

Code of Conduct for Ethical Trade principals for all of Lillelam AS's production. Thus, in reference to point 6.9: General Agreement Lillelam AS.

Introduction

At **Lillelam 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 fundamental requirements for human rights, workers' rights, the environment and anti-corruption in our supply chains.

Lillelam AS expects our suppliers to communicate the requirements of this code of conduct, or a code of conduct as extensive, to their sub-suppliers and work towards their compliance with the requirements, in addition to their own efforts to be compliant.

Requirements relating to own practice

Lillelam AS will continuously work to improve our own policies and practices, including our purchasing practices, to support our suppliers in complying with our code of conduct. We will do this in dialogue with our suppliers and other stakeholders.

Neither **Lillelam AS** nor any of our employees shall ever offer or accept illegal or unlawful monetary gifts, or any other form of remuneration, in order to secure a business related or private benefit, or for the benefit of their customers, suppliers or business partners.

Lillelam AS and **Lillelam AS's** suppliers shall avoid partners that operate in countries subject to international boycott by the United Nations or Norwegian Authorities.

Monitoring suppliers' compliance with the requirements

The supplier shall be able to document their efforts to secure compliance with the code of conduct, and those of their sub-suppliers, at **Lillelam AS's** request. Such documentation may take the form of follow-up meetings, inspections or other means of mapping the working conditions at production sites. The supplier shall be obliged to provide the name and contact information for any sub-supplier that **Lillelam AS** requests in order to map compliance with the requirements.

In the event of a breach of the code of conduct, **Lillelam AS** and the supplier will jointly prepare a contingency plan for remedying the breach. Remediation shall take place within a reasonable period of time, as mutually agreed, if not **within 1 month** after discovery of the breach. The business relationship will only be terminated if the supplier shows unwillingness to remedy the breach following repeated enquiries.

The supplier shall have an effective management system for handling complaints relating to human rights, workers' rights, environmental issues and corruption. The supplier shall ensure that both workers and external parties, such as local communities and civil society organisations, are able to submit complaints.

Requirements to Supply Chain Conditions

Lillelam AS's Ethical Trade Principles below are founded on key UN and International Labour Organization conventions and documents. National laws shall be respected, and where the provisions of law and Lillelam AS's 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,
- 3.2. 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 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 (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 programmes 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. 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.

13. Animal welfare

Measures for keeping the protection of the health and well-being of animals shall be obtained at all times throughout the delivery chain of **Lillelam AS's** production. Supplier is obliged to surveil sub-suppliers, and report to **Lillelam AS** with immediate effect if any suspicion or evidence of any breach of **Lillelam AS's** code on the animal welfare.

14. Management systems of suppliers

The management system is key to the implementation of the code of conduct. **Lillelam AS** emphasises the importance of suppliers having systems that support such implementation. **Lillelam 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 **Lillelam AS's** consent prior to outsourcing production or parts of production to a sub-supplier/contractor, as also specified in the Lillelam General Agreement, if this has not been agreed in advance.

Place/Date: _____

Company supplier: _____

Sign/CEO supplier: _____

Sign supplier's responsible for COC follow-up: _____