

# SUPPLY CHAIN MANAGEMENT CODE OF CONDUCT

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## Introduction

At **Vestfold Audio AS**, we promote decent working and environmental standards in our supply chains. We cooperate closely with our suppliers and business partners in pursuit of this aim. Accordingly, we have prepared this code of conduct to illustrate what we expect of our suppliers and business partners. The code of conduct covers human rights, workers' rights, the environment and corruption.

**Vestfold Audio AS** aims to continuously improve policy and practice that supports suppliers in complying with this code of conduct.

## Principles

**Vestfold Audio AS'** suppliers are to supply goods and services that are produced in compliance with the code of conduct. Moreover, the suppliers are to communicate the code of conduct to their sub-suppliers, and to monitor implementation.

A supplier must be able to document compliance with the code of conduct at **Vestfold Audio AS'** request. Such documentation may take the form of self-declaration, follow-up meetings, and/or inspections of the working conditions at production sites. The supplier will be obliged to name and provide contact information for any sub-supplier that **Vestfold Audio AS** wishes to inspect.

In the event of a breach of the code of conduct, **Vestfold Audio AS** and the supplier will jointly prepare a plan for remedying the breach. Remediation must take place within a reasonable period of time. The contract will only be terminated if the supplier remains unwilling to remedy the breach following repeated enquiries.

## Requirement relating to own practise

When new suppliers are selected, emphasis will be given to social and environmental standards.

Neither **Vestfold Audio AS** nor any of its 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.

**Vestfold Audio AS** and **Vestfold Audio AS'** 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

Our 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 Vestfold Audio AS' 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 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
    - i. the national minimum age for employment, or;
    - ii. 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.
  - 3.2. There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified above.
  - 3.3. No person under the age of 18 shall be engaged in labour that is hazardous to their health, safety or morals, including night work.
  - 3.4. 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, 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**
  - 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 minimising, 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**

- 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 programmes shall be clearly defined.

## **10. Marginalized Population**

- 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. Measures to minimize adverse impacts on human health and the environment shall be taken throughout the value chain. This includes minimizing pollution, promoting an efficient and sustainable use of resources, including energy and water, and minimizing greenhouse gas emissions in production and transport. The local environment at the production site shall not be exploited or degraded.
- 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.
- 12.2 As a supplier to Vestfold Audio AS we will not offer, directly or indirectly, to Vestfold Audio AS employees or representatives or anyone closely related to them gifts except for promotional items of minimal value normally bearing a company logo. Hospitality may be offered if there is a clear business reason, but the cost must be kept within reasonable limits. Travel, accommodation and other expenses for the individual representing Vestfold Audio AS will always be paid by Vestfold Audio AS. Hospitality, expenses, gifts or other favours shall not at any extent be offered or received in situations of contract bidding, evaluation or award.
- 12.3 As a supplier to Vestfold Audio AS we, and our employees, will not take part in or seek to influence any decision under circumstances that can give rise to an actual or perceived conflict of interest. Such circumstances may be a business interest or a personal interest.

## 13. Competition

As a supplier to Vestfold Audio AS we will not take part in any form of price fixing, market sharing or other activity that conflict with relevant competition laws. Our procurement strategies will reflect competition as a fundamental requirement. Supplier selection will be based on predefined objective and non-discriminating criteria.

## 14. Money Laundering

As a supplier to Vestfold Audio AS we commit to not take part in any form of money laundering and secure that our financial transactions are not used for this cause.

## 15. Conflict of Interest

As a supplier to Vestfold Audio AS we, and our employees, will not take part in or seek to influence any decision under circumstances that can give rise to an actual or perceived conflict of interest. Such circumstances may be a business interest or a personal interest.

## 16. Confidentiality

As a supplier to Vestfold Audio AS we will not disclose or misuse any kind of confidential information.

## 17. Property

When being in possession of Vestfold Audio AS properties we will treat them with care and precaution. Vestfold Audio AS properties will not be used for any kind of personal gain.

## 18. Management systems of suppliers

The management system is key to the implementation of the code of conduct. **Vestfold Audio AS** emphasises the importance of suppliers having systems that support such implementation. **Vestfold Audio AS'** expectations in this regard are summed up in the following measures:

- The supplier should make a centrally placed employee responsible for the implementation of the code of conduct in the supplier's business.
- The supplier must make the code of conduct known in all relevant parts of its organisation.
- The supplier must obtain **Vestfold Audio AS'** consent prior to outsourcing production or parts of production to a sub-supplier/contractor, if this company's code of conduct cannot be confirmed or if this has not been agreed in advance.
- The supplier must be able to give an account of where goods ordered by **Vestfold Audio AS** are produced.