthetic fibers, and will explicitly ban any use of real fur, leather from animals and pets (i.e rabbit, cat, dog, guinea pigs etc.), exotic animals and endangered animal species according to CITES` (Convention on International Trade in Endangered Species of Wild Fauna and Flora) lists.

- SKOGSTAD does not accept feathers or down picked from living birds, and only works with approved slaughterhouses. Feathers and down must only be a by-product from animals for slaughter, i.e., animals that are not bred for feathers or down.

- SKOGSTAD does not accept wool from sheep exposed to mulesing.

13.3 Suppliers must be able to provide documentation on the above principles upon request.