



SUPPLIER CONDUCT PRINCIPLES

Purchasing Department
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1. INTRODUCTION

The objective of this document is to state the requirement for best business practices and personal conduct in the entire Nammo supply chain and for Nammo business partners.

Target groups are all Nammo suppliers, their sub suppliers (multitier), agents, distributors, freight forwarders, shipping companies or their employees of any such party, public and government officials and others who act on Nammo's behalf, hereinafter referred to as "the Supplier(s)".

Nammo acknowledges ethics and corporate responsibility as the heart of its operations and shall be recognized for its high ethical standards.

Nammo's Supplier Conduct Principles are founded on UN Global Compact's ten principles, International Labour Organization (ILO) conventions and documents, and the Nammo Values.

Flowing down these commitments, Nammo requires its Suppliers to support and uphold the principles laid down in this document and in the Nammo Ethical Code of Conduct.

2. HUMAN RIGHTS

2.1 Principle 1:

Support and respect the protection of internationally proclaimed Human rights:
In all their activities the Suppliers must operate in full compliance with the legislation of the countries in which they operate. Where the provisions of applicable local laws and the Supplier Conduct Principles address the same subject and they are not in conflict, the highest standard shall apply. If any of the requirements in the principles conflict with applicable local legislation that represents a violation of applicable local legislation, the highest standards that are consistent with applicable local legislation shall apply.

2.2 Principle 2:

No participating in Human Rights abuses:
Suppliers are expected to support and respect the protection of internationally proclaimed human rights, such as UN Global Compact of Human Rights. Suppliers also need to make sure that they are not participating in any Human Rights abuse.

3. LABOR STANDARDS

3.1 Principle 3:

Freedom of Association and the Right to Collective Bargaining:
All 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. Workers' representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.

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.

3.2 **Principle 4:**

Forced and compulsory labor:

There shall be no forced, bonded or involuntary prison labor. 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.

3.3 **Principle 5:**

Child Labor:

The minimum age for workers shall be the applicable legal age in the country of the Suppliers and comply with

- the national minimum age for employment, or
- 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. There shall be no recruitment of child labor defined as any work performed by a child younger than the age(s) specified above.

No person under the age of 18 shall be engaged in labor that is hazardous to their health, safety or morals, including nightshifts.

Policies and procedures for remediation of child labor prohibited by ILO conventions Nos. 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. Suppliers should uphold the effective abolition of child labor in compliance with ILO convention No. 138.

3.4 **Principle 6:**

Discrimination included in the UN Convention on Discrimination against Women:

There shall be no discrimination at the workplace in hiring, compensation, access to training, promotion, termination or retirement based on ethnic background, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation. Measures shall be established to protect workers from sexually intrusive, threatening, insulting or exploitative behavior, and from discrimination or termination of employment on unjustifiable grounds, e.g. marriage, pregnancy, parenthood or HIV-status.

Additionally; harsh or inhumane treatment, physical abuse or punishment, or threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, are strictly prohibited.

4. **ENVIRONMENT**

4.1 **Principle 7:**

Support a precautionary approach to environmental challenges:

The Suppliers shall minimize their environmental impact and continuously improve their environmental performance and ensure that their operations comply with all applicable environmental legislation and prevent and mitigate environmental and health risks (hazardous materials, radiation, etc.)

4.2 **Principle 8:**

Undertake initiatives to promote greater environmental responsibility:

The Suppliers shall act in accordance with relevant local and internationally recognized environmental standards. The environmental impact of their operations shall be limited, particularly by reducing consumption of energy and natural resources, producing less waste and managing emissions and all other forms of pollution.

4.3 **Principle 9:**

Environmentally friendly technologies:

The Suppliers shall take a precautionary approach towards environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of environmentally friendly technologies.

5. **ANTI-CORRUPTION & ANTI-BRIBERY**

5.1 **Principle 10:**

Corruption and other Prohibited Business Practices:

The Supplier shall comply with applicable laws and regulations concerning Prohibited Business Practices. Corruption in any form is not accepted, including bribery, extortion, kick-backs and improper private or professional benefits, fraud and any other prohibited business practices. The Supplier shall not offer, promise or give any undue advantage, favor or incentive to any government officials, international organization or any other third party. This applies regardless of whether the undue advantage is offered directly or through an intermediary.

6. **OTHER ETHICAL BUSINESS PRACTICES**

6.1 **Export Control**

The Supplier shall comply with the laws and regulations of the export regime of the respective countries from which the Supplier operates its exports of products and services. It is the responsibility of the Supplier to provide all required information to the export authorities.

6.2 **Health and Safety**

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 minimizing, as far as is reasonably practicable, the causes of hazards inherent in the working environment.

Workers shall receive regular and documented health and safety training, and such training shall be repeated for new or reassigned workers.

Access and accommodations, where provided and if appropriate, shall be clean, safe and adequately ventilated with access to clean toilet facilities and potable water.

6.3 **Wages**

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 high enough to meet basic needs, including some discretionary income. 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.

6.4 **Working Hours**

Working hours shall comply with, and not to exceed, the maximum national or local laws. All overtime work should be voluntary, other than as permitted in the following: Where the company is party to collective bargaining agreement freely negotiated with labour organizations representing a significant portion of its workforce, it may require overtime work in accordance with such agreement to meet short-term business demand.

6.5 **Regular Employment**

Obligations to employees under international conventions, national laws and regulations concerning regular employment shall not be avoided through the use of short term contracting (such as contract labor, casual labor or day labor), sub-contractors or other labor relationships. All workers are entitled to a contract of employment in a language they understand. The duration and content of apprenticeship programs shall be clearly defined.

6.6 **Marginalized Population**

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 populations are dependent.

6.7 **Money Laundering**

The Supplier shall be firmly opposed to all forms of money laundering and shall take steps to prevent its financial transactions from being used by others to launder money.

6.8 **Competition**

The Supplier shall under no circumstances cause or be part of any violation of general or special competition regulations, such as illegal cooperation on pricing, illegal market sharing or any other behavior that is in violation of relevant competition laws.

6.9 **Gifts, Hospitality and Expenses (Business Courtesies)**

The Supplier shall not, directly or indirectly, offer gifts to Nammo employees or representatives or anyone closely related to them, unless the gift is of modest value. Hospitality, such as social events, meals or entertainments may be offered if there is a business purpose in-

involved and the cost is kept within reasonable limits. Travel expenses for the individual representing Nammo shall be paid by Nammo. Hospitality, expenses or gifts shall not be offered or received in situations of contract negotiation, bidding or award.

6.10 Defence Industry Disclosure

For Suppliers of components for military products, management and each individual employee should maintain full transparency, bearing in mind that they are part of the value chain in the defence industry.

6.11 Intellectual Property Rights shall be protected

The transfer of technology and know-how shall be done in a manner that protects intellectual property rights.

6.12 Counterfeit Parts

The Supplier shall not deliver Counterfeit, suspect-Counterfeit, or sub-standard Goods to Nammo, and shall only purchase or source Items directly from original Component Manufacturers (OCM) and/or original equipment manufacturer (OEM), authorized distributors or aftermarket manufacturers. Use, purchase or the sourcing of Items from non-OCM or OEM authorized independent distributors or brokers are not permitted unless first approved in writing by Nammo.

The Supplier shall maintain a method of traceability that ensures tracking of the supply chain back to the manufacturer of all Items included in the Supplies being supplied. Nammo expects that all Suppliers for military products will work actively to have the appropriate prevention policies and procedures in place to detect and avoid Counterfeit parts in their organization.

6.13 Disclosure of Information

Information regarding business activities, structure, financial situation and performance shall be disclosed in accordance with applicable regulations and prevailing industry practices.

7. CONSEQUENCES OF NON-COMPLIANCE

Nammo takes a partnership approach to Suppliers in an effort to pursue these principles. Consequently, Nammo will seek continuous improvements on the part of the Supplier within the areas covered by these principles. If the Supplier fails to comply with the standards of these principles Nammo may take appropriate actions, up to and including termination of the contract. However, Nammo's policy is to encourage continuous improvement.

Nammo is dedicated to Supplier relationships built on a foundation of good business practices, impartiality and mutual respect. Nammo will always deal with Suppliers in a manner that avoids even the appearance of conflict.

- **Nammo's Intent**
Nammo considers a part of their relationship with every supplier to be based on mutual respect and a commitment to pursue excellence in complying with each principle listed above
- **Supplier Responsibility**
Suppliers have the responsibility to conduct their business, partnerships and relationships in a manner that complies with the principles listed above. They are also responsible for ensuring that their sub-tier suppliers are operating according to the same standards
- **Nammo's Commitment**
Nammo is committed to working with their suppliers to ensure compliance with these principles. Nammo will also make efforts to work with suppliers who may not be compliant, to become compliant. In cases where a supplier or sub-tier suppliers who have worked with Nammo, but will not comply with these principles, Nammo may take measures to impose restrictions on further business actions up to contract termination
- **Exceptions**
In cases where national laws or regulations are considered to have the same intent and effect as these principles, Nammo may consider them adequate to mean Nammo standards