

Code of Conduct - Business Partners - Approved by Board_01042023

Location and process	Flokk Corporate / Procurement / Category Management / Supplier Evaluation and Selection	Document category	Governing principles
Last approved date	11/04/2024 (Patrik Röstlund)	Document responsible	Tomasz Gracz
Date changed	14/03/2024 (Kjersti Karine Kildal)		
Validity area	Flokk		

At Flokk, we promote responsible business conduct, including decent working and environmental standards in our total value chain. We cooperate closely with our suppliers, distributors and other partners in pursuit of our aim for continuous improvement for people, society and the environment. Accordingly, we have prepared this code of conduct to illustrate what we expect of our distributors, suppliers, and other partners in Flokk’s value chain (“**Business Partners**”). The code of conduct covers human rights, workers’ rights, the environment, corruption, sanctions, and animal welfare.

Flokk aims to continuously improve policy and practice that supports Business Partners in complying with this code of conduct.

Principles

Flokk’s Business Partners are to follow our guidelines for suppliers and supply services that comply with this code of conduct. The Business Partners shall:

- Conduct due diligence for responsible business conduct and have systems in place to manage complaints related to human and labour rights. This involves; conducting risk assessments to identify potential negative impact on people, society and the environment and to stop, prevent and reduce such impact. The measures put in place must be monitored and their effect evaluated. The measures taken must be communicated to those affected by your actions
- Assure compliance in their individual Flokk-related value chains. And be able to document compliance with the code of conduct at Flokk’s request. Such documentation may take the form of self-declaration, follow-up meetings, and/or inspections of the working conditions at their sites. The Business Partners will be obliged to name and provide contact information for any of their partners that Flokk wishes to inspect.
- Show willingness and ability to continuous improvement for people, society, and the environment through collaboration.

If the supplier, after several requests by Flokk, does not show the willingness or ability to comply with the guidelines for suppliers, the contract may be cancelled.

In the event of a breach of the code of conduct, Flokk and the Business Partner will jointly prepare a plan for remedying the breach. If the Business Partner is responsible for the negative impact/damage, they are responsible for providing remedy. Remediation must take place within a reasonable period of time. The contract will only be terminated if the Business Partner remains unwilling to remedy the breach following repeated enquiries.

Requirements to Business Partners - conditions in Flokk’s Value Chain

Flokk’s Ethical Trade Principles are founded on key UN and International Labour Organisation conventions and documents, including the Ten Principles of the UN Global Compact. National and local laws shall be respected, and where the provisions of international law and Ethical Trade Norway’s ethical trade principles address the same subject, the most stringent shall apply.

1. **Human Rights (UN Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights)**
 - 1.1 Business partner must support and respect human rights and has a responsibility to respect and promote the human rights, both within its own operations and in the supplier chain.
 - 1.2 Business partner must ensure that it does not participate, directly or indirectly, in violations of human rights. This also includes situations when the company fails to pose questions of human rights or benefits from violations that are carried out by a third party.
2. **Child Labour (UN Convention on the Rights of the Child Art. 32, ILO Conventions Nos. 138, 182 and 79, and ILO Recommendation No. 146)**

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- 2.1 The minimum age for workers shall not be less than 15 and comply with:
- 1) the national minimum age for employment, or;
 - 2) 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.
- 2.2 There shall be no recruitment of child labour defined as any work performed by a child younger than the age(s) specified above.
- 2.3 No person under the age of 18 shall be engaged in labour that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development, including night work.
- 2.4 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.
- 2.5 If child labour is detected, the company must act based upon the best interest of the child and find suitable solutions in consultation with the child and the family of the child.
- 3. Forced and compulsory labour (ILO Conventions Nos. 29 and 105)**
- 3.1 There shall be no forced, including slave, bonded or involuntary prison labour. All labour must be voluntary without threat of penalty or similar.
- 3.2 Workers shall not be required to lodge deposits or identity papers with their employer and shall be free to terminate their employment following a reasonable period of notice.
- 4. Discrimination and harassment (ILO Conventions Nos. 100 and 111 and the UN Convention on Discrimination Against Women, UN Covenant on Civil and Political Rights, Art. 7)**
- 4.1 There shall be no discrimination at the workplace in hiring, compensation, access to training, promotion, termination or retirement based on ethnic affiliation, sex, civil status, pregnancy, religion, social or ethnic origin, nationality, physical ability, political opinions, union membership, gender-crossing identity or expression, age, health condition, or sexual orientation, or other character trait that is protected by applicable legislation. Discrimination refers to any distinction of employees that is not based on merits or qualities but involves differential treatment on biased grounds.
- 4.2 Business Partner must work to promote diversity and equal opportunities in the operation.
- 4.3 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.
- 4.4 Harassment may not occur in the operation. Harassment refers to instances when employees are exposed of harsh or inhumane treatment. Any form of psychological or physical abuse or punishment, threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, is prohibited.
- 5. Freedom of Association and the Right to Collective Bargaining (ILO Conventions Nos. 87, 98, 135 and 154)**
- 5.1 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.
- 5.2 Workers' representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.
- 5.3 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.

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6. Regular Employment (ILO Convention No. 95, 158, 175, 177 and 181)

- 6.1 Obligations to employees under international conventions, national law and regulations concerning regular employment shall not be avoided using short-term contracting (such as contract labour, casual labour or day labour), sub-contractors or other labour relationships.
- 6.2 All workers are entitled to a contract of employment in a language they understand.
- 6.3 The duration and content of apprenticeship programmes shall be clearly defined.

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. Salary must be paid directly to the employee at the agreed time and in full.
- 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 and have breaks during the working day.
- 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.
- 8.5 Leave, including holidays, public holidays, sick leave and parental leave must be approved and reimbursed in accordance with national law.
- 8.6 All workers must be covered by social insurance in accordance with national law.

9. Health and Safety, Chemicals (ILO Convention No. 155 and 170, ILO Recommendation No. 164)

- 9.1 The working environment shall be safe, healthy 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, handled safely and safety data sheets must be available. 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.
- 9.2 Business Partner should have a written policy, signed by the management, regarding health and safety at the work.
- 9.3 Business Partner should have documented routines to ensure observance and achieve continuous improvement within work environment, e.g. goals, inspections and plans of action.
- 9.4 There must be a register of accidents and incidents. Incidents mean events that could have led to an accident.
- 9.5 Workers shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers. Workers must regularly receive relevant training and instructions to be able to manoeuvre machines and other equipment.
- 9.6 Workers must have access to all necessary protective equipment without having to pay for it.
- 9.7 Temperature, air quality and noise level must be regulated in accordance with local legislation. Where the working environment cannot be changed, it must be remedied with protective equipment.
- 9.8 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food

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- storage shall be provided.
- 9.9 Accommodation, where provided, shall be clean, safe and adequately ventilated, and shall have access to clean toilet facilities and potable water.
- 9.10 Fire drills should be held regularly. Fire equipment, evacuation plans and emergency exits must be available and well visible in all space.

10. Environment

- 10.1 Measures to minimise adverse impacts on human health and the environment shall be taken throughout the value chain. This includes minimising harmful chemicals/chemicals, minimising pollution, promoting an efficient and sustainable choice and use of materials and resources, including energy and water, minimising greenhouse gas emissions in production and transport, protecting biodiversity, land & wood. The local environment at the production site shall not be exploited or degraded.
- 10.2 Business Partner must comply with local, national and international environmental protection legislation and regulations. A system for law enforcement control with law lists must be in place, and relevant discharge permits obtained.
- 10.3 Business Partners that are NOT certified according to ISO 14001, must satisfy below requirements in general respects:
- The company shall identify the company's environmental impact and identify where its environmental impact is greatest.
 - A documented and communicated environment policy, which has been approved by the management, shall be available.
 - In order to ensure constant improvement, the company should have long-term and short-term environmental goals, along with an established action plan.
 - All employees should be provided with environmental training.
 - There should be documented routines for monitoring and follow up the company's environmental performance.

11. Marginalised Population (UN Covenant on Civil and Political Rights, art. 1 and 2)

- 11.1 Production and the use of natural resources shall not contribute to the destruction and/or degradation of the resources and income base for marginalised populations, such as in claiming large land areas, use of water or other natural resources on which these populations are dependent.

12. Anti-Corruption (UN Convention against Corruption and bribery legislation)

- 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. All forms of corruption must be countered.
- 12.2 Business Partner must comply with the UN Convention against Corruption as well as the bribery legislation that applies in the country where all or parts of the product are manufactured and such other country's law that otherwise covers the company's activities.

13. Sanctions

- 13.1 Financial sanctions are a significant part of the global fight against financial crime and are used by governments all over the world to restrict or prohibit trade with foreign targets which are involved, or suspected of being involved, in illegal activities.
- 13.2 All Flokk business partners must regularly check that they do not conduct business with any persons, groups, entities, or countries on the given sanction lists:
- the UN consolidated sanction list published on: <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>
 - Office of Foreign Assets Control, Sanctions List (U.S): <https://sanctionssearch.ofac.treas.gov/>

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Other Sanctions List are the consolidated list of persons, groups and entities subject to EU financial sanctions published on http://eeas.europa.eu/topics/sanctions-policy/8442/consolidated-list-of-sanctions_en or any similar sanction list issued or maintained or made public by any of the Sanctions Authorities.

14. Animal welfare

- 14.1 Animal welfare shall be respected. Measures should be taken to minimize any negative impact on the welfare of livestock and working animals.
- 14.2 National and international animal welfare legislation and regulations shall be respected.

15. Management systems of suppliers

The management system is key to the implementation of the code of conduct. Flokk emphasises the importance of Business Partners having systems that support such implementation. Flokk's expectations in this regard are summed up in the following measures:

The Business Partner should make a centrally placed employee responsible for the implementation of the code of conduct in the partner's business.

The Business Partner must make the code of conduct known in all relevant parts of its organisation.

These requirements are read and accepted by:

Date : _____

Business Partner's Company : _____

Signed by : _____

Name (in block letters) : _____

Title : _____