

Hafslund's ethical guidelines and requirements for suppliers

1. Scope and objectives of the Hafslund Group's ethical guidelines and requirements for suppliers

Hafslund's ethical guidelines and requirements for suppliers (hereafter referred to as the **Guidelines**) apply to all of the Hafslund Group's suppliers and any subcontractors used for fulfilling the relevant agreement.

The supplier shall undertake to include all of the rights and obligations set out in the Guidelines, in any potential agreements entered into between the supplier and subcontractors. The supplier shall have a detailed control in relation to its use of subcontractors.

The purpose of the Guidelines is to ensure that Hafslund's suppliers and their subcontractors are aware of and are committed to complying with the Guidelines. The supplier is responsible for its own and its subcontractor's compliance with the Guidelines. The Guidelines form part of the agreement entered into with the supplier.

The table below describe the requirements imposed on the supplier, based on the relevant agreement the supplier enters into with Hafslund:

Type of agreements/requirements that apply to the supplier	A-G	H-K	L	M-O	P
All building, construction and service agreements and agreements regarding purchase of goods, regardless of their value and the industry concerned	YES	NO	NO	If relevant risks are involved	NO
All service agreements with a value in excess of NOK 500,000, excl. VAT	YES	YES	NO	If relevant risks are involved	When needed
All building, construction and cleaning agreements with a value in excess of NOK 500,000, excl. VAT.	YES	YES	YES	YES	YES

A. Compliance with national laws and regulations, fundamental human rights and decent working conditions

The supplier shall comply with internationally recognised conventions and relevant national legislation in the country in which the supplier is located, and Norwegian legislation when the supplier operates in Norway.

The supplier shall respect fundamental human rights¹ and ensure decent working conditions. The supplier shall not contribute to any kind of violation of human rights.

The supplier shall have implemented relevant procedures and all necessary measures to ensure compliance with fundamental human rights and decent working conditions in its own enterprise and in its entire supply chain. Such procedures and measures shall be adapted to the size of its enterprise, the nature of the enterprise and the likelihood of negative consequences arising in respect of fundamental human rights and decent working conditions. This implies that the supplier shall have ethical guidelines or an equivalent document that at a minimum comprises an obligation to respect fundamental human and labour rights in its own enterprise and supply chains. In addition, the supplier shall organise its work in line with the due diligence method described in internationally recognised frameworks such as the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises and shall have at least one employee at management level who is responsible for ensuring that the supplier's guidelines are followed up and complied with by the enterprise.

Any goods to be delivered under the agreement with Hafslund shall be manufactured under conditions that comply with the requirements set out below. These requirements apply to the supplier's own operations and at all stages of the supply chain, from the raw materials stage to the finished product, including distribution and transport. All agreements entered into by the supplier that directly contribute to the fulfilment of the agreement with Hafslund shall contain corresponding provisions.

The Guidelines are based on the principles set out in the UN Global Compact initiative, and Hafslund expects the supplier to work actively towards achieving the UN Sustainable Development Goals.

Hafslund's business model is based on the ILO's core conventions and the Oslo model, which implies that:

- a) The supplier shall not permit any type of child labour².
- b) The supplier shall not contribute to any form of forced labour, slave labour or involuntary labour³.
- c) The supplier shall not permit or contribute to any form of physical abuse or punishment, or threaten of physical abuse. The same applies to sexual or other abuse and various forms of humiliation.
- d) The supplier shall not contribute to any kind of discrimination, inter alia on the basis of nationality, ethnicity, religion, age, gender, sexual orientation, disability, trade union membership or political affiliation⁴.
- e) The supplier shall work actively to create a working environment that is characterised by equality, diversity and mutual respect.

¹ Fundamental human rights includes internationally recognised human rights specified in the 1966 UN Convention on Economic, Social and Cultural Rights, the 1966 UN Convention on Civil and Political Rights and the ILO's core conventions on fundamental rights and principles at work.

² Cf. the provisions on child labour in Art. 32 of the UN Convention on the Rights of the Child, as well as ILO Convention no. 79, 138 on the minimum age and 182 on child labour, ILO Recommendation no. 146.

³ Cf. the provisions of ILO Conventions nos. 29 on Forced Labour and 105 on Slave Labour.

⁴ Cf. the provisions of ILO Conventions nos. 100 on Equal Pay and 111 on Discrimination and the UN Convention on Discrimination against Women.

- f) The supplier shall ensure that the physical and mental working environment is always satisfactory in respect of employee health, the environment, safety and welfare⁵.
- g) The supplier shall comply with Hafslund's HSE requirements at all times when working at Hafslund's facilities and on Hafslund's projects.
- h) The supplier shall respect employees' right to join or establish trade unions and to engage in collective bargaining⁶.

When international conventions and national legislation contains regulations regarding the same matters, the highest standards shall always apply.

B. Business ethics, professional integrity including transparency of ownership structures, company- and ownership history and accounting

The supplier shall act with professional integrity and be transparent about their company's ownership structures, company- and ownership history and accounting. All accounting information must be correct, registered and recognised in accordance with applicable laws and regulations at all times. The supplier shall act in accordance with international conventions aimed at fighting corruption ratified by the supplier's home country and/or Norway, and all anti-corruption laws that apply in connection with undertaking work under the agreement with Hafslund.

Corruption and other financial irregularities are not acceptable. The supplier shall work actively to prevent all forms of corruption, extortion and money laundering.

As part of this, all payments made by the supplier in connection with the agreement with Hafslund shall be made by using electronic means of payment. Similarly, salaries and other remunerations shall be paid to the individual recipient's bank account.

The supplier shall maintain high ethical standards and good business practices. In addition, the supplier shall have an ethical code of conduct that applies to its employees. The code of conduct shall include a ban on offering, promising or providing undue benefits to customers, suppliers and public employees. The same applies to the receipt of such benefits, which includes but is not limited to cash, goods, travel or other kinds of services.

The supplier shall live up to all reasonable operational expectations relating to its professional and responsible behaviour and allow the circumstances to be investigated when it is reasonable to assume that corruption may have taken place.

Any production and the extraction of raw materials for production performed by the supplier, shall not contribute towards destroying the basis for resources and incomes for marginalised population groups, e.g. seizing large areas of land or other natural resources on which these population groups depend.

⁵ Cf. the provisions of ILO Conventions no. 155 on Safety and Health in the Working Environment and ILO Recommendation no. 164.

⁶ Cf. the provisions of ILO Conventions nos. 87 on Freedom of Association, 98 on Collective Bargaining, 135 and 154.

The supplier shall not do business with countries, groups, organisations or individuals who are subject to EU and UN sanctions.

The supplier shall maintain confidentiality and refrain from misusing confidential information about Hafslund. Such information may be further defined in the agreement between Hafslund and the supplier. Furthermore, the supplier shall handle personal and other information appropriately in accordance with applicable laws and regulations, and these Guidelines.

C. Environment

Hafslund works systematically in order to reduce its impact on the external environment. Similarly, Hafslund's suppliers shall have efficient system for minimising any negative environmental impact of their own operations, and promote solutions that result in reduced noise, energy and resource usage and reduced emissions. Environmental measures are assessed throughout the production and distribution chain, from raw materials production to sales. Local, regional and global environmental matters shall be addressed. Important environmental challenges that the supplier is expected to counteract are loss of biodiversity, long-term damage to ecosystems, pollution of the atmosphere that has consequences for the climate, damage to maritime ecosystems and soil degradation caused by the use of chemicals. The supplier is expected to work on waste management and phasing out the use of non-renewable resources. There shall be no exploitation of the local environment at production sites and care shall be taken to ensure that these are not damaged by pollution. The supplier is expected to choose modern and efficient technology that reduces greenhouse gas emissions and other emissions from products and services.

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

National and relevant international environmental laws and regulations shall be complied with, relevant discharge permits shall be obtained and harmful chemicals and other substances shall be managed in a responsible manner.

D. Pay and working conditions

The following applies to the employees of the supplier and any subcontractors (including workers from recruitment agencies) who contribute towards fulfilling the agreement:

- a) Employees shall have pay and working conditions that comply with any applicable laws and regulations related working environment, General Application regulations (Nw.: allmenngjøringsforskriften) or national collective agreements that apply to the industry concerned. This also means that the provisions of the ILO Convention No. 1, No. 14 and No. 131 applies.
- b) When there are no General Application regulations or nationwide collective agreements, the supplier shall look to local collective agreements that apply to the same field of work and alternatively look to General Application regulations or national collective agreements that apply

to similar fields. The supplier shall establish pay and working conditions that are no worse than these.

- c) Pay conditions and the payment of wages shall be agreed upon in writing before any work commences. Workers shall be able to understand such agreements. Deductions from wages as a disciplinary action shall not be permitted.
- d) International conventions and/or national legislation and regulations relating to regular employment shall not be circumvented by using short-term contracts (such as the use of contract workers, casual workers and day labourers), subcontractors or other types of labour.
- e) Employees shall have an employment contract in a language that they understand.
- f) The supplier's employees/workers and its subcontractors who are going to work at facilities owned or operated by companies in the Hafslund Group shall not be under the influence of drugs or alcohol. The supplier shall have guidelines on taking precautions against drug and alcohol abuse.

Pay and working conditions means provisions relating to minimum working hours, wages, including overtime supplements, shift work and shift supplements and inconvenience supplements, and the coverage of expenses for travel, board and lodging.

E. Impartiality

The supplier shall ensure that any resources used in connection with deliveries to Hafslund do not have any links to persons or enterprises that would disqualify such resource. If a resource can be considered to represent Hafslund and its counterparty at the same time, that resource is regarded as being disqualified.

The supplier shall comply with impartiality requirements and report any cases of possible impartiality. Hafslund has the right to reject the use of any resources that might be disqualified.

F. Notification of censurable conditions

The supplier is obliged to have procedures for reporting censurable conditions in connection with the implementation of the supplier's signed agreement with Hafslund. At the same time these notification procedures shall be made available and be known. The supplier's employees (including those hired by the supplier) and any subcontractors shall be able to use such notification procedures. The supplier shall also inform all employees (including those hired by the supplier) about the Guidelines. Employees and anyone else who reports breaches of legislation and/or the Guidelines shall be protected against retaliation.

G. Privacy and information security

The dignity, privacy and personal rights of all people shall be respected.

The supplier shall have procedures and systems that ensure that privacy is safeguarded and that no improper acquisition, use or sharing of data, information or material takes place. The supplier shall treat all confidential information in an ethical manner and in accordance with the agreed requirements and applicable laws and regulations at all times. Any non-compliance and suspected non-compliance shall always be reported.

The supplier shall process and protect data and information related to Hafslund in accordance with good information security practices. The supplier shall develop and maintain processes designed to provide appropriate protection of such information.

H. At least 50% of the hours worked shall be performed by qualified workers

A minimum of 50% of the hours worked in the building and construction trades (those trades covered by the building and construction engineering and landscape gardening education programmes in Norway) shall be carried out by qualified workers or people with documented vocational training which complies with national vocational training legislation or equivalent foreign vocational training, and there shall be skilled workers in all relevant trades (up to 10% of this requirement can be met by hours worked by people who are undergoing systematic training and are registered, for the first time, in accordance with the requirements of the Practical Training Candidate Scheme, cf. Section 3-5 of the Norwegian Education Act, or pursuant to an equivalent scheme in another EU/EEA country).

I. Compliance with obligations relating to taxes and duties

The supplier shall at all times comply with its obligation to pay taxes and duties. The supplier is responsible for providing documentary proof to show that subcontractors comply with their obligations relating to taxes and duties.

J. Competition

Under no circumstances shall the supplier cause or be involved in activities in breach of general or special competition- laws and regulations such as illegal price fixing, illegal market sharing or other conduct that fails to comply with such laws and regulations.

K. Pre-approval of subcontractors

All subcontractors, including workers from recruitment agencies, shall be pre-approved in writing by Hafslund before they can commence work under the agreement with Hafslund. Hafslund shall assess enquiries within a reasonable time and can only deny approval when there are justified grounds for doing so. The same applies to the replacement of subcontractors during the contractual period. Hafslund's approval does not change the supplier's obligations vis-à-vis Hafslund.

In connection with such approval, the supplier shall obtain a tax certificate for subcontractors.

The supplier shall at all times be able to provide documentation to show that its subcontractors comply with the provisions of the agreement with Hafslund.

The supplier shall, at its own expense and risk, reject any subcontractors who have not been pre-approved by Hafslund.

L. Internal control related to safety, health and the working environment (SHA) and HSE

When undertaking work in accordance with the agreement with Hafslund, the supplier shall comply with any relevant working environment laws and regulation, Hafslund's SHA plan and Hafslund's or the coordinator's instructions.

The supplier shall undertake to have internal control systems that comply with the Regulations relating to Systematic Health, Safety and Environmental Work at enterprises (Nw.: forskrift om systematisk helse- miljø og sikkerhetsarbeid i virksomheter). The supplier shall make every effort to control risks and take all necessary measures in order to avoid accidents and work-related injuries, and ensure that project safety information etc. is in a language that key personnel in the project concerned can understand.

For building and construction projects where Hafslund has its own registration system, the supplier shall ensure that all people who have access to the building and construction site register themselves in Hafslund's system.

M. Limiting the number of subcontractors in the vertical chain

The supplier may use a maximum of one sub-contractor in a vertical chain.

Personnel from recruitment agencies are regarded as constituting a subcontractor. Hafslund may accept several subcontractors if, due to unforeseen circumstances, it becomes necessary to undertake work under the agreement with Hafslund.

The supplier shall, at its own expense and risk, reject any subcontractors who have not been approved by Hafslund.

N. Using primarily permanent employees working at least 80% of full working hours

When undertaking work under the supplier's agreement with Hafslund, permanent employees (working at least 80% of full working hours) shall mainly be used, so that workers are guaranteed a salary between assignments and a living wage. This applies regardless of whether or not such workers are employed by the supplier or any subcontractors, including recruitment agencies and production companies.

O. Documentation for occupational injury insurance

Employees and temporary employees who undertake work in Norway under the agreement with Hafslund shall be covered by occupational injury insurance, cf. the Norwegian Occupational Injury Insurance Act (Nw.: lov om yrkesskadeforsikring). Before the commencement of any work under the agreement, and later if so required, the supplier shall submit documentation to show that this requirement has been met for workers who directly perform work under the agreement with Hafslund. If the supplier is in position to assert an exemption provision as stipulated in the Norwegian Act relating to Occupational Injury Insurance, documentation to this effect shall be provided before commencement of work under the agreement and during the contractual period if required.

P. Suppliers shall be approved training companies and at least 10% of the hours worked must be performed by apprentices

When undertaking contract work, at least 10% of the hours worked in trades requiring apprenticeships which are directly related to compliance with the agreement concerned shall be undertaken by apprentices or similar schemes as mentioned in Section 4-1 of the Norwegian Education Act. This requirement can be met by the supplier and/or subcontractors.

2. Documentation, inspections and reporting

Hafslund may require the supplier to submit the following documentation:

- a) documentation showing that the ethical requirements stipulated in the Guidelines have been complied with,
- b) copies of ethical guidelines or equivalent documents that at a minimum comprise an obligation to respect fundamental human and labour rights in its own enterprise and in the supply chains,
- c) a description of how ethical guidelines or equivalent documents are made known to subcontractors and business contacts that are part of the supply chain related to goods to be delivered under the agreement with Hafslund,
- d) describe, or provide a copy of the procedures relating to the due diligence work of the supplier. This documentation should show how the supplier proceed in order to identify and prioritise the risks associated with violations of fundamental human and labour rights. This documentation should also provide an overview of any relevant control measures and sanctions that are implemented in the event of violations, and
- e) describe how the supplier obtains and maintains an overview of the country of origin and production sites that are involved in supply chains for any goods to be delivered under the agreement with Hafslund.

Hafslund may carry out inspections and audits of the supplier and its subcontractors in order to ensure compliance with the Guidelines. Hafslund may require such inspections and audits to be carried out by an independent third party designated by Hafslund. The supplier may require such independent third parties to sign a declaration that any results of such inspections or audits will not be used for any purpose other than to safeguard their obligations under these Guidelines.

The supplier shall undertake to make the necessary resources and relevant documentation and information available free of charge for Hafslund. This duty to participate and provide documentation also applies to subcontractors.

The supplier shall immediately report any breach of the Guidelines discovered by the supplier in its own operations or in the supply chain. The supplier shall, at its own initiative, immediately implement the necessary measures for remedying the violations in question. When a breach of the Guidelines is discovered, Hafslund may, depending on the severity of the breach, set a deadline for when the matter shall be rectified or call for implementation of the measures stipulated in the supplier's agreement with Hafslund.

Subject to what has been stipulated in this Item 2, the parties shall be responsible for their own costs associated with inspections, audits and reporting.

Inspections and audits may be carried out during the period which falls between signing of the agreement and six months after the most recent date on (i) the final invoice that has been paid or (ii) the expiry of the contractual period.

3. Consequences of breaches

In the event of a breach of the Guidelines, the supplier shall implement the necessary measures to restore Hafslund's trust in the supplier. If the supplier fails to implement such necessary measures or trust cannot be re-established through the measures implemented, Hafslund is entitled to:

- a) terminate the agreement with the supplier. This applies even if such has not been expressly agreed in individual agreements,
- b) exclude the supplier from future agreements with Hafslund,
- c) if the breach has been committed by a subcontractor (including recruitment agencies), Hafslund may require the supplier to replace the subcontractor,
- a) claim proportionate compensation,
- b) report the supplier to the relevant authorities, and
- c) demand that other measures stipulated in the agreement with Hafslund is implemented.

4. Declaration

By including the Guidelines as an appendix to the agreement entered into with Hafslund, or by signing the declaration in this section, the supplier declares to Hafslund that they have understood and shall comply with the Guidelines. The supplier also declares that they are responsible for ensuring that any subcontractors that will be used in connection with the fulfilment of the agreement with Hafslund have understood and shall comply with the Guidelines. The supplier understands that the supplier and their subcontractors are obliged to comply with the Guidelines throughout the contractual period and that any breaches may entail demands for the implementation of measures or sanctions under the agreement.

Supplier, company registration number:
Location, date, general manager's signature: