

Ethical Guidelines for Suppliers

I. Introduction

Statnett's Ethical Guidelines for Suppliers (hereinafter Ethical Guidelines) set forth our expectations and establish what we require from all collaborators, business partners and suppliers, including the employees of suppliers, board members, temporary employees and consultants assigned by one of Statnett's suppliers. These guidelines have been developed in order to clearly communicate our standards in this regard. Our requirements and standards apply throughout the entire supply chain and thus must also be ensured by any sub-supplier used by our suppliers.

Any breach of these ethical guidelines is considered as a serious matter and may result in sanctions, including termination of contract, claim for compensation and reporting to relevant authorities. Depending on the nature of the matter, breaches may also result in rejection of suppliers in future competitions.

Suppliers listed on the Government Pension Fund Global List on the Observation and Exclusion of Companies (*reference I*) or the World Bank's Debarment List (*reference II*) may be excluded from participation in all competitions for tender.

This is an English translation and the Norwegian original version shall take precedence in case of any conflicts.

II. Supplier requirements

1. Compliance with national laws and rules

Supplier shall comply with the Ethical Guidelines, internationally recognized conventions and applicable national legislation in their native country, as well as Norwegian legislation, when operating in Norway.

These requirements constitute minimum standards. In cases where national laws and regulations or internationally recognized conventions cover the same circumstances as these Ethical Guidelines, the strictest requirements shall always apply.

Moreover, it is expected that the Supplier actively endeavors to meet the UN's Sustainable Development Goals (SDGs).

2. Sub-suppliers

When engaging sub-suppliers, the supplier is obliged to disseminate these Ethical Guidelines throughout the entire contract chain. The supplier must be able to document how this is done.

3. Compliance with Ethical Guidelines

Supplier are obliged to comply with the requirements set out by these Ethical Guidelines in their own operations and activities. Correspondingly, the supplier is obliged to ensure that all sub-suppliers who contribute to fulfill the contractual obligations also comply with these Ethical Guidelines.

Statnett may require documentation confirming supplier's compliance and supplier's monitoring of sub-suppliers, for example in the following ways:

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- a) self-declaration from the supplier and/or
- b) follow-up calls and/or
- c) internal or independent third-party inspection of working conditions at all production or work sites related to the contract takes place.

A reasonable deadline shall be set for the presentation of such documentation. Supplier can choose to document compliance with the requirements through certification of their operations, approved by Statnett.

Statnett is entitled to undertake announced or unannounced inspections of supplier and/or sub-supplier at production- or work sites. In connection with such inspections, suppliers are obliged to provide names and contact details for sub-suppliers. All such contact details will be handled confidentially.

4. Human rights

Supplier shall respect, and ensure that they do not contribute to violation of, internationally recognized human rights, and are obliged to conduct their business in compliance with the European Convention on Human Rights (*reference III*) and the UN's Guiding Principles on Human Rights (*reference IV*).

5. Environment and climate

Supplier shall comply with all relevant national and international environmental standards (*reference V*). Supplier shall undertake continuous improvement work with regard to the environment and actively work to reduce environmental risks and other relevant environmental and climate challenges. Moreover, supplier shall promote a responsible environmental policy and contribute to the development and use of environmental friendly technologies, hereunder minimize emissions, and contribute to environmental and climate initiatives.

5.1 Environmental impact must be reduced

Negative environmental impact must be reduced throughout the entire chain. In line with the precautionary principle, measures shall be undertaken to continuously minimize greenhouse gas emissions and local pollution, as well as the use of harmful chemicals and pesticides, and to ensure that resources are extracted sustainably; that water, oceans, forests and land are managed responsibly and that biodiversity is conserved.

5.2 Work must be performed in accordance with environmental protection legislation

National and international environmental protection legislation and regulations shall be respected, and all relevant permits must be obtained and followed up.

5.3 Responsible use of natural resources

Production, as well as extraction of materials for production, must not contribute towards the destruction of resource or income bases, for example by seizing swathes of land or other natural resources used by indigenous or marginalized population groups.

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6. Labour standards

6.1. General

Supplier shall respect and comply with internationally recognized principles, standards and rights/privileges, including the Core Conventions of the ILO (*reference VI*).

6.2. Freedom of association and the right to collective bargaining

Supplier shall respect and comply with the right to freedom of association and facilitate collective bargaining negotiations. Supplier shall ensure that employees and members of trade unions is entitled to perform their functions at the workplace and ensure that they do not suffer discrimination.

In cases where freedom of association and collective wage negotiations are restricted by national legislation, the supplier must ensure that employees are free to select their own representatives.

6.3. Forced labour

Supplier shall not use any form of coercion or threat in connection with employment or working conditions. Supplier shall also ensure that all employment is undertaken on a voluntary basis and that employees are free to terminate their employment after due notice. Employees shall not need to submit a deposit, identity documents or similar in order to enter into employment or to retain their employment.

6.4. Child labor

Children under the age of 15 or of compulsory school age shall not perform work, except for light work if the child is least 13 years of age, or the work undertaken form part of the child's schooling or vocational training if the child has reached the age of 14 years.

Children under the age of 18 shall not perform work which may be harmful to their health, security, development or schooling. Children under the age of 18 shall not perform work at night.

If child labor involving children under the age of 15 or under compulsory school age is discovered, efforts must be taken immediately to phase out such work in a manner which safeguards the financial situation of the children involved through the possibility to receive subsistence and education.

Supplier must be particularly cautious when it comes to following up on child workers.

6.5. Discrimination

Supplier shall promote equality in employment and practice zero tolerance for direct or indirect discrimination on the basis of ethnic background, religion, age, disability, gender, civil status, sexual orientation, trade union membership or political affiliation, and they must also prevent unfair dismissal.

6.6. Terms of employment

Supplier shall ensure compliance with statutory labor provisions and that all employees receive written employment contracts which describe the terms of their employment in a language that the individual employee may understand.

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Supplier shall ensure that the remuneration meets all national statutory standards for minimum wage. Salary, including any necessary supplements, must be agreed in writing and transferred through a bank to the employer at the agreed time.

Supplier shall respect their employees' needs for restitution and ensure that all employees have due entitlement to paid holiday to a fair extent.

As a general rule, permanent staff should be used in the execution of contract work for Statnett.

6.7. Health, safety and environment

Supplier shall ensure that all employees have a healthy and safe working environment in accordance with internationally recognized standards and national legislation. Supplier must control occupational risks and establish measures to prevent accidents and occupational illnesses and take out all statutory insurance policies as part of this.

Supplier shall provide regular training in order to ensure that employees have the necessary expertise in relation to health and safety matters. Where necessary, employees shall be equipped with appropriate personal protective equipment and trained in its use.

In cases where lodging is provided, suppliers must ensure satisfactory living conditions that meet the basic needs of the employee and, where relevant, those of their family.

Supplier shall prohibit and refuse to tolerate all forms of sexually intrusive, threatening, degrading or exploitative behavior.

6.8. Reporting of censurable conditions

Supplier is obliged to put in place procedures for the reporting of censurable conditions in connection with contract execution and they must ensure that these are available and known. Reporting procedures must be available for use by the employees of supplier, including temporary employees and any sub-suppliers. Supplier must inform all employees, including temporary employees used by supplier and any sub-supplier, as to Statnett's ethical ombudsman scheme, including contact information as described at statnett.no.

Employees and others who report violations of legislation and/or the Ethical Guidelines must be protected against retaliation.

7. Illegal business practices

7.1. Corruption, bribery, extortion and other unlawful business practices

Supplier shall refrain from all forms of unlawful business practice.

Supplier shall not offer, request, accept or give any form of undue benefit or advantage to public officials, international organizations or other third parties with a view to acquiring personal or business advantages. This applies regardless as to whether such advantage is supplied directly or indirectly through an intermediary.

7.2. Gifts, hospitality and courtesy gestures

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Supplier shall not, either directly or indirectly, offer or give gifts, including monetary gifts, entertainment or the coverage of expenses, to employees or representatives of Statnett or their relatives unless such gift is of modest value.

Courtesy gestures such as social events, hospitality or entertainment may be offered if there is a business aspect involved and the cost is kept at a modest level. Expenses for travel and accommodation for Statnett representatives shall be covered by Statnett.

Gifts, hospitality or other courtesy gestures must never be offered or given in connection with procurement processes and contract negotiations.

7.3. Money laundering

Supplier shall distance themselves from all forms of money laundering and establish measures to prevent the company's financial transactions from being used for money laundering.

7.4. Fair competition

Supplier shall not cause or take part in any kind of agreement, activity or undertaking which seeks or serves to hinder, curtail or distort fair competition, such as unlawfully conspiring to fix prices, engaging in unlawful market collaboration or in other business activities which constitutes a breach of competition law.

7.5. Conflicts of interest

Supplier shall make Statnett aware of any circumstances which may create problems for the supplier's independence or create conflicts of interest in the execution of their assignment.

8. Reporting/Notice of violations of these ethical guidelines

Both parties shall notice the other of any violations or qualified suspicions regarding violation of these ethical guidelines. The duty to notice applies both to circumstances within a supplier's own organization and/as well as to circumstances in the organization of any sub-supplier in the contract chain.

Supplier shall provide Statnett with all the information and documentation considered necessary in order for Statnett to verify that the supplier remedies such conditions. In case of disagreement regarding what is deemed necessary, Statnett may instruct the supplier. If the information is of a sensitive nature, it is sufficient for supplier to provide information and documentation to Statnett's ethical ombudsman.

9. Sanctions

9.1. Breach of contract

Any breach of these Ethical Guidelines shall constitute a breach of contract and may therefore be sanctioned.

9.2. Sanctions upon breach of the Ethical Guidelines

Supplier is obliged to remedy any breaches of these Ethical Guidelines on their own account and/or to oblige sub-supplier to undertake such remedial actions within a deadline established by Statnett. The deadline shall be reasonable with regard to the nature of the breach and shall allow necessary time for the implementation of remedial actions.

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The supplier is obliged to document in writing that remedial action has been taken. Once substantiated by adequate documentation, remediation shall be considered to have taken place.

If a breach of these Ethical Guidelines is not remedied within 30 days after the deadline, Statnett may impose a daily penalty. The penalty shall constitute 0.1 percent of the contract sum per weekday but no less than NOK 5000 per weekday until remediation has been carried out and documented. The maximum daily penalty under this provision is capped at five percent of the contract sum.

In the event of a breach, Statnett may also order the supplier to pause all deliveries and work. Costs incurred as a result of such pause as well as Statnett's direct financial losses shall be covered by the supplier. If a pause due to a breach of the Ethical Guidelines entails a delay in delivery the general provisions of the contract related to supplier's delays shall apply.

In the case of a substantial breach of the Ethical Guidelines, Statnett is entitled to terminate the contract with immediate effect. Repeated breaches of the Ethical Guidelines may in all cases be regarded as a material breach of contract. The same applies if the supplier neglects to undertake remedial action. Statnett may claim damages for direct financial loss which occurs as a result of such breach of contract, including those which arise from termination of the contract.

If the Ethical Guidelines are breached by a sub-supplier and such breach constitutes a substantial breach of contract or if the sub-supplier neglects to remedy the breach, Statnett may demand that the supplier substitute the sub-supplier at their own expense and risk.

References

- I) The Government Pension Fund Global List on the Observation and Exclusion of Companies: <https://www.nbim.no/en/the-fund/responsible-investment/exclusion-of-companies/http://www.nbim.no/no/oljefondet/ansvarlig-forvaltning/utelukkelse-av-selskaper/>
- II) The World Bank's Debarment List: <https://www.worldbank.org/en/projects-operations/procurement/debarred-firms>
- III) The European Convention on Human Rights of November 1950 (ECHR)
- IV) UN Human Rights: The Universal Declaration of Human Rights (1948), the International Covenant on Civil and Political Rights (1966) and its two Optional Protocols, and the International Covenant on Economic, Social and Cultural Rights (1966).
- V) The ISO 14000 series and corresponding
- VI) ILO core conventions: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment And Occupation) Convention, 1958 (No. 111).

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