

IKM-HMS-F-02BE Code of Conduct			Side 1 av 6
Dok. nr/Id	002270	Opprettet dato	2009.05.05
Rev. dato	2019.03.28	Rev. nr	003
Revidert av	Hoel Asle Marius (Gruppen)	Eier/Rolle	IKM Gruppen - HMSK Leder
Godkjent av	Løvås Svein (Gruppen)	Fellesdokument for	IKM Gruppen



IKM Group (IKM) is a privately owned company and its main office is at Sola, Norway.

It is committed to the highest ethical, environmental and quality standards. IKM believes that every employee must be aware of, understand, and be committed to conducting business in a manner that is consistent with these standards and in full compliance with all applicable laws. The parameters of compliance can differ due to variations in the laws, regulations and practices in the countries in which IKM conducts business.

IKM expects the same level of compliance and behavior from all suppliers. Suppliers must be committed in all of their activities, to operate in full compliance with IKM's understanding of business conduct and the applicable laws, rules, and regulations of the countries in which the suppliers operate.

IKM's Supplier Code of Conduct is modeled on, and contains language from the United Nation Global Compact and the 10 principles defined therein. Recognized standards such as Universal Declaration of Human Rights (UDHR), International Labor Organization Standards (ILO), and the United Nations Environment Program (UNEP) were used as platforms in preparing this Code and are useful sources of additional information. The purpose of this Policy is to foster a working environment where daily business is conducted with honesty and integrity, and in the best interests of IKM.

The code requires that suppliers ensure safe working and living conditions and be committed to avoiding and reducing any environmental impacts due to their operations. The focus on this document will be on Human Rights, Labor Standards, Environment Protection as well as the elimination of corruption.

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## 1-2. Human Rights

The first two principles of the UN Global Compact, which are derived from the Universal Declaration of Human Rights are:

### 1. Businesses should support and respect the protection of internationally proclaimed human rights and make sure that they are not complicit in human rights

Human rights remain one of the most challenging as well as key areas of corporate citizenship. They are universal and belong to everyone equally. These two principles call on business to develop and maintain awareness of human rights. Businesses must work within their sphere of influence to uphold these universal values, on the basis that responsibility falls to every individual in society.

### 2. Equality

Suppliers must treat all of their employees equally. They shall not discriminate during hiring and employment practices independent of race, color, language, religion, age, nationality, social or ethnic origin, sexual orientation, gender, disability, political or other opinion, property, birth or other status.

### 3. Life and Security

The fundamental rights to life, liberty, security and the right to be free from slavery servitude, torture or cruel, inhuman or degrading treatment or punishment are the mandatory prerequisites for personal dignity and security. The rights of the individual to protection through a just legal system are also set out. The right of: (i) recognition as a person before the law; (ii) equal protection by the law; (iii) judicial remedy before a court for human rights violations; (iv) freedom of arbitrary arrest; (v) a fair trial before an independent court; (vi) presumption of innocence; and, (vii) not being subjected to retroactive penal laws, are all defined in the declaration.

### 4. Personal Freedom

Suppliers must respect the rights protecting a person's privacy in matters relating to family, home, correspondence reputation and honor as well as freedom of movement. The right to seek asylum, to a nationality, to marriage and creation of a family and the right to own property are also not to be infringed upon. Freedom of thought, conscience, religion, and freedom of opinion and expression are set out along with the right of peaceful assembly association to, and the right to take part in government, regardless of which level of government this takes place.

Touching other daily aspects of the lives of people, the right to social security, the economic, social and cultural rights that are indispensable to human dignity including the free development of each individual's personality must be supported by the suppliers. These rights are to be realized and supported through national and international efforts and co-operations in accordance with conditions in each state.

The right to employment and equal pay for equal work are set out. Just and favorable remuneration ensuring the employees and their family an existence worthy of human dignity (which can be supplemented if necessary by other means of social protection) is also expected to be honored.

Suppliers must allow their employees the right to form and join trade unions within the legal framework of the respective country, the right rest and leisure, reasonable limitations on working hours and periodic holidays with pay. The right to a standard living adequate for health and well being, including food, clothing, housing, medical care, as well as social services and security, if necessary, are also proclaimed rights. Furthermore the rights to education, and to participate in the cultural life of the community, and the protection of the moral and material interests resulting from any scientific, literary or artistic production are to be honored and supported.

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### 3. Labor Standards

The UN Global Compact's labor principles are derived from the ILO Declaration on Fundamental Principles and Rights at Work. They are:

**Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**

- The elimination of all forms of forced and compulsory labor
- The effective abolition of child labor
- The elimination of discrimination in respect to employment and occupation

The labor principles deal with fundamental principles in the workplace and the challenge for businesses is to take these universally accepted values and apply them at all level within their organizations.

#### Freedom of Association

Freedom of association implies the respect for the right of employers and employees to join associations of their own choice within the legal framework of the respective country. It does not require that workforces be organized or that companies must invite unions in. Employers shall not interfere in an employee's decision to associate, or discriminate against an employee or the representative of the employee.

Suppliers must ensure that each employee is able to form or join a trade union of their choice without fear of intimidation or reprisal. Suppliers must also establish union-neutral policies and procedures in such areas as applicable for employment and record-keeping; and decisions on advancement, dismissal or transfer.

Suppliers must provide facilities to help worker representatives execute their mandated functions according to company needs, size and capabilities.

#### Collective Bargaining

Collective bargaining refers to the process or activities leading up to the conclusion of a collective agreement.

Collective bargaining is a voluntary process designed to determine terms and conditions of work and the regulation of relations between employers, employees and their organizations.

What we continue expect from our suppliers to honor at the bargaining table:

- Recognition of representative organizations for the purpose of collective bargaining.
- Utilization of collective bargaining as a constructive forum for addressing working conditions and terms of employment and relations with the employees, or their respective organizations.
- Addressing of any problem-solving or preventive actions within the imagination under consideration of the interests of employees and management. This includes organizational restructuring and training needs, redundancy procedures, safety and health issues, grievance and dispute settlement procedures, disciplinary rules, as well as family and community welfare.
- Voluntary provision of information needed for meaningful bargaining.
- Balanced dealings with the representative trade union(s) to ensure the viability of smaller organizations to continue to represent their members.

### 4. Businesses should uphold the elimination of all forms of forced and compulsory labor

Forced or compulsory labor is any work or service that is extracted from any person under the menace, or threat, of any penalty, and for which that person has not offered himself or herself voluntarily.

Providing wages and/or other compensation to a worker does not necessarily indicate that the labor is not forced or compulsory. By right, labor should be freely given and employees must be granted the freedom to leave in accordance with established rules.

What IKM expects from suppliers to help ensure that forced labor practices are eradicated:

- Make employment contracts available to all employees stating the terms and conditions of service, the voluntary nature of employment, the freedom to terminate such agreements and any penalties that may be associated with a departure or cessation of work.
- In planning and conducting business operations, ensure that employees in debt bondage or in other forms of forced labor are not engaged and, where found, provide for the removal of such employees from the workplace with adequate services and provision of viable alternatives in the community of operation.
- Institute policies and procedures to prohibit the requirement for employees to lodge financial deposits with the company.

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- If hiring prisoners for work in or outside prisons, ensure that their terms and conditions of labor are similar to those of a free employment relationship in the sector involved, and that they have given their consent to working for a private employer.
- Ensure that large scale development operations in which an employer participates do not rely on forced labor in any phase.

## 5. Businesses should uphold the effective abolition of child labor

Child labor has occurred at some point in time in virtually all parts of the world as nations have undergone different stages of development. It remains a serious issue today in many developing countries - although it also exists (more invisibly) in the developed, industrialized countries where it occurs.

### What IKM explicitly expects from the supplier:

- Adhere to minimum age provisions of national labor laws and regulations and, where national law is insufficient, abide by international standards.
- Use adequate and verifiable mechanisms for age verification in recruitment procedures.
- When children below the legal working age are found in the workplace, take measures that provide for their removal along with adequate services and viable alternatives both for the children and their families.
- Exercise influence on subcontractors, suppliers and other business affiliates to combat child labor.
- Develop and implement mechanisms to detect child labor.
- Make sure adult employees are given secure employment and decent wages and working conditions so that they need to send their children to work is avoided.

## 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation

Suppliers can put in place specific activities to address the question of discrimination and eliminate it within the workplace. Such activities are:

- Institute company policies and procedures which make qualifications, skill, and experience the basis for the recruitment, placement, training and advancement of staff at all levels.
- Assign responsibility for equal employment issues at a high level, issue clear company-wide policy and procedures to guide equal employment practices, and link advancement to desired performance in this area.
- Establish programs to promote access to skills development training and to particular occupations.
- Work on a case by case basis to evaluate whether a distinction is an inherent requirement of a job, and avoid systematic applications of job requirements in a way that would systematically disadvantage certain groups. Keep up-to-date records on recruitment, training and promotion that provide a transparent view of opportunities for employees and their progression within their organization.
- Where discrimination is identified, the supplier shall develop grievance procedure to address complaints, handle appeals and provide recourse for employees.
- Develop awareness of formal structures and informal cultural issues that may prevent employees from raising concerns and grievances.
- Provide staff training on disability awareness and reasonably adjust the physical environment to ensure health and safety for employees, customers and any visitors with disabilities.

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## 7-8-9. Environment

The Global Compact's environmental principles are derived from the RIO Declaration on Environmental and Development. They are:

**Businesses should support a precautionary approach to environmental challenges;**

- Undertake initiatives to promote greater environmental responsibility.
- Encourage the development and diffusion of environmentally friendly technologies.

The world is today facing exceptional environmental challenges.

These include; a record loss of biodiversity with long-term damage to ecosystems; extensive pollution of the atmosphere that is enhancing a change of climate; massive waste production & disposal; continued depletion of the remaining natural resources; critical impacts of chemicals use and toxic substance disposal; damaged aquatic ecosystems and; land degradation and resulting erosion.

**Why should businesses care about the environment?**

- Financial markets are leery of businesses located in area with environmental risks.
- Sustainability reporting is becoming "Business as Usual".
- The consumer basis is becoming increasingly responsive to environmental issues.
- Cost savings and productivity increases can be uncovered by engaging in sound integrated quality management process that includes environmental issues.
- Business Schools are legitimizing environmental sustainability strategies.

**Businesses should support a precautionary approach to environmental challenges.**

In order to achieve sustainable development, environmental protection shall constitute an integral part of the development process. It can no longer be seen as an isolated issue. In order to protect the environment, the precautionary approaches need to be widely applied by all nations according to their capabilities. Where there are threats of serious or irreversible damage, a lack of comprehensive scientific certainty can not be used as a legitimate reason for postponement of cost-effective measures required to prevent environmental degradation.

**Businesses should undertake initiatives to promote greater environmental responsibility.**

Environmental responsibility must be seen to also include the responsible and ethical management of products and processes from the point of view of health, safety and environmental aspects. Towards this end, business and industry needs to increase and enforce self-regulation. These need to be guided by appropriate codes, charters and initiatives. These must be integral elements of all business planning and decision-making. Fostering openness and the dialogue with employees as well as the public must be viewed as fundamental requirements to ensure success.

**Businesses should encourage the development and diffusion of environmentally friendly technologies.**

Encouraging the development and diffusion of environmental friendly technology is a longer-term challenge for a company. This demand draws on the management as well as and research capabilities of the organization. Environmentally sound technologies such as those that protect the environment, are less polluting, use all resources in a more sustainable and efficient manner, recycle more of their wastes and products, and handle residual wastes in a more acceptable manner than the technologies that they replace or enhance.

**Practical steps to operate in an environmental way:**

- Minimize waste
- Recycle what is possible
- Plan your work in order to minimize travel
- Substitute eco-hazardous material with environmentally friendly products when possible
- Minimize use of energy (fuels and electricity) by turning off machinery and appliances when not in use

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## 10. Anti-corruption

The last principle of the UN Global Compact is concerned with the fight against corruption:

**Businesses should work against corruption in all forms, including extortion and bribery.**

Corruption is now recognized as one of the world's greatest challenges. It is a major obstacle to a sustainable development. Corruption has a disproportionate impact on poor communities and is corrosive on the fundamental fabric of society. The impact on the private sector is substantial - it impedes economic growth, distorts competition and represents serious legal and reputational risks. Corruption is costly for business, with extra financial burden estimated to generate a 10% or greater burden to the costs of doing business in many parts of the world. The World Bank has stated that "bribery has become a \$1 trillion industry."

There are multiple reasons for why businesses need to jointly combat corruption in all its forms e. g. the **ethical case** and also the **business case**.

### Ethical case

Corruption is inherently wrong. It is a misuse of power and position and has a disproportionate impact on the poor and disadvantaged. It undermines the integrity of all involved and damages the foundations of the organizations to which they belong. The reality that laws making corrupt practices criminal is not always enforced. But this is not justification for accepting and participating in corrupt practices. To fight corruption in all its forms is simply the right thing to do.

### Business case

There are many reasons why it is in any company's business interest to ensure that it does not engage in corrupt practices. Any company, regardless of size is vulnerable and the potential for damage is considerable. The adoption of the tenth principle commits the participants of UN Global Compact not only to avoid bribery, extortion and other forms of corruption. It also supports the development of policies and concrete programs to address and combat corruption. Companies are encouraged to join forces with governments, UN agencies, and civil society to help create a more transparent global economy.

### How to define corruption?

Corruption takes on many forms and facets that vary in degree beginning with minor use of influence to institutionalized, large scale bribery. Transparency International's definition of corruption is "the abuse of entrusted power for private gain". This does not only mean financial gain, but also non-financial advantages as well.

### What is constitutes extortion?

The OECD Guidelines for Multinational Enterprises defines extortion as follows: "The solicitation of bribes is the act of asking or enticing another to commit bribery. It becomes extortion when this demand is accompanied by threats that endanger the personal integrity or the life of the private actors involved.

What is meant by bribery?

Transparency International's Business Principles for Countering Bribery define "bribery" as follows.

"Bribery: An offer or receipt of any gift, loan, fee, reward or other advantage to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business."

### Practical steps to fight corruption:

FSC requests that suppliers consider the following three elements during implementing the 10<sup>th</sup> principle and the battle against corruption.

- Internal: As a first and basic step, introduce anti-corruption policies and programs within your organizations and your business operations;
- External: Report on your work against corruption in the annual Communication on Progress; and share your experiences and best practices through the submission of examples and case stories;
- Collective: Join forces with industry peers and with other stakeholders.

### References

The Principles of the UN Global Compact, relevant ILO conventions and UNEP guidelines, advice from UNDP Nordic Office