

# CODE OF CONDUCT FOR SUPPLIERS

**SECOP**

Main objective is to lay down the procedure and contents of a Code of Conduct request towards our suppliers which has to be used by Secop procurement world wide.  
Secop Standard 502G0158 asks suppliers for a signed in agreement and understanding that the Code must be complied with in full.

## **1. Introduction**

Secop has a strong commitment to economic, environmental and socially sustainable development. As a result of this commitment, Secop is committed to the principles of the United Nations' Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org)).

Secop strongly believes that it is in the mutual interest of both Secop and its suppliers to meet the present and future requirements of the markets and the society. This is done by demonstrating responsibility towards the people taking part in the manufacture of products or services, which makes Secop a global leader within its compressor business.

In order to make Secop' position clear to all suppliers, Secop has established the Secop Code of Conduct for Suppliers (the "Code").

It is a non-negotiable requirement from Secop' side that Secop' suppliers, with whom Secop has, or is considering negotiating agreements of cooperation, shall comply with this Code. It is Secop' intention to maintain this Code.

It is Secop' intention to maintain this Code in a spirit of constructive dialogue and in partnership with Secop' suppliers, to the parties' mutual benefit.

## **2. Secop' general demands of suppliers**

### **2.1 Area of application**

The Code applies to the signing supplier and its subsidiaries (the "Supplier").

Hence, Secop also expects the Supplier to inform other companies of its group about their obligations in relation to the Code.

### **2.2 General responsibilities**

It is the responsibility of the Supplier to take all relevant and necessary initiatives and measures to ensure the compliance with this Code, without undue delay.

The Supplier is solely responsible for the costs of complying with this Code.

If Secop finds or suspects that there are incidents of non-compliance with the Code, Secop expects the Supplier to investigate and correct issues of non-compliance as soon as possible and within an agreed timeframe. If the Supplier does not show willingness to correct these issues Secop group companies<sup>1</sup> will consider terminating the business relationship. Supplier is not entitled to any kind of compensation.

Apart from complying with the Secop Code of Conduct, the supplier must of course act in accordance with local legislation.

<sup>1</sup> (defined as companies in which the Secop group directly or indirectly owns 50% or more of the capital).

### Sub-suppliers

If Supplier uses sub-suppliers for supplying to the Secop Group, the Supplier shall use his best endeavours to ensure that the sub-supplier complies with this Code.

If Supplier acts as a distributor (e.g. a wholesaler) towards Secop, the Supplier shall sign Secop CoC also on behalf of its sub-suppliers supplying to Secop.

### 2.3 Site audit

Secop is entitled to conduct announced audits at the Supplier's sites, including the Supplier's manufacturing facilities in order to verify that the Supplier is in compliance with this Code ("CoC-audit"). Furthermore Secop reserves the right to audit sub-suppliers.

CoC-audits can be performed either by Secop employees or by a third party auditor chosen by Secop.

Secop will act on rumours, suspicion and allegations of breaches by Supplier or Supplier's company group of the Code. Based upon such situations Secop can make a CoC-audit at a company within the Supplier's company group.

During an audit the Supplier / sub-supplier shall be prepared to provide Secop access to all relevant and reasonably requested information and documentation enabling Secop to verify the Supplier's / sub-supplier's compliance with this Code.

### 2.4 Contact

For general questions or comments on the Code, Supplier may contact Supplier's procurement contact at Secop.

## 3. Supplier behaviour

### 3.1 Child labour

Secop respects the children's right to development and education. Therefore Secop does not accept child labour. This implies that Secop does not accept children under the age of 15, children younger than the legal minimum age or children younger than age of completing local compulsory school as a part of the full-time work force at the Supplier.

Hence, child labour under the age of 15 will only be tolerated, if it is not full time work and if education is provided at the same time or in special circumstances if employment takes place in close cooperation and dialogue with the family of the minor, as well as with approved international or national agencies that safeguard the interests of minors.

However, full time child labour in relation with education such as trainee employment can be accepted for shorter periods of time.

Juveniles (children between the age of 15 and 18) are only allowed to be employed by Supplier, provided that the work complies with the ILO Conventions.

In general, all children under the age of 18:

- must not be employed in hazardous work<sup>2</sup>
- must not work night shifts
- are entitled to more breaks than adults

<sup>2</sup> Hazardous work is work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

### 3.2 Discrimination

Secop respects cultural differences and does not want to do business with a Supplier if the Supplier practices discrimination at work by but not limited to race, religion, gender, age, nationality, or sexual orientation. Supplier's employees must not be exposed to any physical punishment, threats of violence or physical, sexual, psychological or verbal harassment or maltreatment in the work place or in work related situations.

### **3.3 Forced labour**

Forced or involuntary labour at the Supplier is not tolerated by Secop. This includes forced prison work; work on a forced contract, slavery and other forms of work, which are done against one's will or choice.

Deductions in salary due to company fines or penalties must never compromise minimum salary.

Secop does not tolerate employment which confine the employee in unreasonable debt bondage, e.g. through fee-charging employment agencies.

### **3.4 Working environment**

Secop supports the fundamental human right to have sound working conditions. Supplier must ensure a goodworking environment which complies with all applicable rules and laws. As a minimum:

- Workers must not be exposed to dangerous work without being properly protected. Workers must be provided with personal protection equipment and be instructed in proper use of this.
- Facilities must comply with applicable rules about construction safety as well as fire protection – and fire alarms.
- Facilities must ensure appropriate light and ventilation.
- All dangerous materials must be stored in safe places and used in safe and controlled ways.
- All machinery must be properly maintained and shielded.
- Facilities for resting and sleeping, must, if used, be kept clean and safe.

### **3.5 Working hours and salary**

Secop recognises the need for a sound balance between working time and leisure time for all employees. Unless the national law provides otherwise, the maximum working time at the Supplier's sites is 48 hours per week plus maximum 12 hours overtime work. Except in extraordinary circumstances, all workers have the right to have at least one day off in a period of seven days. Salaries for overtime work shall be in accordance with the applicable national law or applicable national rules.

### **3.6 The Right to organise and collective bargaining**

Secop respects the employees' right to organise and to collective bargaining. This means that Supplier must recognise his employee's right to choose whether (or not) to associate with or establish any organisation including labour organisations. If trade unions are not allowed in the area of operation, or only state authorised organisations are allowed, the Supplier shall facilitate alternative measures to allow employees to access management to discuss work related matters.

### **3.7 Right to privacy**

Supplier shall respect the employee's right to privacy when it gathers or keeps private information or implements employee-monitoring practices.

### **3.8 Environment**

Supplier must avoid pollution and must strive to work actively to reduce material consumption, waste and emissions to air, ground and water, transport, handle chemicals in an environmentally safe way, handle, store and dispose of hazardous waste in an environmentally safe manner, and contribute to the recycling and reuse of materials and products.

### **3.9 Corruption**

Corruption and bribery are recognized as some of the barriers for sustainable development and a barrier to free trade. Secop does not accept these practices and therefore does not offer or accept any kind of undue payment in any of our business transactions. Supplier shall act accordingly.