

## Hampiðjan Group's Supplier Code of Conduct

Hampiðjan hf and its daughter companies (hereafter: Hampiðjan Group) are committed to responsible business practices as well as to comply with all legal requirements where we operate. This Supplier Code of Conduct ("The Supplier Code") sets out minimum standards of behaviour and practices we require from our suppliers. Suppliers to Hampiðjan Group are to supply goods and services that are produced in compliance with applicable laws, regulations, and the Supplier Code. Moreover, the suppliers are to communicate the Supplier Code to their sub-contractors, and to monitor implementation.

A supplier must be able to document compliance with the Supplier Code at Hampiðjan Group's request. Such documentation may take the form of self-declaration, follow-up meetings, due diligence by external service provider and/or inspections of the working conditions at production sites in the sole discretion of Hampiðjan Group. The supplier will be obliged to name and provide contact information for any sub-supplier that Hampiðjan Group wishes to inspect.

In the event of a breach of the Supplier Code, Hampiðjan Group and the supplier will jointly prepare a plan for remedying the breach within a reasonable period of time. The supply contract may be terminated without prejudice if the supplier remains unwilling to remedy the breach, or in the event of a material breach of the Supplier Code.

Hampiðjan Group's suppliers shall comply with internationally recognized human rights that are enshrined, among other places, in the UN Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights of 1966, the International Covenant on Civil and Political Rights of 1966 and the ILO's core conventions on fundamental principles and rights at work. The general principles of our Supplier Code are listed below together with international conventions and recommendations we expect our suppliers to oblige by. The general principles of our Supplier Code are:

**1. No Forced or Compulsory Labour, and no Use, Recruitment or Profiting of Child Labour** (*Ref. to ILO Conventions Nos. 29 and 105, UN Convention on the Rights of the Child, ILO Conventions Nos. 138, 182 and 79, and ILO Recommendation No. 146*)

There shall be no forced, bonded or involuntary prison labour. Workers are not to be required to lodge deposits or identity papers with their employer and shall be free to leave their employer after reasonable notice.

All forms of child labour must be abolished. The term "child labour" is often defined as work that deprives children of their childhood, their potential and their dignity, and that is harmful to their physical and mental development (UN).

Suppliers to Hampiðjan Group are committed to respecting the general minimum age as defined by ILO Convention No. 138. ILO Convention No. 138 sets the general minimum age for admission to employment or work at 15 years (13 for light work) and the minimum age for hazardous work at 18 (16 under certain strict conditions). It provides for the possibility of initially setting the general minimum age at 14 (12 for light work) where the economy and educational facilities are insufficiently developed.

Under no circumstances should work interfere with compulsory education laws.

Policies and procedures for remediation of child labour prohibited by ILO conventions no. 79, 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. Freedom of Association and the Right to Collective Bargaining** (Ref. to ILO Conventions Nos. 87, 98, 135 and 154)

Freedom of association and right to collective bargaining, as expressed in the ILO labour conventions, must be protected. Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively. The employer cannot interfere with, or obstruct, the formation of unions or collective bargaining. Furthermore, workers' representatives shall not be discriminated and shall have access to carry out their representative functions in the workplace.

**3. No Discrimination** (Ref. to ILO Conventions Nos. 100 and 111 and the UN Convention on Discrimination Against Women)

There is no discrimination 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 behaviour, and from discrimination or termination of employment on unjustifiable grounds.

**4. No Harsh or Inhumane Treatment** (Ref. to ILO Convention No. 190 and ILO Recommendation No. 206)

Physical abuse or punishment, or threats of physical abuse, sexual or other harassment and verbal abuse, as well as other forms of intimidation, are prohibited.

**5. Health and Safety** (Ref. to ILO Convention No. 155 and ILO Recommendation No. 164)

Health and safety should not be compromised on. The working environment must be safe and hygienic. 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.

Suppliers are expected to manage health and safety in a systematic way and in accordance with the requirements set forth in recognised international standards and local law.

**6. Wages and Working Hours** (Ref. to ILO Convention No. 131 and Ref. to ILO Convention No. 1 and 14)

Wages and benefits paid for a standard working week shall as minimum meet national legal standards. Working hours shall comply with national laws and collective agreements.

**7. Regular Employment** (Ref. to ILO Convention No. 95, 158, 175, 177 and 181)

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, home working or day labour), sub-contractors or other labour relationships. In case of apprenticeships programs, the duration and content of apprenticeship programs shall be clearly defined prior the assignment and beginning of the apprenticeship period.

All workers are entitled to a contract of employment in a language they understand.

**8. Marginalised Populations**

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.

## **9. Environment** *(Ref. to UNDP Social and Environmental Standards (2014))*

Measures to minimise adverse impacts on human health and the environment shall be taken throughout the value chain. The local environment at the production site shall not be exploited or degraded.

National and international environmental legislation and regulations shall be respected, and relevant discharge permits obtained.

The supplier is expected to continuously improve its environmental performance in the value chain by means of operational control and monitoring and by focus on awareness and training. The Supplier shall at any time be able to document its environmental compliance towards Hampiðjan Group.

## **10. Corruption**

The highest standard of integrity is expected in all business interactions, and the supplier must comply with all applicable laws and regulations on bribery and corruption.

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.

The supplier shall refrain from offering gifts and entertainment to Hampiðjan Group's purchasers, agents or other employees in an attempt to influence business decisions.

## **11. Conflict of Interests**

For suppliers dealing with Hampiðjan Group, we expect that decisions are based on objective criteria only. Any factors that influence the suppliers' decisions due to private, business or other conflicts of interest must be prevented from the start. The same applies to relatives and other related parties.

All actual or potential conflict of interest should be notified to Strategic Sourcing Manager in Hampiðjan Group without unnecessary delay.

## **12. No Money Laundering**

Hampiðjan Group expects its suppliers to comply with all applicable statute governing the prevention of money laundering, and not to participate directly or indirectly in any money laundering activities.

Our suppliers shall take reasonable steps to prevent and detect any illegal form of payments and prevent Hampiðjan Group or any of its subsidiaries from financial transactions used by others to launder money.

## **13. Compliance with National and International Sanctions**

At Hampiðjan Group, we expect our suppliers to comply with all applicable, national, and international sanctions. We expect to be immediately informed if our suppliers are subject to any national and international sanctions or breach any national or international sanctions laws.

## **14. Third Parties**

At Hampiðjan Group, we expect our suppliers to adopt a risk-based approach by conducting integrity due diligence reviews of third parties.

**15. We expect our suppliers to maintain confidentiality and do not trade in financial instruments based on inside information**

We expect our suppliers to maintain confidentiality as regards all trade secrets or other non-public information about Hampiõjan Group and any business partners or third parties which they gain access to as part of their work for Hampiõjan Group.

We expect our suppliers to comply with applicable laws and regulations regarding securities trading and suppliers should under no circumstances purchase or sell financial securities based on inside information, advise others to do the same, or communicate inside information to unauthorised parties.