

Guidelines for Ethical Trade – Code of Conduct

Introduction

Smart Supply works to promote good working and environmental conditions in our supply chains. We aim to achieve this in close collaboration with our suppliers and partners. To clarify what we expect from our suppliers, Smart Supply has developed guidelines for ethical trade. These guidelines cover fundamental requirements related to human rights, labor rights, the environment and the Transparency Act.

Smart Supply's Approach to the Transparency Act

Smart Supply is committed to a foundation of openness and transparency in all our operations. As part of our commitment to best practices and ethical operations, we comply with the Transparency Act. This law forms the basis of our efforts to ensure the availability of information, promote public insight, and encourage accountability in our actions. Our adherence to the Transparency Act is an integral part of our business practices and reflects our desire to build trust, maintain integrity, and foster an open society.

Principles

Our suppliers shall provide goods and services to Smart Supply that are produced in accordance with these guidelines. Suppliers shall also communicate and follow up on the guidelines with their subcontractors.

At the request of Smart Supply, the supplier must be able to document compliance with the guidelines. This can be done through self-declaration, follow-up conversations with Smart Supply, and/or mapping of working conditions at the production site. If Smart Supply wishes to map a subcontractor, the supplier is obliged to provide the name and contact details of this subcontractor. In the event of a breach of the ethical guidelines, Smart Supply will collaborate with the supplier to create a plan for rectifying the deficiencies. Rectification must occur within a reasonable timeframe. Termination of the contract will only occur if the supplier, after repeated requests, shows unwillingness to rectify the conditions.

Social and environmental standards will be given weight when selecting new suppliers.

Requirements for Our Own Operations

Smart Supply will continuously work to improve its own policies and practices that can contribute to ensuring that suppliers adhere to our ethical trade guidelines.

Smart Supply, including all employees, shall never offer or receive illegal or improper monetary gifts or other benefits to gain business or personal advantages for themselves or benefits for customers, agents, or suppliers.

Smart Supply and our suppliers shall avoid trading partners that operate in countries subject to trade sanctions imposed by the UN and/or Norwegian authorities.

Requirements for Conditions in the Supply Chain

The ethical trade guidelines are based on internationally recognized UN and ILO conventions and

specify minimum, not maximum, standards. The laws at the production site shall be respected. Where national laws and regulations cover the same topic as these guidelines, the highest standard shall apply.

1. **Forced Labor/Slave Labor (ILO Conventions No. 29 and 105)**
 - 1.1. There shall be no form of forced labor, slave labor, or involuntary work.
 - 1.2. Workers shall not be required to provide deposits or identification papers to the employer and shall be free to terminate the employment relationship with reasonable notice.
2. **Freedom of Association and Collective Bargaining (ILO Conventions No. 87, 98, 135, and 154)**
 - 2.1. Workers shall have the right, without exception, to join or form trade unions of their choice and to bargain collectively. Employers shall not interfere with, hinder, or oppose trade union organizing or collective bargaining.
 - 2.2. Trade union representatives shall not be discriminated against or hindered in performing their trade union work.
 - 2.3. If the right to free association and/or collective bargaining is restricted by law, the employer shall facilitate and not hinder alternative mechanisms for free and independent organizing and bargaining.
3. **Child Labor (UN Convention on the Rights of the Child, ILO Conventions No. 138, 182, and 79, ILO Recommendation No. 146)**
 - 3.1. The minimum age for workers shall not be less than 15 years and in accordance with
 - i) national minimum age for employment, or;
 - ii) minimum age for compulsory schooling,with the higher age prevailing. If the local minimum age is set at 14 years in accordance with the exception in ILO Convention 138, this may be accepted.
 - 3.2. Recruitment of child laborers in violation of the above minimum age shall not take place.
 - 3.3. Children under 18 years shall not perform work that is harmful to their health, safety, or morals, including night work.
 - 3.4. Action plans shall be established for the prompt phasing out of child labor that violates ILO Conventions 138 and 182. The action plans shall be documented and communicated to relevant personnel and other stakeholders. Support systems shall be established to provide children with access to education until they are no longer of compulsory school age.
4. **Discrimination (ILO Conventions No. 100 and 111 and UN Convention on the Elimination of All Forms of Discrimination Against Women)**
 - 4.1. There shall be no discrimination in hiring, remuneration, training, promotion, termination, or retirement based on ethnic origin, religion, age, disability, gender, marital status, sexual orientation, trade union activity, or political affiliation.
 - 4.2. Protections against sexually intrusive, threatening, offensive, or exploitative behavior and against discrimination or termination on unreasonable grounds, e.g., marriage, pregnancy, parental status, or HIV status, shall be established.
5. **Harsh Treatment**

Physical abuse or punishment, or threats of physical abuse, is prohibited. The same applies to

sexual or other abuse and other forms of humiliation.

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

6.1. Efforts shall be made to ensure workers have a safe and healthy working environment. Hazardous chemicals and other substances shall be handled safely. Necessary measures shall be implemented to prevent and minimize accidents and health hazards resulting from, or related to, workplace conditions.

6.2. Workers shall receive regular and documented training in health and safety. Health and safety training shall be repeated for new employees and relocated workers.

6.3. Workers shall have access to clean sanitary facilities and drinking water. If relevant, the employer shall also provide access to facilities for safe food storage.

6.4. If the employer provides accommodation, it shall be clean, safe, adequately ventilated, and have access to clean sanitary facilities and drinking water.

7. **Wages (ILO Convention No. 131)**

7.1. Wages for workers for a normal working week shall be at least in accordance with national minimum wage regulations or industry standards, with the higher standard prevailing. Wages shall always be sufficient to cover basic needs, including some savings.

7.2. Wage conditions and payment of wages shall be documented in writing before work commences. The agreement shall be understandable for the worker.

7.3. Deductions from wages as a disciplinary action are not allowed.

8. **Working Hours (ILO Conventions No. 1 and 14)**

8.1. Working hours shall be in accordance with national laws or industry standards and shall not exceed working hours in accordance with applicable international conventions. Normal working hours per week shall generally not exceed 48 hours.

8.2. Workers shall have at least one day off in every 7 days.

8.3. Overtime shall be limited and voluntary. The recommended maximum overtime is 12 hours per week, resulting in a total working time of 60 hours per week. Exceptions may be accepted if regulated by a collective agreement or national law.

8.4. Workers shall always receive overtime pay for hours worked beyond normal working hours (see point 8.1 above), at least in accordance with applicable laws.

9. **Regular Employment**

9.1. Obligations towards workers, in accordance with international conventions, national laws, and regulations regarding regular employment, shall not be circumvented through the use of short-term engagements (such as using contract workers, casual workers, and day laborers), subcontractors, or other employment relations.

9.2. All workers have the right to an employment contract in a language they understand.

9.3. Apprenticeship programs shall be clearly defined with respect to duration and content.

10. **Marginalized Populations**

The production and use of natural resources shall not contribute to destroying the resource and income base for marginalized populations, for example, by seizing large areas of land or unsustainable use of water or other natural resources that these populations depend on.

11. Environment

11.1. Measures to reduce negative effects on health and the environment throughout the value chain shall be implemented through minimizing emissions, promoting efficient and sustainable resource use, including energy and water, and minimizing greenhouse gas emissions in production and transport. The local environment at the production site shall not be overexploited or harmed by pollution.

11.2. National and international environmental legislation and regulations shall be complied with, and relevant emission permits shall be obtained.

12. Corruption

All forms of bribery are unacceptable, including the use of alternative channels to secure illegitimate private or work-related benefits for customers, agents, contractors, suppliers, or their employees as well as public officials.

13. Management System at Suppliers

A management system is central to implementing ethical guidelines. Smart Supply emphasizes the importance of the supplier having systems that support the implementation of these. The expectations are clarified by:

- The supplier should appoint a responsible person centrally in the organization for the implementation of the ethical guidelines in their operations.
- The supplier shall make the guidelines known in all relevant parts of their organization.
- The supplier shall obtain consent from Smart Supply before production or parts of production are subcontracted to a subcontractor/contractor where this has not been agreed upon in advance.
- The supplier shall be able to account for where goods ordered by Smart Supply are produced.