

Orkla Group Supplier Code of Conduct

I – INTRODUCTION

The Orkla Group strives to conduct business in a responsible manner, based on the duty to respect human and labour rights, protect health, safety and the environment, and in general, apply sound business practices.¹

In order to make Orkla's position clear to our suppliers², we have set up this Code of Conduct (hereinafter referred to as "CoC"). This CoC is based on UN declarations, core ILO conventions, the ETI Base code, and UN Global Compact's 10 principles for sustainable development, to which Orkla is committed.

Orkla will, when selecting suppliers, in addition to other commercial aspects, consider compliance with this CoC. The CoC outlines a minimum standard of conduct. We expect that our suppliers always try to exercise good judgement, care and consideration by following both the requirements and the intentions of the CoC. Furthermore, we expect our suppliers to be transparent and have an open dialogue with us about challenges which they encounter as part of their operations.

When this CoC has been communicated to a specific supplier, it shall be regarded as a contract document and as an integral part of any contract entered into between the Orkla company and the supplier in question.

In addition to adherence to this CoC, Orkla expects all suppliers to comply with applicable national and international laws and standards.

II – REQUIREMENTS

1. LABOUR STANDARDS

- 1.1 There shall be no forced, bonded or involuntary labour. Workers shall be free to leave the workplace premises at the end of the day.
- 1.2 Workers shall not be required to lodge deposits or identity papers with the supplier's company (their employer), and shall be free to leave the company after reasonable notice.
- 1.3 Workers, without distinction, shall have the right to join or form trade unions of their own choosing and to bargain collectively. Workers' representatives shall not be discriminated and shall have access to carrying out their function of representation in the workplace.

Where the right to freedom of association and collective bargaining is restricted under law, the employer shall facilitate, and not hinder, the development of parallel means for independent and free association and bargaining.

¹ Reference in this Code of Conduct to **Orkla** should be understood as the Orkla Group, Orkla ASA, and/or any of its subsidiaries.

² **Definitions:** **Supplier** is the contractual partner responsible for the product or service supplied to Orkla and any of its subsidiaries. **Subcontractor** is a business entity in the supply chain directly or indirectly providing the supplier with goods and/or services integral to, and utilized in/for the production of the supplier's goods and/or services.

- 1.4 Child labour³ shall be prohibited. Suppliers shall take the appropriate measures to ensure that no child labour occurs at their own place of production or operations or at their sub-contractors' sites of production or operations.

Young persons under the age of 18 shall not be engaged in work that is hazardous to their health or safety, including night work.

If child labour is already in existence, sustained efforts shall be made to redress the situation as quickly as possible. However, the children concerned shall be given the possibility of earning a livelihood, as well as acquiring an education until they are no longer of compulsory school age. All such cases must be brought to the attention of Orkla for discussion.

The supplier shall have a certified copy of an official document which shows the worker's date of birth. In countries where this is not possible, the factory shall implement an appropriate method for evaluating the age of its workers.

- 1.5 Wages and social benefits shall meet, at a minimum, national legal standards or industry standards, whichever is higher. Wages should be enough to meet basic needs. Social benefits shall at least be in accordance with national law or the prevailing industry standard, whichever is highest.

All workers shall be provided with a written and comprehensible contract outlining their wage conditions and method of payments before entering employment. Deductions from wages as a disciplinary measure shall not be permitted.

- 1.6 Workers shall be granted annual leave and sick leave, to which they are entitled according to national legislation, without any form of negative sanctions. In case of pregnancy, female workers shall be given maternity leave in accordance with the national legislation.

Working hours and breaks shall comply with national laws and industry standards, whichever affords greater protection. It is recommended that working hours do not exceed 48 hours per week. Workers shall be provided with at least one day off for every 7 day period.

Overtime shall be voluntary and limited. Recommended maximum overtime is 12 hours per week. Workers shall receive overtime pay. The pay shall, as a minimum, be in accordance with requirements in applicable law.

- 1.7 There shall be no discrimination in hiring, compensation, access to training, promotion or termination of work based on ethnic background, religion, caste, age, disability, gender, marital status, pregnancy, sexual orientation, union membership or political affiliation.

All workers with the same experience and qualifications should receive equal pay for equal works.

³ Child labour is defined as work conducted by children, which interferes with a child's right to healthy growth and development and denies him or her the right to quality education. The minimum age for workers shall not be less than the age of completion of compulsory schooling and, in any case, not less than 15 years (14 in certain countries according to ILO convention 138).

- 1.8 Physical or mental abuse or punishment, or threats of physical or mental abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, shall be prohibited.
- 1.9 Obligations towards employees based on international conventions and social security laws, and regulations arising from the regular employment relationship, shall not be avoided through the use of short-term contracting (such as contract labour, day labour, sub-contractors or other labour relationships.)
- 1.10 The duration and content of apprenticeship programmes shall be clearly defined.

2. OCCUPATIONAL HEALTH AND SAFETY

- 2.1 The working environment shall be safe and hygienic, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents, fires and injuries 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.

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

- 2.2 Workers shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers. Recurring training should be provided to workers in hazardous areas.
- 2.3 Accommodation, where provided, shall be clean, safe and adequately ventilated, and be equipped with clean toilet facilities and clean water supplies.

3. ENVIRONMENT

- 3.1 Measures to protect the environment and manage resources in a responsible manner shall be taken into consideration throughout the production and distribution chain ranging from production to point of sale. The local environment at the production site, as well as regional and global environment, shall not be exploited or degraded by pollution.
- 3.2 Relevant discharge permits shall be obtained where required.
- 3.3 Hazardous chemicals and other substances, and waste from such substances, shall be carefully managed. They may only be used if handled correctly and if the environment does not suffer through their use. All raw materials, chemicals⁴, waste etc. shall be stored in an orderly manner.
- 3.4 The supplier shall establish a system for adequate waste management and oversee that sub-contractors have such systems.
- 3.5 The supplier shall have and maintain a list of all the hazardous and non-hazardous goods in order to monitor the type/classification and quantity that is generated as a result of the supplier's activities, either directly or indirectly.

⁴ By chemicals we mean chemical substances and products, e.g. oil, diesel, glue, lacquer, solvents, paints, dyes hardeners, stains, waxes, acids, additives etc.

3.6 All the hazardous chemicals warehousing facilities shall consist of a secure and designated area that is clearly identified. The storage facilities must be free of possible leakage. Personnel handling hazardous chemicals must

- a) be trained and informed regarding the risk,
- b) be given clear and visible instructions regarding how to handle the waste,
- c) be given equipment to carry out safe and proper handling of hazardous chemicals, and
- d) be instructed how to act if an accident and/or other emergency incidents occur.

3.7 Water usage shall not be excessive and shall be properly managed.

3.8 For products based on animals, due consideration for the animals' welfare shall be ensured through the whole value chain. As a minimum, the supplier shall comply with local legislation.

4. BUSINESS INTEGRITY

4.1 The supplier shall comply with applicable laws concerning bribery, corruption, fraud and any other prohibited business practices. The supplier shall not offer, promise or give any improper benefit, favour or incentive to any public official, international organisation or other third party.

4.2 The supplier shall not, directly or indirectly, offer gifts to Orkla employees or persons representing Orkla or anyone closely related to these, unless the gift is of insignificant value. Hospitality, such as social events, meals or entertainments may be offered if there is a legitimate business purpose involved, and the cost is kept within reasonable limits. Travel expenses for the individual representing Orkla shall be paid for by Orkla. Hospitality, expenses or gifts shall not be offered or received in situations of contract bidding, negotiations or award.

4.3 The supplier shall under no circumstance cause or be part of any breach of general or special competition regulations and laws, such as illegal cooperation on pricing or illegal market sharing.

4.4 Production and extraction of raw materials for production shall not contribute to the destruction of the resources and income base for marginalised populations, such as in claiming large land areas or other natural resources on which these populations are dependent.

5. MANAGEMENT SYSTEM

5.1 The supplier shall take positive actions to respond to the requirements of this CoC and to incorporate the principles of the CoC into its operations. The supplier must also take steps to follow-up on these requirements to their own suppliers and sub-suppliers.

5.2 The supplier shall periodically and systematically review how its own operations match the requirements of this CoC.

5.3 The supplier shall maintain appropriate records to demonstrate compliance with the requirements of this CoC, and shall be able to provide reasonable information when requested by Orkla. An auditor appointed by Orkla shall, if requested by Orkla, be given access to the records and to other information in order to verify such compliance.

5.4 The supplier shall obtain Orkla's consent prior to out-sourcing production or parts of the production, to a sub-supplier.

- 5.5 When the supplier uses sub-suppliers in connection with a delivery to Orkla, all links shall be traceable concerning the manufacturing location with respect to any delivery to Orkla. If requested by Orkla, the supplier shall inform Orkla about all sub-suppliers and manufacturing locations in question.

III – COMPLIANCE WITH THIS CODE OF CONDUCT – IMPROVEMENTS

1. AUDITING AND MONITORING

In order to evaluate compliance with this CoC, Orkla may conduct on-site audits of suppliers and their production sites. We reserve the right to monitor compliance with this CoC by inspections, conducted by Orkla personnel or independent, third party auditors. Suppliers may also be requested to do self assessment evaluations⁵ of their own business based on this CoC.

Audits will be carried out in accordance with the methodology of international standards, such as SMETA, SA8000 and ISO14001, in order to check against the requirements of this CoC. The type(s) of audit(s) which will be conducted shall, if possible, be agreed between Orkla and the supplier in advance.

2. NON-COMPLIANCE – CORRECTIVE ACTIONS – TERMINATION OF THE CONTRACT

This CoC sets the standard expected to be met by all our suppliers throughout the value chain. If the requirements in this CoC are not met by a supplier, the parties will discuss corrective actions through an open dialogue. The supplier shall do its utmost to implement corrective actions as soon as possible, and it shall inform Orkla about any such actions.

If it is established that (i) a supplier is unwilling or unable to carry out corrective actions which Orkla finds necessary in order to comply with this CoC, or (ii) the supplier or any of its sub-suppliers has committed a substantial breach or repeated breaches of the requirements in this CoC, Orkla is entitled to terminate the business relationship and any contract(s) with the supplier. Such termination shall be effective from the time stated in a written termination notice from Orkla.

3. EVALUATION AND IMPROVEMENTS

Orkla expects that the suppliers continuously and systematically evaluate their compliance with this CoC. We furthermore expect that improvement measures, whenever needed, are implemented by the suppliers. Orkla will also continuously evaluate and, if needed, improve our own policies and purchasing practices in order to facilitate the suppliers' and their sub-suppliers' compliance with this CoC.

IV – BOYCOTT OF AND SANCTIONS AGAINST CERTAIN COUNTRIES, INDUSTRIES AND/OR COMPANIES

Orkla will avoid buying from a country when there is a broad international consensus to boycott the country, or when sanctions against the country have been implemented by the United Nations. Orkla will avoid engaging with industries or companies when there is a broad consensus to boycott due to the negative social, environmental or ethical effects of the products, services or companies. We expect our suppliers to implement a similar policy.

⁵ Supplier self assessment evaluations may be conducted ad hoc or systematically via either Orkla internal or external systems we find most relevant for the supplier. External system may be www.sedex.org.uk

Appendix 1:

UN's Global Compact's 10 principles - www.unglobalcompact.org/

4 key areas:

HUMAN RIGHTS - LABOUR STANDARDS - ENVIRONMENT - ANTI-CORRUPTION

Appendix 2:

List of references to international conventions and declarations:

The Universal Declaration of Human Rights (UN 1948) - www.un.org

Freely Chosen Employment

ILO Conventions Nos. 29 and 105

Freedom of Association and the Right to Collective Bargaining

ILO Conventions Nos. 87, 98, 135 and 154

No Child Labour

UN Convention on the Rights of the Child

ILO Conventions Nos. 138, 182 and 79

ILO Recommendation No. 146

No Discrimination

ILO Conventions Nos. 100 and 111

UN Convention on Discrimination Against Women

Safe and Hygienic Working Conditions

ILO Convention No. 155

ILO Recommendation No. 164

Adequate Wages

ILO Convention No. 131

No Excessive Working Hours

ILO Convention No. 1 and 14

For more information from the International Labour Organization (ILO), visit www.ilo.org. For more information about the Ethical Trading Initiative (ETI), visit www.ethicaltrading.org

Appendix 3:

An overview of the Orkla group companies is found at www.orkla.com.